

Public Document Pack



Tuesday, 22 February 2022

To: Members of the MCA - Housing and Infrastructure Board and Appropriate Officers

You are hereby invited to a meeting of the South Yorkshire Mayoral Combined Authority to be held at **Virtual Meeting**, on: **Tuesday, 1 March 2022** at **1.00 pm** for the purpose of transacting the business set out in the agenda.

A handwritten signature in black ink, appearing to read 'D. Smith'.

Dr Dave Smith
Chief Executive/ Head of Paid Service



You can view the agenda and papers at www.sheffieldcityregion.org.uk or use a smart phone camera and scan the QR code

Member Distribution

Councillor Terry Fox (Co-Chair)	Sheffield City Council
Gemma Smith (Co-Chair)	Private Sector LEP Board Member
Damian Allen	Doncaster MBC
Councillor Amy Brookes	Rotherham MBC
Councillor Tim Cheetham	Barnsley MBC
Councillor Glyn Jones	Doncaster MBC
Councillor Paul Wood	Sheffield CC
Michael Faulks	Private Sector LEP Board Member
Martin Swales	MCA Executive Team

MCA - Housing and Infrastructure Board

Tuesday, 1 March 2022 at 1.00 pm

Venue: Virtual Meeting



Agenda

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MCA - HOUSING AND INFRASTRUCTURE BOARD

MINUTES OF THE MEETING HELD ON:

TUESDAY, 18 JANUARY 2022 AT 1.00 PM

VIRTUAL MEETING



Present:

Gemma Smith (Co-Chair)	Private Sector LEP Board Member
Damian Allen	Doncaster MBC
Councillor Tim Cheetham	Barnsley MBC
Michael Faulks	Private Sector LEP Board Member
Councillor Glyn Jones	Doncaster MBC
Councillor Jayne Dunn	Sheffield CC

In Attendance:

Colin Blackburn	Assistant Director - Housing, Infrastructure and Planning	MCA Executive Team
Carl Howard	Senior Programme Manager	MCA Executive Team
Martin Swales	Interim Director of Transport, Housing, Infrastructure and Planning	MCA Executive Team
Charli Taylor	Head of Controls	MCA Executive Team
Becky Guthrie	Senior Programme Manager	MCA Executive Team

Apologies:

Councillor Amy Brookes	Rotherham MBC
Councillor Paul Wood	Sheffield CC
Gareth Sutton	MCA Executive Team

1 Welcome and Apologies

The Chair welcomed everyone to the meeting.

An extended welcome went to external guests: Nick Atkin (Yorkshire Housing), Matthew Harrison (Great Places Housing Group) and Paul Common (Arches Housing).

Apologies for absence were noted as above.

2 Declarations of Interest by individual Members in relation to any item of business on the agenda

Members declared interests in respect of agenda item 7 regarding schemes in their own council areas.

3 **Urgent items / Announcements**

None.

4 **Public Questions on Key Decisions**

None.

5 **Minutes of Previous Meeting**

C Blackburn provided an update on the actions arising from the Board meeting held on 7 December 2021, and were noted as follows:

- The 'Connected by Water Plan' was contained on today's agenda.
- Work was currently on-going to finalise Digital Infrastructure Strategy Delivery Plan which is scheduled to be presented to the Board in March.
- Discussions have begun with Housing Directors to develop a Housing Framework which would set out the collaborative actions required to address South Yorkshire's Strategic Housing issues.

RESOLVED – That the minutes of the meeting held on 7 December 2021 be agreed as a true record.

6 **South Yorkshire Housing Prospectus**

C Blackburn introduced a paper which asked the Board to receive the South Yorkshire Housing Prospectus and consider further collaboration with Housing Association partners to develop related proposals and opportunities that will deliver greater housing outcomes across South Yorkshire.

The draft South Yorkshire Housing Prospectus, attached at Appendix A, had been developed by Housing Associations through the South Yorkshire Housing Providers Forum.

The Prospectus set out five offers that had been developed to align with the housing priorities of the regional authorities and the SYMCA, and were noted as follows:

1. New Affordable Homes
2. Roadmap to Net Zero Carbon
3. Housing and health
4. Economic growth and employment
5. Preventing Homelessness

P Common, M Harrison and N Atkin presented the Board with background information to developing the Prospectus; details of the Housing Providers Forum; examples of collaborative work undertaken in the region; and an overview of the South Yorkshire Housing Prospectus.

The Board noted that the Prospectus would aim to be finalised and signed off

by the Housing Associations over the next few weeks with the final Prospectus aiming to be launched in February 2022.

The Board were also informed that the intention was for the MCA Executive to work with the Housing Associations, local authorities, Homes England and other partners to explore combined capacity and opportunities to deliver the Prospectus' five 'offer' proposals, including the potential for a shared housing development pipeline. A progress delivery update report would aim to be prepared and presented on an annual basis.

The Board was invited to consider and provide comments on the Prospectus and how it could support housing and economic growth across South Yorkshire which align with the priorities of the SYMCA.

The Chair thanked P Common, M Harrison and N Atkin for their presentations and invited questions from the Board.

Key points arising from Members' questions and discussion are summarised below:

- The Board welcomed the development of the Prospectus and were supportive of the proposed approach for building collaborative capability to achieve and deliver the ambitions set out in the Prospectus.
- It was queried how each local authority could provide its input to help address homelessness and social injustice.
- A discussion took place around local authority funding pressures and the significant differences in the levels of Homes England funding that Greater Manchester received in comparison to South Yorkshire.
- There was a shared agreement that there needed to be more collective working and coordinated approaches when new funding opportunities were launched so we are in a stronger position to secure additional funding for housing in South Yorkshire.
- The Board considered that work needed to take place to ascertain what affordable homes are required in different areas and sites across the region. The Board said that there was also a need to provide more housing for single people and larger families.
- To achieve Net Zero targets, the Board considered that, we should build on the existing MCA policy for housing and seek even higher environment standards in future new build homes.
- In relation to health and housing, the Board recommended that it should be quantified within the Prospectus what needs to be achieved to help improve people's health and demonstrate more robustly the links between health and housing and the potential costs to the NHS; for example, the impact that cold and damp properties have on a person's health.

- The Chair queried why there was no reference in the Prospectus about collaboration with private sector housing companies in relation to affordable housing schemes.

In response, N Atkin said that the next steps would include also engaging better with house builders and developers, but this could be more clearly set out in the final Prospectus eg. to give greater assurance of the supply of new low carbon, affordable homes.

- The Board noted that there was work to be undertaken by officers to pull together all collective housing goals and targets as part of the development of the MCA's Housing Framework which would inform this work.

RESOLVED – That the Board welcomes the South Yorkshire Housing Prospectus and agreed to consider the 'offers' by Housing Associations for further collaboration with the MCA and local authority partners to deliver better housing outputs.

7 Programme Approvals

C Howard presented a paper which requested approval to enter into contract for one BHF (Brownfield Housing Fund) project, subject to the conditions set out in the assurance summary. The paper also requested one GBF (Getting Building Fund) and one Gainshare funded project for full MCA approval. Finally, the paper recommended changes for one approved scheme.

In addition to the approval requests set out above, the Board received a late paper requesting the approval of a further GBF (Getting Building Fund) project entitled "SCC Fargate Measures" for full MCA approval.

Full details of all the projects and risks identified were included within the papers and the Board considered each project separately.

RESOLVED – That the Board approve:

- i) Progression of "Century BIC" project to the MCA for full approval of £2.6m Getting Building Funding/Gainshare to RMBC (Rotherham Metropolitan Borough Council) subject to the conditions set out in the Assurance Summary attached at Appendix A.
- ii) Full approval of "Goldthorpe Residential Strategy – Market Site 1" project for £0.23m Brownfield Housing Funding to BMBC (Barnsley Metropolitan Borough Council) subject to the conditions set out in the Assurance Summary attached at Appendix B
- iii) Approval of one project change for "Malthouses" which is requesting changes to an approved Brownfield Housing Fund project.
- iv) Progression of the "SCC Fargate Measures" project to the MCA for full approval of £6m Getting Building Funding to SCC (Sheffield City Council) subject to the conditions set out in the Assurance Summary attached at

Appendix D.

Delegated authority be given to the Head of Paid Service in consultation with the Section 73 and Monitoring Officer to enter into legal agreements for the “Malthouses” and “Goldthorpe Residential Strategy – Market Site 1” schemes covered at number 2 and 3 above.

8 **Implementing the Connected by Water Plan**

A paper was presented asking the Board to consider a proposal for the use of an amount of previously committed but unallocated MCA Gainshare funding (for flood resilience and mitigation) to support implementation of the Connected by Water Plan.

The Board was reminded that, at its meeting of 7 December 2021, Members had endorsed, and recommended that the MCA approve, the final draft of the South Yorkshire ‘Connected by Water’ Flood Catchment Plan. Subject to this approval by the MCA Board on 24 January 2022, the Plan would be launched at a virtual event scheduled for 28 January 2022.

At its December meeting, the Board had also requested that a proposal be developed for the use of the previously committed but unallocated MCA Gainshare funding (for flood resilience and mitigation) to support implementation of the Connected by Water Plan.

C Blackburn reported that, to support implementation of the Connected by Water plan, partners were now exploring funding options. Two bids were being prepared by the Environment Agency to seek to secure Environment Agency Local Levy funding (one for £0.15m to develop a delivery plan and begin to implement the Plan, and one led by Doncaster MBC to deliver a specific action within the Catchment Plan).

Other potential funding contributions could be secured through the Environment Agency (through Adaptation Pathway funding and Flood Defence Grant In Aid), and from Yorkshire Water.

As part of the South Yorkshire Renewal Fund, £5.5m of Gainshare funding was committed for flood resilience and mitigation. £5m was allocated to accelerate the delivery of a number of early deliverable flood mitigation schemes in the South Yorkshire Priority Programme (currently progressing through the business case process). A further £0.5m was identified as contingency, and currently remains unallocated.

It was proposed that £0.15m of the £0.5m contingency funding is used to directly support implementation of the Connected by Water plan, to match the proposed contribution from the Environment Agency. The combined funding ‘pot’ would enable partners to undertake a number of the immediate actions set out in the paper.

Following discussion, the Board agreed to support the proposed approach set out above.

A Strategic Business Case for the full £0.5m contingency fund would now be developed with Local Authority partners and presented to a future meeting of the Board for consideration.

RESOLVED – That the Board:-

- i) Considered and endorsed the proposal to utilise £0.15m of previously committed, but unallocated MCA Gainshare funding (for flood resilience and mitigation) to support implementation of the ‘Connected by Water’ Plan.
- ii) Requested that a Strategic Business Case is prepared setting out the proposals for the full £0.5m previously committed but unallocated MCA Gainshare funding.

9 **Forward Plan**

The Board considered its Forward Plan.

RESOLVED – That the Board noted the Forward Plan.

10 **Any Other Business**

None received.

In accordance with Combined Authority’s Constitution/Terms of Reference for the Board, Board decisions need to be ratified by the Head of Paid Services (or their nominee) in consultation with the Chair of the Board. Accordingly, the undersigned has consulted with the Chair and hereby ratifies the decisions set out in the above minutes.

Signed

Name

Position

Date

Housing and Infrastructure Board

01 March 2022

Programme Approvals

Is the paper exempt from the press and public?	No
Purpose of this report:	Funding Decision
Is this a Key Decision?	Yes
Has it been included on the Forward Plan?	Yes

Director Approving Submission of the Report:
 Gareth Sutton, Chief Finance Officer/s73 Officer

Report Author(s):
 Carl Howard – Senior Programme Manager
carl.howard@southyorkshire-ca.gov.uk

Executive Summary

This paper requests approval to enter into contract for three BHF (Brownfield Housing Fund) projects, subject to conditions set out in the assurance summary. The paper also requests the Board recommend one BHF project to the MCA Board for full approval. Two Outline Business Cases are recommended to continue developing their projects for a future decision on funding. Finally, the paper recommends changes for one approved scheme.

What does this mean for businesses, people and places in South Yorkshire?

This report is seeking approval to progress business cases and enter into contract for a number of investment proposals which will support the Mayoral Combined Authority's (MCA's) aspirations.

Recommendations

The Board consider and approve:

1. Full approval of “Doncaster Small Sites” project for £0.89m Brownfield Housing Funding to DMBC (Doncaster Metropolitan Borough Council) subject to the conditions set out in the Assurance Summary attached at Appendix A
2. Full approval of “Former Nightingale School” project for £1.57m Brownfield Housing Funding to DMBC (Doncaster Metropolitan Borough Council) subject to the conditions set out in the Assurance Summary attached at Appendix B
3. Full approval of “Adwick Depot” project for £1.2m Brownfield Housing Funding to DMBC (Doncaster Metropolitan Borough Council) subject to the conditions set out in the Assurance Summary attached at Appendix C
4. Progression of “Phase 4 Park Hill Sheffield” project to the MCA for full approval of £5.61m Brownfield Housing Funding to SCC (Sheffield City Council) subject to the conditions set out in the Assurance Summary attached at Appendix D
5. Progression of “Heart of the City 2 – Block A” project to the MCA for full approval of £3m Gainshare funding to SCC (Sheffield City Council) subject to the conditions set out in the Assurance Summary attached at Appendix E
6. Progression of the Outline Business Case “Rotherham to Kilnhurst Flood Alleviation Scheme” project to the MCA for a decision to progress to FBC for £2m Gainshare Funding to RMBC (Rotherham Metropolitan Borough Council) subject to the conditions set out in the Assurance Summary attached at Appendix F
7. Progression of the Outline Business Case “Sheffield Future High Streets Fund” project to the MCA for a decision to progress to FBC for £3m Gainshare Funding to SCC subject to the conditions set out in the Assurance Summary attached at Appendix G
8. Approval of one project change for “Attercliffe Development Costs” which is requesting changes to an approved Brownfield Housing Fund revenue project.
9. Delegated authority be given to the Head of Paid Service in consultation with the Section 73 and Monitoring Officer to enter into legal agreements for the schemes covered at number 1, 2, 3 and 8 above.

Consideration by any other Board, Committee, Assurance or Advisory Panel

Assurance Panel
Assurance Panel

31 January 2022
17 February 2022

1. Background

- 1.1 In June 2020, the Government launched ‘A New Deal for Britain’ which is a key part of the support for the post-pandemic economic recovery across the UK. As part of this strategy, £40.3m of capital funding and £0.84m revenue funding was allocated to the MCA to support the development of housing schemes on brownfield land up to the end of March 2025. The MCA has opted to complement this funding by deploying committing Gainshare resource for housing activity.
- 1.2 This report seeks FBC (Full Business Case) progression and approval of five schemes funded through Gainshare or Brownfield Housing Funding (BHF). Two projects are requesting a recommendation on whether to continue developing their projects for future funding decisions. The report also seeks approval for one change request for an already approved project.

2. Proposals and Justification

2.1 Full Business Case (FBC) Approvals

Three projects within Doncaster with a combined grant value of £3.66m are presented for a BHF decision. Combined these hope to deliver 126 housing units. One further BHF project from Sheffield requests £5.61m to deliver 95 houses. As this proposed investment is above the £2m thematic board approval threshold, this report is seeking a recommendation from the Housing and Infrastructure Board to the MCA Board to approve contract award. Assurance has assessed all BHF projects and views that they can deliver value for money. The assurance summaries include conditions which it is recommended be met prior to contracting/grant drawdown.

- 2.2 One further Sheffield project (Heart of the City 2 – Block A) was recently viewed at Outline Business Case stage in the December 2021 meeting. The project plans to refurbish the 'Block A' building (formerly office, nightclub/cinema and retail space around Pinstone Street/Barkers Pool). It complements other MCA projects in Sheffield City Centre including a further £13m in creating new public realm and commercial space and £13m of active travel improvements. The project requests Gainshare funding and is therefore seeking a recommendation from Board which will be presented to the MCA for a final decision on funding. The project is judged to provide value for money and the assurance summary includes conditions which it is recommended should be met prior to grant drawdown. Further detail on the scheme is held in Appendix E.

2.3 Outline Business Case Approvals

Two Gainshare funded Outline Business Cases are presented from Rotherham and Sheffield for recommendations to progress developing their projects for a future decision on funding. The Rotherham project aims to undertake key flood risk work and is estimated to deliver £1.70 of benefits for every £1 invested. The Sheffield project aims to improve key areas in the City Centre and is estimated to deliver over £3 for every £1 invested. Both projects are currently judged to provide value for money, although a final assessment will have to be done once Full Business Cases are submitted.

2.4 Approval of One Change Request

In recognition of unforeseen circumstances that can arise during the project delivery phase, the approved Assurance Framework establishes a formal process for the acceptance of change requests. These change requests could be financial, requiring reprofiling of funds, or could be to amend deliverables or timescales.

The Attercliffe development costs project is £0.13m total BHF grant value and requests an extension of contract end / closure date from 26th October 2021 to 31st March 2022. There are no changes needed to overall value, outputs and in-year grant values. The change is needed due to further negotiations carried out between SCC and the developer. This paper recommends approval of the change.

3. Options Considered and Recommended Proposal

3.1 Do not approve the recommendations in this report.

3.2 Option 1 Risks and Mitigations

Inability to approve the projects presented may result in a slower pace of delivery and loss of activity/spend within the funding programmes.

3.3 Option 2

Award projects a smaller amount of grant funding.

3.4 Option 2 Risks and Mitigations

All funding awards associated with the projects have been fully appraised in line with the MCA Assurance Framework to ensure value for money. Any projects approved to develop FBCs will have their costs and funding tested on submission of their FBC. Funding for these projects is timebound by the funding bodies and any reductions is likely to cause deliverability issues for the projects.

3.5 Option 3

Approve all recommendations

3.6 Option 3 Risks and Mitigations

In approving the recommendations, projects will continue to develop and will be represented at a future Board meeting for a final decision on entering into contract for grant funding. Any Board considerations can be taken on board during the continued development of the projects.

3.7 Recommended Option

Option 3

4. Consultation on Proposal

4.1 Project sponsors are required to publish business cases on their own websites (or an appropriate summary of the submission) and must consider all comments received and reflect this in the next stages of the application process.

5. Timetable and Accountability for Implementing this Decision

5.1 Subject to the approval of the recommendations, the Head of Paid Service in consultation with the Section 73 Officer and Monitoring Officer will progress to enter into legal agreements with each promoter.

6. Financial and Procurement Implications and Advice

6.1 Challenging financial targets are set for the Brownfield Housing Fund. Approving the projects contained within this paper will move the Brownfield Housing Fund onto

£13.5m approved commitments against a £20m expenditure target. One further project is currently timetabled for approval this financial year which, if approved, will take total approvals to £17.6m.

7. Legal Implications and Advice

- 7.1 The legal implications of the projects have been fully considered by a representative of the Monitoring Officer and included in the recommendations agreed within the Assurance Summaries as presented in the Appendices.
- 7.2 Prior to awarding the grants, the MCA shall ensure contracts are put in place to ensure the recipients comply with the grant conditions.

8. Human Resources Implications and Advice

- 8.1 N/A

9. Equality and Diversity Implications and Advice

- 9.1 Appropriate equality and diversity considerations are taken into account as part of the assurance of the project business cases

10. Climate Change Implications and Advice

- 10.1 The projects include positive actions to help create a greener environment. The Heart of the City development has a BREEAM target rating of Excellent and includes a photovoltaic array at rooftop level. The Flood scheme is designed to negate some of the effects of climate change. The Housing schemes are designed in line with the local authorities' low carbon living housing standards.

11. Information and Communication Technology Implications and Advice

- 11.1 N/A

12. Communications and Marketing Implications and Advice

- 12.1 The approvals provide positive opportunities to highlight the difference the MCA's investments will make to people and passengers, businesses and places across South Yorkshire and how Members are taking action to support the region's recovery from COVID

List of Appendices Included*

- A Assurance Summary – Doncaster Small Sites
- B Assurance Summary – Former Nightingale School
- C Assurance Summary – Adwick Depot
- D Assurance Summary – Phase 4 Park Hill Sheffield
- E Assurance Summary – Heart of the City 2 – Block A
- F Assurance Summary – Rotherham to Kilnhurst Flood Alleviation
- G Assurance Summary – Sheffield Future High Streets Fund

Background Papers

None

Assurance Summary

VERSION 1 24.11.2021



1 – SCHEME DETAILS

Project Name	Doncaster Small Sites	Type of funding	Grant
Grant Recipient	DMBC	Total Scheme Cost	£8,132,942
MCA Executive Board	Housing and Infrastructure	MCA Funding	£890,000
Programme name	Brownfield Housing Fund	% MCA Allocation	11%
Current Gateway Stage	FBC	MCA Development costs	n/a
		% of total MCA allocation	n/a

2 – PROJECT DESCRIPTION

Doncaster Council are applying for £890,000 of Brownfield Housing Fund to enable the delivery of the £8.1m Doncaster Small Sites Housing Project which will see the development of 42 new high-quality, environmentally friendly affordable homes across 5 small sites in Doncaster. The houses will be retained by Doncaster Council as a part of their social housing portfolio.

The housing will be developed in line with Doncaster Council's Low Carbon Living house type range. Consequently, the scheme will deliver housing that exceeds current environmental regulations and standards by incorporating PV roof panels, high levels of thermal insulation, EV charging points and air source heat pumps into the designs. The scheme also aims to avoid the need to supply the site with gas. All homes will be connected to fibre broadband.

The project will bring 5 underutilised brownfield sites back into productive use and contribute to addressing a shortage of affordable housing in Doncaster.

The works are due to start in January 2023 and be complete by June 2024, with an 18 month build programme.

MCA funding is required to bridge a viability gap. In addition to the Brownfield Housing Fund, other public funds will be used (subject to confirmation) including £5,772,942 of HRA funding and £1,470,000 from Homes England Shared Ownership Affordable Housing Programme (SOAHP).

<p>MCA funding will help the project achieve low carbon standards, including PV panels, EV charging points, air source heat pumps (no gas) and high thermal performance. In addition to the high energy performance of the homes, MCA funding will also contribute to the costs of preparing the derelict brownfield sites. Specific items to be funded include increased costs site preparation – cut and fill, incoming services, and abnormal costs (abnormals include fencing to adjacent properties and reinstatement of car parking).</p>	
3. STRATEGIC CASE	
<p><i>Options assessment</i></p>	<p>The FBC sets out three options: Do minimum, viable alternative option 1, and the preferred option. The Do minimum option, to put the sites on the open market as a housing development opportunity for the private sector, limiting the provision of affordable housing to no more than 15% (The Local Plan Requirement), was discounted for legitimate reasons.</p> <p>The alternative viable option was discounted on the basis that it did not deliver the homes to the same energy efficient standard when compared to the preferred option resulting in the project not contributing to the Council's climate policies and fuel poverty ambitions.</p> <p>The preferred option has been selected as it meets all the SMART objectives. Specifically, it delivers much needed affordable housing, improves the quality of the housing stock, reduces fuel poverty and increases residents' health and well-being.</p>
<p><i>Statutory requirements and adverse consequences</i></p>	<p>The FBC states that the Council will submit a planning application for the project in April 2022 and expect a decision by August 2022. The planning application will include stakeholder consultation engagement, transport and environmental assessments to ensure the project is compliant with policy and statutory plans. The sites are under the threshold for a transport assessment.</p> <p>The assessors note that detailed design work is due to be completed by March 2022 with a planning application submitted by April 2022 with a decision expected in August 2022. MCA funding is estimated to be secured by 31st March 2022 and, therefore, without planning approval.</p> <p>A full Environmental Impact Assessment will be produced and submitted as part of the planning application process which will include a Biodiversity net gain consideration.</p> <p>An initial environmental impact assessment has been carried out. The findings illustrate the positive impacts of developing brownfield land such as reducing the amount of greenfield land required to deliver the housing need, reduction of lifetime carbon due to the energy-efficient specification and delivering and maintaining 0.33 ha of public space.</p>
<p><i>FBC stage only – Confirmation of alignment with agreed MCA outcomes (Stronger, Greener, Fairer).</i></p>	<p>The project has good alignment with the SEP and RAP across all three strategic objectives Stronger, Fairer and Greener, and specifically in relation to the MCA's Air Quality and Net Zero ambitions, as set out below:</p> <ul style="list-style-type: none"> - Air quality: the specification of the build includes enhanced carbon reduction measures to minimise CO2 emissions and improve air quality over the lifetime of the property. The MCA funding is being used to directly contribute to these enhancements and is therefore well aligned.

- Net zero: the programme will include PV panels, EV charging points, air source heat pumps (no gas) and high thermal performance contributing to 397 CO2 savings per annum. It aligns well with the SEP and RAPs objectives on accelerating SCR's net zero carbon transition.

4. VALUE FOR MONEY

Monetised Benefits:

<i>VFM Indicator</i>	<i>Value</i>	<i>R/A/G</i>
<i>Net Present Social Value (£)</i>	£3,003,553	G
<i>Benefit Cost Ratio / GVA per £1 of SYMCA Investment</i>	3.3	G
<i>Carbon Savings (£)</i>	£446,258	G
<i>Amenity Benefits (£)</i>	£647,137	G

Value for Money Statement

The economic dimension includes a series of monetised benefits to determine BCRs alongside non-monetised outcomes. For the preferred option the following have been considered:

1. An initial BCR – including direct Land Value Uplift (LVU), indirect spillover LVU, amenity benefits, and carbon savings. This BCR has been calculated against the MCA BHF funding only, not all public funds.
2. An adjusted BCR – in addition to the initial BCR health benefits and societal fuel benefits have been added. Again, this BCR has been calculated against the MCA BHF funding only, not all public funds.
3. An adjusted BCR – the same benefits have been included as number 2 above but this BCR has been calculated against all public sector funds.

As per the economic appraisal, the results of the BCR calculations for the preferred option is as follows, these have been taken from the Appendix Fi:

1. An initial BCR – 2.35
2. An Adjusted BCR – 3.30
3. An Adjusted BCR (against all public funding) – 1.12

The project offers value for money (above the threshold of 1) when considering all public funding. However, the FBC should be updated to include a revised BCR calculation table and results (including showing the new benefit ‘affordable housing benefit from SOAHP grant’).

Overall, the project provides good value for money.

5. RISK

The major risks identified include MCA funding not being approved, tender return prices higher than expected due to construction prices inflation, design changes resulting from consultations, planning delays, and cost overruns. All risks have been scored identifying the highest risk in terms of likelihood and impact. For each,

the FBC also identifies how the risk is to be mitigated and the individual owner. The assessors have considered both the short list and full matrix of identified risks and believe that all are reasonable. All scoring has been undertaken accurately and it is felt the quantitative conclusions represent the risks effectively.

The assessors believe that the main risk regarding securing full funding for the project is the planning approval dependency associated with the Homes England SOAHP funding. Whilst the applicant states that there is low planning risk for this project, if there is a delay in planning approval, there will also be a delay in securing full funding. However, the applicant assures that if this funding is not available, the Council is able to meet the schemes full funding requirements through the HRA which mitigates this risk.

The envisaged scheme will be delivered by a main contractor who will enter a fixed-price contract with the Council. The main contractor is responsible for appointing any sub-contractors. The main contractors are required to undertake due diligence checks on sub-contractors. There are potential risks regarding selecting a main contractor that enters financial difficulty once appointed. Appropriate due diligence checks should be completed prior to the award to ensure the main contractor has a good financial standing. Further management controls could be introduced to regularly monitor the financial position of the contractor during the term of the contract along with regular updates as per contractual arrangements.

At the time of writing, the assessors are aware of the general difficulties and reluctance facing contractors when entering fixed price contract due to the current tender price uncertainties. The MCA and applicant should seek to mitigate this issue where possible. Current mitigations include using estimating current construction prices (cost plan dated November 2021), using standard house types, and comparing construction prices against similar schemes. The assessors believe the mitigation procedures in place are adequate.

6. DELIVERY

Currently, securing MCA BHF takes place on 31st March 2022. Procurement is due to be complete by December 2022. Works commence in January 2023 and run for one year until December 2023 for three sites and June 2024 for the remaining site. This build period is reasonable.

The majority of the delivery timetable is reasonable. The Council should confirm they have the capacity to achieve planning for this project alongside other commitments. As, at FBC stage, a main contractor has not been secured, the assessors believe it is reasonable to condition any the funding approval against the contractor's tender price return.

The procurement process is expected to start in August 2022 through either a compliant procurement exercise in line with UK procurement legislation, or a mini competition via a compliant third-party framework agreement. The procurement process will consider cost, quality and social value. It is estimated that the procurement of the main contractor will be complete by the end of November 2022.

The assessors agree with the stated level of certainty of 90% due to the developed nature of the project and extensive internal knowledge of the site. For the same reason the contingency allowance of 2.5% (albeit low for the project's stage) is reasonable as site investigations are complete with abnormalities identified with a detailed cost plan. The assessors note that there is a risk that the final contingency figure may change once a main contractor is appointed after MCA BHF funding is secured. The FBC clearly states that cost overruns will be dealt with by the Council. However, to manage contingency risk, a funding condition should be considered. The funding condition should inhibit funding from being released until procurement is complete.

A Housing Programme Manager has been identified in the FBC and is also the Senior Responsible Officer. Furthermore, a clear governance structure has been included from the Project Manager (main contractor that is yet to be appointed) to the Doncaster Council Cabinet. The FBC has not been signed.

During the development of the strategy and build programme the following key stakeholders were consulted:

- internal partners from education, leisure and highways
- external public sector partners including health, local registered housing providers
- St Ledger Homes of Doncaster (ALMO)

Detailed public consultation will take place as part of the planning application process which will be in April 2022 in line with the Council's Site Development Proposals Consultation Protocol.

Monitoring will be the responsibility of Doncaster Councils Housing Programme Manager (HMP) who will report to the Councils Housing Delivery Group. The HMP will meet monthly with the main contractor to ensure that timescales, budgets, outputs/outcomes are all being met. An employer's agent will be appointed to support the HMP ensuring that the build is a fair reflection of the costs involved. The main contractor must update social value outcomes progress monthly. Doncaster Councils Housing Delivery Group will evaluate the programme during the construction and on completion MCA will be provided with copies of reports. All costs associated with monitoring will be met by Doncaster Council. The evaluation will comprise of a mid-stage and end of project review.

7. LEGAL

The FBC states that subsidy control/state aid rules do not apply to this programme for a series of reasons. The grant is being made to Doncaster Council (a public body) who have gone through an open procurement route to appoint the most commercial and economically advantageous bidder. In addition, it is noted that the funding and projects will have no impact on international trade and the provision of social housing falls within the EUs Service of General Economic Interest.

8. RECOMMENDATION AND CONDITIONS

Recommendation	Full grant award subject to conditions
Payment Basis	Payment on defrayal
Conditions of Award (including clawback clauses)	

The following conditions must be satisfied before contract execution.

1. Agree detailed schedule of inclusive growth indicators and targets (e.g. % of [previously unemployed] locals offered permanent contracts and apprenticeships, mentoring and school engagement and engagement with the local supply chain) to ensure the project delivers wider socio-economic benefits and that these can be captured, monitored and reported.
2. Submission of acceptable Subsidy Control opinion

The conditions above should be fully satisfied by 18/03.2022. Failure to do so could lead to the withdrawal of approval.

3. Submission of detailed costs, project plan and risk register including sufficient contingency provision for all activities and related mitigation costs.

The following conditions must be satisfied before drawdown of funding.

4. Confirmation of procurement and evidence of cost certainty
5. All required statutory consents including all planning conditions must be satisfied.
6. Formal confirmation of all other funding approvals required to deliver the project.
7. Formal confirmation of commitment to address any cost overruns without unduly compromising project outputs and outcomes.
8. Submission of evidence of DMBC's Board approval for the scheme.

The following conditions must be included in the contract

9. Any underspend to be returned to the MCA
10. Clawback will be applied on outputs/outcomes at MCA discretion

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1 – SCHEME DETAILS

Project Name	Former Nightingale School	Type of funding	Grant
Grant Recipient	DMBC	Total Scheme Cost	£9.39m
MCA Executive Board	Housing & Infrastructure	MCA Funding	£1.57m
Programme name	Brownfield Housing Fund	% MCA Allocation	17%
Current Gateway Stage	FBC	MCA Development costs	n/a
		% of total MCA allocation	n/a

2 – PROJECT DESCRIPTION

This £9.39m project will see Doncaster Council directly deliver 49 new high-quality, environmentally friendly affordable homes on the site. The Council will retain these as a part of their social housing portfolio and bring back into public use 0.38 Ha of green space. The works will begin in January 2023 and be completed by December 2024, with a 24 month build programme.

The units will be in line with Doncaster Council's Low Carbon Living house type range. Consequently, the scheme will deliver housing that exceeds current environmental regulations and standards by incorporating PV roof panels, high levels of thermal insulation, EV charging points and air source heat pumps into the designs. The scheme also aims to avoid the need to supply the site with gas, which may result in the need for a new electrical substation. All homes will be connected to fibre broadband.

The project will bring an underutilised brownfield site back into productive use and contribute to addressing a shortage of affordable housing in Doncaster.

The FBC is clear in setting out that a total of £1,570,000 is required to bridge a viability gap. In addition to the Brownfield Housing Fund, other public funds will be used (subject to confirmation) including £530,755 of HRA funding and £1,715,000 from Homes England Shared Ownership Affordable Housing Programme (SOAHP). The FBC specifically states that MCA funding will contribute to the project achieving low carbon standards, including PV panels, EV charging points, air source heat pumps (no gas), high thermal performance, and an upgrade of an existing electricity sub-station to service the site. In addition to the high energy

performance of the homes, MCA funding will also contribute to the costs of preparing the derelict brownfield site. Specific items to be funded include increased costs site preparation – cut and fill, incoming services and abnormal costs.

3. STRATEGIC CASE

<p><i>Options assessment</i></p>	<p>The FBC sets out three options: Do minimum, viable alternative option 1, and the preferred option. The Do minimum option, to put the site on the open market as a housing development opportunity for the private sector, limiting the provision of affordable housing to no more than 15% (The Local Plan Requirement) was discounted for legitimate reasons.</p> <p>The alternative viable option was discounted on the basis that it did not deliver the homes to the same energy efficient standard when compared to the preferred option resulting in the project not contributing to the Council's climate policies and fuel poverty ambitions.</p> <p>The preferred option has been selected as it meets all the SMART objectives. Specifically, it delivers much needed affordable housing, improves the quality of the housing stock, reduces fuel poverty and increases residents' health and well-being.</p>
<p><i>Statutory requirements and adverse consequences</i></p>	<p>The FBC states that the Council will submit a planning application for the project in April 2022 and expect a decision by the end of August 2022. The planning application will include stakeholder consultation engagement, transport and environmental assessments to ensure the project is compliant with policy and statutory plans (the site is allocated within the Doncaster Local Plan 2015-31).</p> <p>The assessors note that detailed design work is due to be completed by March 2022 with a planning application submitted by April 2022 with a decision expected in August 2022. MCA funding is estimated to be secured by 31st March 2022 which is before planning is secured.</p> <p>A full Environmental Impact Assessment will be produced and submitted as part of the planning application process which will include a Biodiversity net gain consideration.</p> <p>The FBC notes a change from OBC stage regarding Biodiversity net gain which has been increased to 10% inline with Doncaster Council ambitions set out in the new local plan. The revised plans include retention of existing trees and more extensive design and landscaping work to introduce feature such as wildflowers and the creation of species-specific habitats.</p> <p>Initial environment impact assessment has been carried out. The findings illustrate the positive impacts of developing brownfield land such as reducing the amount of greenfield land required to deliver the housing need, reduction of lifetime carbon due to the energy-efficient specification and delivering and maintaining 0.36ha of public space. However, the FBC states that there will be short-term negative environmental impact from development due to the resourcing and manufacturing of construction materials.</p>
<p><i>FBC stage only – Confirmation of alignment with agreed MCA</i></p>	<p>The project has good alignment with the SEP and RAP across all three strategic objectives Stronger, Fairer and Greener, and specifically in relation to the MCA's Air Quality and Net Zero ambitions, as set out below:</p>

<i>outcomes (Stronger, Greener, Fairer).</i>	<ul style="list-style-type: none"> - Air quality: the specification of the build includes enhanced carbon reduction measures to minimise CO2 emissions and improve air quality over the lifetime of the property. The MCA funding is being used to directly contribute to these enhancements and is therefore well aligned with the SEP and REP. - Net zero: the FBC states that the programme will include PV panels, EV charging points, air source heat pumps (no gas), high thermal performance, and an upgrade of an existing electricity sub-station to service the site contributing to 463 CO2 savings per annum. It aligns well with the SEP and RAPs objectives on accelerating SCR's net zero carbon transition.
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4. VALUE FOR MONEY

Monetised Benefits:

<i>VFM Indicator</i>	<i>Value</i>	<i>R/A/G</i>
<i>Net Present Social Value (£)</i>	£5.03m	G
<i>Benefit Cost Ratio / GVA per £1 of SYMCA Investment</i>	3.12	G
<i>Carbon Savings (£)</i>	£520,634 (463 tonnes per year saved)	G
<i>Amenity Benefits (£)</i>	£745,188	G

Value for Money Statement

The economic dimension includes a series of monetised benefits to determine BCRs alongside non-monetised outcomes. For the preferred option the following have been considered:

1. An initial BCR – including direct Land Value Uplift (LVU), indirect spillover LVU, amenity benefits, and carbon savings. This BCR has been calculated against the MCA BHF funding only, not all public funds.
2. An adjusted BCR – in addition to the initial BCR health benefits and societal fuel benefits have been added. Again, this BCR has been calculated against the MCA BHF funding only, not all public funds.
3. An adjusted BCR – the same benefits have been included as number 2 above but this BCR has been calculated against all public sector funds.

The results of the BCR calculations for the preferred option is as follows:

1. An initial BCR – 2.52
2. An Adjusted BCR – 3.12
3. An Adjusted BCR (against all public funding) – 1.47

The BCR against all public funding has increased from 1.01 to 1.47 between OBC and FBC stage. The main reasons for this the decrease in overall scheme costs. This has in turn decreased the amount of DMBC HRA funding that is required for the scheme which has a positive impact on the BCR.

Overall, the project provides good value for money.

5. RISK

The major risks identified include MCA funding not being approved, tender return prices higher than expected due to construction prices inflation, increased electricity demand requiring a sub-station upgrade, design changes resulting from consultations. All risks have been scored identifying the highest risk in terms of likelihood and impact. For each the FBC also identifies how the risk is to be mitigated and the individual owner.

Both the short list and full matrix of identified risks are reasonable. All scoring has been undertaken accurately and the quantitative conclusions represent the risks effectively.

The MCA should ensure that there are contractual conditions are in place to ensure:

- Any underspend is returned
- Funding is only released once planning and procurement risks have been resolved
- a funding condition is put in place to cap the tender return price at or less than a fixed price to keep costs within the agreed envelope.
- The FBC form is updated to reflect the comments and errors identified by the assessors.

The Applicant must provide a quantitative breakdown of exactly what the funding will cover to allow monitoring that it has been delivered.

The main risk to securing full funding for the project is the planning approval dependency associated with the Homes England SOAHP funding. Whilst the FBC states that there is low planning risk for this project, if there is a delay in planning approval, there will also be a delay in securing full funding. However, the FBC assures that if this funding is not available, the Council is able to meet the schemes full funding requirements through the HRA which mitigates this risk.

The envisaged scheme will be delivered by a main contractor who will enter a fixed-price contract with the Council. The main contractor is responsible for appointing any sub-contractors. It is understood that the main contractors are required to undertake due diligence checks on sub-contractors. There are potential risks regarding selecting a main contractor that enters financial difficulty once appointed. Appropriate due diligence checks should be completed prior to the award to ensure the main contractor has a good financial standing. Further management controls could be introduced to regularly monitor the financial position of the contractor during the term of the contract along with regular updates as per contractual arrangements.

At the time of writing, the assessors are aware of the general difficulties and reluctance facing contractors when entering fixed price contract due to the current tender price uncertainties. The MCA and project team should be aware of this and seek to mitigate this issue where possible. Current mitigations include using estimating current construction prices (cost plan dated November 2021), using standard house types, and comparing construction prices against similar schemes. The assessors believe the mitigation procedures in place are adequate.

6. DELIVERY

Currently, procurement completion and securing MCA BHF both take place in August 2022. Works commence in January 2023 and run for two years until December 2024. This build period is reasonable. The milestones also include evaluation reports in the middle of the works December 2023 and 3 months after completion on the 31st March 2025.

The majority of the delivery timetable is deemed reasonable. The Council should confirm they have the capacity to achieve planning for this project alongside other commitments. It is reasonable for the MCA to condition its approval against the final contractor price return.

The procurement process will consider cost, quality and social value. It is estimated that the procurement of the main contractor will be complete by the end of November 2022.

Development costs are estimated at 90% certainty. This has increased from 75% at OBC. This seems a reasonable estimate as the cost plan has now been updated to reflect changes and the project is closer to delivery. Cost certainty would be increased further if procurement had already been undertaken and detailed designs were in place. Also, the Council will accept responsibility for cost over-runs associated with any risks that are excluded from the construction contract.

A Housing Programme Manager who is also the Senior Responsible Officer has been identified in the FBC and is. Furthermore, a clear governance structure has been included from the Project Manager (main contractor that is yet to be appointed) to the Doncaster Council Cabinet. **The FBC has not been signed.**

The FBC states that during the development of the strategy and build programme the following key stakeholders were consulted:

- internal partners from education, leisure and highways
- external public sector partners including health, local registered housing providers
- St Ledger Homes of Doncaster (ALMO)

Detailed public consultation will take place as part of the planning application process which will be in April 2022 in line with the Council's Site Development Proposals Consultation Protocol.

The FBC sets out how the programme will be monitored and who is responsible for undertaking and funding it. Monitoring will be the responsibility of Doncaster Councils Housing Programme Manager (HMP) who will report to the Councils Housing Delivery Group. The HMP will meet monthly with the main contractor to ensure that timescales, budgets, outputs/outcomes are all being met. An employers' agent will be appointed to support the HMP ensuring that the build is a fair reflection of the costs involved. The main contractor must update social value outcomes progress monthly. Doncaster Councils Housing Delivery Group will evaluate the programme during the construction and on completion MCA will be provided with copies of reports. All costs associated with monitoring will be met by Doncaster Council. The evaluation will comprise of a mid-stage and end of project review.

7. LEGAL

The FBC states that subsidy control/state aid rules do not apply to this programme for a series of reasons. The grant is being made to Doncaster Council (a public body) who have gone through an open procurement route to appoint the most commercial and economically advantageous bidder. In addition, it is noted that the funding and projects will have no impact on international trade and the provision of social housing falls within the EUs Service of General Economic Interest.

8. RECOMMENDATION AND CONDITIONS

Recommendation	Full grant award subject to conditions
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Payment Basis	Payment on defrayal
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Conditions of Award (including clawback clauses)

The following conditions must be satisfied before contract execution.

1. Applicant to provide a quantitative breakdown of exactly what MCA funding will cover to allow monitoring that it has been delivered
2. Agree detailed schedule of inclusive growth indicators and targets (e.g. % of [previously unemployed] locals offered permanent contracts and apprenticeships, mentoring and school engagement and engagement with the local supply chain) to ensure the project delivers wider socio-economic benefits and that these can be captured, monitored and reported.
3. Submission of acceptable Subsidy Control opinion

The conditions above should be fully satisfied by 18/03/2022. Failure to do so could lead to the withdrawal of approval.

4. Submission of detailed costs, project plan and risk register including sufficient contingency provision for all activities and related mitigation costs.

The following conditions must be satisfied before drawdown of funding.

5. Confirmation of procurement and evidence of cost certainty
6. All required statutory consents including all planning conditions must be satisfied.
7. Formal confirmation of all other funding approvals required to deliver the project.
8. Formal confirmation of commitment to address any cost overruns without unduly compromising project outputs and outcomes.
9. Submission of evidence of DMBC's Board approval for the scheme.

The following conditions must be included in the contract

10. Any underspend to be returned to the MCA
11. Clawback will be applied on outputs/outcomes at MCA discretion

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1 – SCHEME DETAILS

Project Name	Adwick Depot	Type of funding	Grant
Grant Recipient	Doncaster Council	Total Scheme Cost	£7,346,804
MCA Executive Board	Housing and Infrastructure	MCA Funding	£1,200,000
Programme name	Brownfield Housing Fund	% MCA Allocation	16%
Current Gateway Stage	FBC	MCA Development costs	n/a
		% of total MCA allocation	n/a

2 – PROJECT DESCRIPTION

The £7.35m project will see Doncaster Council directly deliver 35 new high-quality, environmentally friendly affordable homes on the site. These will be retained as a part of the Council's social housing portfolio and bring back into public use 0.14 ha of green space. The works will begin in May 2023 and be completed in January 2025, with a 21 month build programme.

The units will be in line with Doncaster Council's Low Carbon Living house type range. Consequently, the scheme will deliver housing that exceeds current environmental regulations and standards by incorporating PV roof panels, high levels of thermal insulation, EV charging points and air source heat pumps into the designs. The scheme also aims to avoid the need to supply the site with gas, which may result in the need for a new electrical substation. All homes will be connected to fibre broadband.

The project will bring an underutilised brownfield site back into productive use and contribute to addressing a shortage of affordable housing in Doncaster.

The FBC clearly states that the MCA is being asked to provide £1.2m which will be used to provide the low carbon specification of homes including:

- PV panels.
- EV charging points.
- No gas / air source heat pumps.

- High thermal performance.
- Upgrade of an existing electricity sub-station to service the site.

Additionally, MCA is being asked to fund the site preparation of the brownfield site including:

- Increased costs resulting from the conversion of the historic buildings on site, to meet Historic England's expectations.
- Ground contamination resulting from the former use of the site as a council vehicle depot.
- Drainage attenuation.

The funding is required to bridge a viability gap. In addition to the Brownfield Housing Fund, other public funds will be used (subject to confirmation) including £1,030,973 of HRA funding and £1,225,000 from Homes England Shared Ownership Affordable Housing Programme (SOAHP).

3. STRATEGIC CASE

<p><i>Options assessment</i></p>	<p>The FBC sets out three options: Do minimum, viable alternative option 1, and the preferred option. The Do minimum option, to put the site on the open market as a housing development opportunity for the private sector, limiting the provision of affordable housing to no more than 15% (The Local Plan Requirement) was discounted for legitimate reasons.</p> <p>The alternative viable option was discounted on the basis that it did not deliver the homes to the same energy efficient standard when compared to the preferred option resulting in the project not contributing to the Council's climate policies and fuel poverty ambitions.</p> <p>The preferred option has been selected as it meets all the SMART objectives. Specifically, it delivers much needed affordable housing, improves the quality of the housing stock, reduces fuel poverty and increases resident's health and well-being.</p>
<p><i>Statutory requirements and adverse consequences</i></p>	<p>The FBC states that the Council will submit a planning application in August 2022 and expect a decision by the end of December 2022. The planning application will include stakeholder consultation engagement, transport and environmental assessments to ensure the project is compliant with policy and statutory plans (the site is allocated within the Doncaster Local Plan 2015-31). Due to the small number of units proposed, the project is below the threshold for a Traffic Impact Assessment.</p> <p>Detailed design work is due to be completed by May 2022 with a planning application submitted by August 2022 and a decision expected in December 2022. MCA funding is estimated to be secured by 31st March 2022 and, therefore, ahead of planning approval.</p> <p>A full Environmental Impact Assessment will be produced and submitted as part of the planning application process which is expected to be completed in late 2022. In response to Doncaster Council's ambitions to reduce carbon emissions and increase biodiversity, the scheme will benefit from the retention of existing trees and the planting of new trees on the site. Further design work will seek to introduce and maintain hedgerows, wildflower planting, and the creation of species-specific habitats.</p> <p>However, an initial environmental impact assessment has been carried out. The findings illustrate the positive impacts of developing brownfield land such as reducing the amount of greenfield land required to deliver the housing need, reduction of lifetime carbon due to the energy-efficient specification, enhanced biodiversity through tree retention and planting, and</p>

	delivering and maintaining 0.14 ha of public space. However, the FBC states that there will be short-term negative environmental impacts from development due to the resourcing and manufacturing of construction materials.
<i>FBC stage only – Confirmation of alignment with agreed MCA outcomes (Stronger, Greener, Fairer).</i>	<p>The project has good alignment with the SEP and RAP across all three strategic objectives Stronger, Fairer and Greener, and specifically in relation to the MCA's Air Quality and Net Zero ambitions, as set out below:</p> <ul style="list-style-type: none"> - Air quality: the specification of the build includes enhanced carbon reduction measures to minimise CO2 emissions and improve air quality over the lifetime of the property. The MCA funding is being used to directly contribute to these enhancements and is therefore well aligned with the SEP and REP. Additionally, there are tree planting measures in place to improve biodiversity. - Net zero: the FBC states that the programme will include PV panels, EV charging points, air source heat pumps (no gas), high thermal performance, and an upgrade of an existing electricity sub-station to service the site contributing to 331 CO2 savings per annum. It aligns well with the SEP and RAPs objectives on accelerating SCR's net zero carbon transition.

4. VALUE FOR MONEY

Monetised Benefits:

<i>VFM Indicator</i>	<i>Value</i>	<i>R/A/G</i>
<i>Net Present Social Value (£)</i>	£3,532,596	G
<i>Benefit Cost Ratio</i>	2.75	G
<i>Carbon Savings (£)</i>	£371,881	G
<i>Amenity Benefits (£)</i>	£274,543	G

Value for Money Statement

The economic dimension includes a series of monetised benefits to determine BCRs alongside non-monetised outcomes. For the preferred option the following have been considered:

1. An initial BCR – including direct Land Value Uplift (LVU), indirect spill over LVU, amenity benefits, and carbon savings. This BCR has been calculated against the MCA BHF funding only, not all public funds.
2. An adjusted BCR – in addition to the initial BCR health benefits and societal fuel benefits have been added. Again, this BCR has been calculated against the MCA BHF funding only, not all public funds.
3. An adjusted BCR – the same benefits have been included as number 2 above with an additional benefit because this BCR has been calculated against all public sector funds. The Homes England grant for affordable homes can be viewed as a cost and benefit as set out in the DCLG 2016 appraisal guide

At OBC stage, the assessors deemed the consideration of three separate BCR calculations as reasonable but recommended that optimism bias was included in all BCR calculations. This has been amended at FBC stage.

The results of the BCR calculations for the preferred option is as follows:

1. An initial BCR – 2.20
2. An Adjusted BCR – 2.75
3. An Adjusted BCR (against all public funding) – 1.15

Overall, the project provides acceptable value for money.

5. RISK

The major risks identified include MCA funding not being approved, tender return prices higher than expected due to construction prices inflation, increased electricity demand requiring a sub-station upgrade, design changes resulting from consultations. All risks have been scored identifying the highest risk in terms of likelihood and impact. For each the FBC also identifies how the risk is to be mitigated and the individual owner.

The short list and full matrix of identified risks are reasonable. All scoring has been undertaken accurately and the quantitative conclusions represent the risks effectively.

The following are worth noting:

- Any underspend should be returned
- Both planning and procurement pose risks to the delivery of the project and though funding could be awarded before these are secured funding should only be released once both have been achieved
- The MCA should ensure a funding condition is put in place to cap the tender return price at or less than a fixed price to ensure the cost of the scheme is not significantly greater than what was approved.
- The FBC form must be updated to reflect the comments and errors identified by the assessors.

Though not necessarily a funding condition the MCA should ensure the Applicant has provided a quantitative breakdown of exactly what the funding will cover to allow monitoring that it has been delivered.

The main risk regarding securing full funding for the project is the planning approval dependency associated with the Homes England SOAHP funding. Whilst the FBC states that there is low planning risk for this project, if there is a delay in planning approval, there will also be a delay in securing full funding. However, the FBC assures that if this funding is not available, the Council is able to meet the schemes full funding requirements through the HRA which mitigates this risk.

The envisaged scheme will be delivered by a main contractor who will enter a fixed-price contract with the Council. The assessors acknowledge risk surrounding finding a contractor who will agree to entering a fixed price contract due to the macro supply chain issues and labour shortages affecting the uncertainty in tender prices within construction sector, at the time of writing. A 2.5% contingency could be viewed as limited in absorbing an increase in the tender price. However, DMBC have clarified that cost overruns will be paid for through the HRA, therefore, somewhat mitigating this risk.

The main contractor is responsible for appointing the sub-contractor. The assessors understand that the main contractors are required to undertake due diligence checks on sub-contractors. There are potential risks regarding selecting a main contractor that enters financial difficulty once appointed. Appropriate due diligence checks should be completed prior to the award to ensure the main contractor has a good financial standing. Further management controls could be introduced to regularly monitor the financial position of the contractor during the term of the contract along with regular updates as per contractual arrangements.

6. DELIVERY

Currently, procurement starts in the same month as planning approval is secured in December 2022. Works commence in May 2023 and run for one year until 31st January 2025. This build period is reasonable. The milestones also include evaluation reports in the middle of the works on 31st March 2024 and 9 months after completion on the 31st October 2025.

The assessors deem the majority of the delivery timetable reasonable. The Council should confirm they have the capacity to achieve planning for this project alongside other commitments. As, at FBC stage, a main contractor has still not been secured, it is reasonable to put a condition on the funding. The condition should only approve funding if the contractor's tender price return is at or below a capped price to avoid significant cost increases that could affect the deliverability of the scheme.

The FBC states the procurement process is expected to start in August 2022 through a construction framework, using a consultation framework that considers cost, quality and social value. It is estimated that the procurement of the main contractor will be complete by the end of March 2023.

Development costs are estimated at 90% certainty. The cost certainty has increased which is understood by the assessors due to an updated cost plan dated November 2021. The fixed-price contract for the scheme includes a 2.5% contingency totalling £173,059.68. The assessors consider contingency of 2.5% to be low when the procurement strategy has not commenced, and the scheme has not progressed through planning. The final level of contingency will be set with the contractor during the finalisation of the fixed price construction contract. The Council will accept responsibility for cost over-runs associated with any risks that are excluded from the construction contract.

A Housing Programme Manager has been identified in the FBC and is also the Senior Responsible Officer. Furthermore, a clear governance structure has been included from the Project Manager (main contractor that is yet to be appointed) to the Doncaster Council Cabinet. The FBC has not been signed.

The FBC states that during the development of the strategy and build programme the following key stakeholders were consulted:

- internal partners from education, leisure and highways
- external public sector partners including health, local registered housing providers
- St Ledger Homes of Doncaster (ALMO)

Detailed public consultation will take place as part of the planning application process which will be in April 2022 in line with the Council's Site Development Proposals Consultation Protocol.

The FBC sets out how the programme will be monitored and who is responsible for undertaking and funding it. Monitoring will be the responsibility of Doncaster Council's Housing Programme Manager (HMP) who will report to the Council's Housing Delivery Group. The HMP will meet monthly with the main contractor to ensure that timescales, budgets, outputs/outcomes are all being met. An employers' agent will be appointed to support the HMP ensuring that the build is a fair reflection of the costs involved. The main contractor must update social value outcomes progress monthly. Doncaster Council's Housing Delivery Group will evaluate

the programme during the construction and on completion MCA will be provided with copies of reports. All costs associated with monitoring will be met by Doncaster Council. The evaluation will comprise of a mid-stage and end of project review.

7. LEGAL

The FBC states that subsidy control/state aid rules do not apply to this programme for a series of reasons. The grant is being made to Doncaster Council (a public body) who have gone through an open procurement route to appoint the most commercial and economically advantageous bidder. In addition, it is noted that the funding and projects will have no impact on international trade and the provision of social housing falls within the EUs Service of General Economic Interest.

8. RECOMMENDATION AND CONDITIONS

Recommendation	Full grant award subject to conditions
Payment Basis	Payment on defrayal
Conditions of Award (including clawback clauses)	
<i>The following conditions must be satisfied before contract execution.</i>	
1. Agree detailed schedule of inclusive growth indicators and targets (e.g. % of [previously unemployed] locals offered permanent contracts and apprenticeships, mentoring and school engagement and engagement with the local supply chain) to ensure the project delivers wider socio-economic benefits and that these can be captured, monitored and reported.	
2. Submission of acceptable Subsidy Control opinion	
The conditions above should be fully satisfied by 18/03/2022. Failure to do so could lead to the withdrawal of approval.	
3. Submission of detailed costs, project plan and risk register including sufficient contingency provision for all activities and related mitigation costs.	
<i>The following conditions must be satisfied before drawdown of funding.</i>	
4. Confirmation of procurement and evidence of cost certainty	
5. All required statutory consents including all planning conditions must be satisfied.	
6. Formal confirmation of all other funding approvals required to deliver the project.	

1. Agree detailed schedule of inclusive growth indicators and targets (e.g. % of [previously unemployed] locals offered permanent contracts and apprenticeships, mentoring and school engagement and engagement with the local supply chain) to ensure the project delivers wider socio-economic benefits and that these can be captured, monitored and reported.
2. Submission of acceptable Subsidy Control opinion

The conditions above should be fully satisfied by 18/03/2022. Failure to do so could lead to the withdrawal of approval.

3. Submission of detailed costs, project plan and risk register including sufficient contingency provision for all activities and related mitigation costs.

The following conditions must be satisfied before drawdown of funding.

4. Confirmation of procurement and evidence of cost certainty
5. All required statutory consents including all planning conditions must be satisfied.
6. Formal confirmation of all other funding approvals required to deliver the project.

7. Formal confirmation of commitment to address any cost overruns without unduly compromising project outputs and outcomes.
8. Submission of evidence of DMBC's Board approval for the scheme.

The following conditions must be included in the contract

9. Any underspend to be returned to the MCA
10. Clawback will be applied on outputs/outcomes at MCA discretion

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1 – SCHEME DETAILS

Project Name	Phase 4 Park Hill, Sheffield	Type of funding	Grant
Grant Recipient	Urban Splash (Park Hill) Limited	Total Scheme Cost	£26,511,904
MCA Executive Board	Housing and Infrastructure	MCA Funding	£5,610,155
Programme name	Brownfield Housing Fund	% MCA Allocation	21.2%
Current Gateway Stage	FBC	MCA Development costs	n/a
		% of total MCA allocation	n/a

2 – PROJECT DESCRIPTION

Phase 4 Park Hill is a residential led mixed-use re-development of a Grade II* listed structure. Phase 4 is part of a wider long-term regeneration of the Park Hill flats estate transforming 5 iconic buildings that have suffered decay and dereliction into high quality and sustainable homes and vibrant workspaces for people to live, work and play.

By the end of March 2022 phases 1 to 3 will be complete including 455 mixed tenure homes (including 93 social rent, 114 open market rent and 248 open market sales), circa 55,000 sq ft of active commercial workspace and 356 student bedrooms. Phases 1 to 3 will attract an active community of 1,500 people living and working within Park Hill.

For Phase 4 (the subject of this application), the total funding required from the MCA is £5,610,155 to refurbish the structure. The project will deliver an additional 95 homes including 19 affordable, a further eleven shell units to be fitted out as live/work units, and c29,000 sq ft of shell space to fit out as artists' studios, workspace and community / learning space, 80 car parking spaces and external landscaping. MCA funding is to unlock the proposed scheme by addressing a funding gap created by the high costs of renovating a Grade II* listed building and make the proposed scheme financially viable.

3. STRATEGIC CASE

<p><i>Options assessment</i></p>	<p>The FBC sets out four main options:</p> <ul style="list-style-type: none"> - Do minimum – nothing is done and Phase 4 of Park Hill is left undeveloped, resulting in benefits of the scheme not being delivered and objectives not being achieved, with a continued obligation on the applicant to spend £80,000 per annum for health and safety inspections, building insurance and maintenance. - Viable alternative option 1 – no affordable housing is provided and the refurbishment goes ahead with 100% open market housing. This option sees the viability gap reduced but is not policy compliant and the benefits realised by this option are reduced in comparison to the preferred way forward. - Viable alternative option 2 – a smaller scheme comprising 68 homes and 17,000 sq ft of commercial shell space is delivered omitting Flank T. This option reduces the gap funding requirement but delivers fewer homes, which would suffer from the blight of the unrefurbished Flank T and reduce the viability of refurbishing Flank T separately. - Preferred option – the whole of the Phase 4 scheme is refurbished delivering 95 homes including 19 affordable and shell space for the S1 Artspace cultural hub. <p>It is evident from the options assessment that the preferred option is the best fit with the applicant’s strategic objectives and the other options have been discounted for legitimate reasons.</p>
<p><i>Statutory requirements and adverse consequences</i></p>	<p>Planning approval was granted in August 2019 for Phase 4. The application included 95 residential units, education space, artists’ studios, flexible workspaces, live/work and heritage flats and an extension to form a new art gallery with ancillary facilities. The planning approval is subject to a set of outline and reserve matters planning conditions which will be discharged. The applicant has submitted a design and access statement along with other documents required for the statutory consultation process, including a transport statement</p>
<p><i>FBC stage only – Confirmation of alignment with agreed MCA outcomes (Stronger, Greener, Fairer).</i></p>	<p>Overall, the project aligns well with the objectives and desired outcomes of the SEP and REP, and contributes across all three Strategic Outcomes; Stronger, Greener, Fairer as set out below:</p> <ul style="list-style-type: none"> - Enterprise: creating 2,694 sqm of commercial shell space for artist’s studios, creative sector businesses and education space to help businesses grow and contribute significant spend in the local supply chain. This aligns with SEP and RAP objectives of growing a more successful business base underpinned by more productive growth and higher growth businesses. - Employment: creating 120-140 construction jobs by 2022 including 10 apprenticeships, 74 long term jobs by 2024 in the cultural and creative sectors, and an additional 14 FTE jobs within the S1 Artspace accommodation, which aligns with the objective of getting more working-age people into employment. - Education: training 1,040+ people annually within the new cultural hub by 2024/25 and providing potential partnerships with local universities, as well as providing training for staff at the centre, aligning with objectives of increasing the proportion of the working age population having higher qualifications. - Health: providing 95 good quality homes including 19 affordable leading to improved health outcomes for residents, and providing crime cost savings, which align with objectives to promote health and life expectancy.

- **Net zero:** redeveloping existing structures such as the concrete frame and brickwork reducing embodied carbon, leading to a highly sustainable scheme and delivering substantial carbon savings, aligning with the SEP and RAP objectives of contributing to net zero carbon targets.

4. VALUE FOR MONEY

Monetised Benefits:

<i>VFM Indicator</i>	<i>Value</i>	<i>R/A/G</i>
<i>Net Present Social Value (£)</i>	£6.4m	G
<i>Benefit Cost Ratio</i>	2	G
<i>Carbon Savings (£)</i>	£161,616	G

Value for Money Statement

The economic dimension includes a series of monetised benefits to determine BCRs alongside non-monetised outcomes. For the preferred option the following have been considered:

1. An initial BCR – including Land Value Uplift (LVU), wider Land Value Uplift, health benefits of affordable housing, crime cost savings, amenity benefits and distributional benefits.
2. An adjusted BCR – including active mode transport benefits, labour supply benefits, productivity benefits, wellbeing from attending arts and cultural events and volunteering benefits and heritage benefits

The 'adjusted BCR' (5.6) which refers to additional benefits arising from the delivery of the S1 Artspace, is likely to be an overestimate as the fit-out, staffing and other costs of the S1 Artspace are not factored in and are to be funded separately. The initial BCR (2.0) therefore more appropriate to consider when assessing the project's value for money.

The project therefore represents good value for money.

5. RISK

Risks identified include cost increases, not securing debt funding, not agreeing legals with the S1 Artspace operator, commercial risk of slow sales and declining values, great places unable to proceed as purchaser of Affordable Homes and risk of delays to the construction programme. All risks are owned by the developer and the assessors are satisfied that appropriate and proportionate mitigation measures are in place and that risks are being managed.

As at OBC stage, the assessors note that a major delivery risk is the current absence of secured debt funding. It is recognised, however, that private sector lenders are unlikely to agree to an unviable scheme and that therefore the award of the requested grant from the MCA is crucial to rendering the scheme viable and able to

attract debt funding. It is also noted that the applicant has an existing relationship with a potential funder, which is currently providing a loan for Phase 2 of the same project and that the applicant is confident finance can be agreed on similar terms once the viability of the scheme can be demonstrated.

The applicant's intention is to secure debt funding from Lloyds Bank. This is the funder that has been used to for the earlier stages of the project. The current timeline is that funding terms and conditions would be progressed in parallel to the MCA process. It is anticipated that a full funding arrangement with Lloyds will be agreed around the same time as the building contract is signed – currently set on the 5th December 2022.

This is a significant risk to the project, but the assessors note that the applicant, Urban Splash is a developer with significant experience and a strong track record in delivering successful schemes and securing funding. The FBC notes that Urban Splash is delivering Phase 2 with 65% debt funding from Lloyds and that this existing relationship with a lender on the same scheme leads them to be confident in securing finance to deliver the project with the viability gap addressed through the requested grant from the MCA.

The Financial Dimension refers to an application for funding from Historic England through their Heritage at Risk grant scheme. However, it is not clear to the assessors how this funding relates to the project as it is not referenced anywhere else in the application. Elsewhere, the FBC states that no additional public sector funding is required to deliver the scheme.

The FBC identifies that there is a risk with the use of a design & build contract that the client may have to pay more if the contractor takes on an unreasonably high level of risk due to a lack of design clarity, that the contractor may exploit specification that is open to interpretation to choose the cheapest route leading to quality being compromised, but indicates that these risks are to be mitigated. The assessors are satisfied that the developer and professional team are experienced in their approach to procurement, having successfully delivered phases 1-3.

6. DELIVERY

The delivery timetable has been updated between OBC and FBC stage, but overall is still considered reasonable.

The applicant, Urban Splash is the developer of the scheme and will procure subcontractors through a 2 stage design & build contract. The main contractor is to be evaluated during Pre-Contract Service Agreement (PCSA) stage.

The cost certainty level of 85% is because the price has not been tendered yet. This is slightly less than what normally required at FBC. . Though this is a risk the approach taken by the Applicant appears reasonable. They have used costs from the similar phase 2 of the development and have applied this to the scheme alongside inflation and contingency allowances.

The FBC sets out clear project governance, outlining the governance structure for the project, stating that the developer is Urban Splash (Park Hill) Ltd which is a 50/50 joint venture partnership between Urban Splash and Places for People. The Development Manager is Urban Splash Developments.

The Senior Responsible Owner and key contact for the contract with the MCA is named as Simon Gawthorpe and day to day contact is Mark Latham, Regeneration Director for Urban Splash Developments. Urban Splash Developments has appointed an external professional design team comprising Broadfield as Project Manager and Cost Consultant, Mikhail Riches as Architect, Civic Engineers as Structural and Civil Engineers, Beechfield as MEP consultant, and Austin Smith Lord as Landscape architect.

The FBC sets out the applicant's approach to monitoring and evaluation, stating that a key set of principles for the professional team to adhere to in ensuring the scheme captures the benefits, outcomes and outputs of the projects will be set out, and that these principles will be set out within the Employers Requirements for the construction contract. All benefits, outcomes and outputs will be set out in a tracker which will be used to monitor progress through the delivery of the scheme and this will be reviewed and updated with project meetings.

7. LEGAL

The applicant has received advice from lawyers DWF on subsidy control with their advice letter appended to the FBC (Appendix 6). The advice note has been updated at FBC stage at the request of SYMCA. This advice indicates that the requested grant is likely to be compliant with emerging Subsidy Control regulations.

8. RECOMMENDATION AND CONDITIONS

Recommendation	Full grant award subject to conditions
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Payment Basis	Payment on defrayal
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Conditions of Award (including clawback clauses)

The following conditions must be satisfied before contract execution.

1. Details on the application for funding from Historic England through their Heritage at Risk grant scheme.
2. Applicant to provide letter from Lloyds bank outlining their funding intentions
3. Applicant to provide a breakdown of social value metrics (Appendix B)
4. Applicant to provide a quantitative breakdown of exactly what MCA funding will cover to allow monitoring that it has been delivered
5. Submission of acceptable Subsidy Control opinion
6. Funding confirmation received for grant recipient's contribution to pre-construction costs

The conditions above should be fully satisfied by 30th April 2022. Failure to do so could lead to the withdrawal of approval.

The following conditions must be included in the contract

7. Clawback will be applied on outputs at MCA discretion
8. Release of initial funding up to £1,023,000 to fund further design and feasibility work. Further funding release will be subject to:-
 - a. Formal confirmation of all other funding approvals required to deliver the project.
 - b. Confirmation of procurement and evidence of cost certainty
 - c. All required statutory consents including all planning conditions must be satisfied.
 - d. The applicant will be solely responsible for meeting cost overruns

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1 – SCHEME DETAILS

Project Name	Sheffield Heart of the City 2 – Block A (Radisson Hotel and former Gaumont Building)	Type of funding	Grant
Grant Recipient	Sheffield City Council	Total Scheme Cost	£51.5m
MCA Executive Board	Housing and Infrastructure	MCA Funding	£3m
Programme name	Gainshare	% MCA Allocation	5.8%
Current Gateway Stage	FBC	MCA Development costs	n/a
		% of total MCA allocation	n/a

2 – PROJECT DESCRIPTION

Project Definition

Sheffield City Council are seeking a £3m grant towards an investment of £51.5m to plug the viability gap for the development of 'Block A' (Radisson Hotel and former Gaumont Building) as part of the Sheffield Heart of the City 2 scheme. Block A comprises of two elements, the first fronting onto Pinstone Street, formerly comprising of retail units at the ground floor and offices above; and the second, the Gaumont building in Barkers Pool formerly ground floor retail and nightclub/cinema above.

HoC2 seeks to transform the city centre with an improved retail, working, leisure and living environment. The first phase is complete (Grosvenor House) and the applicant indicates that this investment has attracted major international firms/brands as tenants.

The applicant has stated that the project is 'delivery ready' with an approved planning application in place and an anchor tenant (Radisson Hotels Group). The viability gap (to be bridged by this Gainshare funding application) is primarily caused by the speculative commercial elements and include tenant incentives and weaker investment yields. In addition, there have been above expectation construction cost increases due to Covid-19.

The business case states the scheme has the potential to deliver:

- Commercial floor space of 51,000sq.ft (including a high end hotel with 154 beds)
- 567 gross jobs (including the construction phase)

- Increase in GVA of £197m (including the construction phase)
- Generate income for the Council of £2.5m p.a.

MCA funds will contribute to the construction of Block A, which particularly will include:

- Demolition
- Façade retention and strengthening
- Construction of Hotel and ground floor retail units
- Strip out and refurbishment of the Gaumont building

3. STRATEGIC CASE

<p><i>Options assessment</i></p>	<p>The short-listed options as presented would appear credible with lower MCA funding ask options incorporated. Given the Council's commitment to the project, the reference case is best represented by Option 4. That is, without MCA support, the Council would stop the Gaumont building element and pursue the hotel only option even though it is sub-optimal. The benefit of MCA support would be to bring forward the Gaumont refurbishment and de-risk the Council's investment into the hotel development.</p> <p>Furthermore, the analysis presented in the economic case is clear in demonstrating that the preferred option will deliver the best value for money.</p>
<p><i>Statutory requirements and adverse consequences</i></p>	<p>The project has received planning approval. The applicant notes that the development does not generate any significant transport issues and did not require the submission of an Environmental Impact Assessment. Public consultation has been completed as part of the planning application process. A Social Value plan is in place with the main contractor and an agreement with the Hotel operator to maximise social value.</p> <p>The wider implications for the project where a unique offering is achieved will generally be positive.</p>
<p><i>FBC stage only – Confirmation of alignment with agreed MCA outcomes (Stronger, Greener, Fairer).</i></p>	<p>The applicant has set out the contribution of the investment across the three MCA strategic outcomes. Specifically:</p> <ul style="list-style-type: none"> • Stronger economy: the project will deliver a new standard of hotel for the City thus enhancing the visitor economy and the profile of the City. The project strongly aligns with the SYMCA objective “to have vibrant city centres with rich sporting, cultural and leisure offers attracting people from across the country”. • Fairer economy: the City has outlined its commitment to ensuring best social value is achieved from the significant level of construction expenditure. Moreover, the Council has indicated that it views HoC2 as an opportunity to work towards designating the area as a “Real Living Wage Zone”. To this end, the applicant notes that the Hotel management agreement with Radisson includes an obligation to recognise the Real Living Wage for each person hired or retained for work at the Hotel.

- **Greener economy:** the construction of the hotel and redevelopment of the Gaumont will meet exemplar low carbon standards as set out by the applicant. This includes a photovoltaic array at rooftop level and connecting the hotel to Sheffield's Energy from Waste district heating network (alongside targeting a BREEAM target rating of Excellent).

Overall, the proposed project is therefore well aligned with SYMCA's growth plan, supporting the ambition for a Stronger, Fairer and Greener economy.

4. VALUE FOR MONEY

Monetised Benefits:

<i>VFM Indicator</i>	<i>Value</i>	<i>R/A/G</i>
<i>Net Present Social Value (£)</i>	£50.7m	G
<i>Benefit Cost Ratio / GVA per £1 of SYMCA Investment</i>	2.7	G
<i>Cost per Job</i>	£11,100	G

Non-Monetised Benefits:

<i>Non-Quantified Benefits</i>	<ul style="list-style-type: none"> • The applicant has outlined that the building structures will be built and designed to achieve a high level of carbon performance. • The applicant notes that contractor McLaughlin & Harvey's Employment & Skills Plan is a contractual requirement. For the operational phase, the applicant notes that the aim is to develop the Real Living Wage concept around the wider regeneration programme. This is exemplified by the contractual approach being adopted with the Hotel operator to ensure fair pay. The Council also notes that it will undertake to promote employment opportunities widely (working with contractors, schools and colleges).
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Value for Money Statement

Based on total public sector investment, the project is estimated to have a net present social value of £50.7m and a benefit cost ratio of 2.7.

The project is estimated to create 326 net additional jobs. This equates to a cost per net additional job to the MCA of £11,100.

Overall, the project provides good value for money

5. RISK

The risk register focuses primarily on the construction phase of the project. The most significant risks relate to potential unknown conditions that will be examined through building survey work (i.e. asbestos, facade and foundation issues). For this phase of the project a risk contingency of £462k has been incorporated based on identified mitigations.

Most of the funding for the project has been secured by way of prudential borrowing by Sheffield City Council. The business case indicates that Council funding approvals were secured in March 2021. This approved level of funding is only sufficient to enable the hotel project to proceed. More detail of the confirmed funding envelope should ideally be provided.

The Gaumont building is the less developed project where some areas of design have been included as assumptions or provisional sums under the design and build contract. These provisional sums represent 16% of the total contract sum. The applicant highlights that fixing the price any more extensively would have resulted in significant risk provisions being included which would not have provided value for money. To mitigate that risk, a contingency (2.2%) provision has been included in the overall project costs.

6. DELIVERY

The timetable shows completion of the hotel by June 2023 and the Gaumont Building by November 2023. At least in principle, this appears to be sufficient for the type of development (although the Council have noted that they will need to assess the Gaumont refurbishment once they have access to the building).

The procurement process is complete and the construction contract has been let an industry standard JCT Design & Build Contract 2016 with amendments. The Council has also completed the exercise to identify a hotel operator with a hotel management agreement in place.

The project is at post tender stage and therefore at a high level of cost certainty (95%). The remaining cost contingency being held is 2.2% of the overall £51m programme (£1.2m). There is some risk attached to the refurbishment costs of the Gaumont building given its age. However, the applicant has indicated that the Council will fund any cost overrun on the project.

The project will be managed as part of the existing arrangements for the HoC2 programme. This provides for an overall governance structure with a HOC2 Management Operations Board (MOB) with a nominated SRO for this project.

Day-to-day management of the project delivery will be carried out by Turner & Townsend with oversight from Queensberry Development Manager. There will be regular progress and design review meetings with the main contractor Mclaughlin & Harvey, including representatives from the Council's project team.

Stakeholder engagement as part of the public pre-application process, ran from 24 June until 21 July 2020. This led to a total of 101 responses being received in the pre-application consultation, with feedback overwhelmingly positive.

All stakeholder management issues will be reported and managed through the Management Operations Board and escalated where necessary to the Strategic Partnership Board. The applicant has indicated that Counter Context will lead stakeholder management - supported by Turner & Townsend.

Council officers along with its contractor T&T, will undertake monitoring during the implementation phase and post completion. This will also include monitoring of the main contractor's M&H social value targets and compliance with the environmental targets.

7. LEGAL

The applicant has outlined the main principles that would indicate the project would not be counter to the Subsidy Control Rules six principles. The statement made on this however, does not specifically mention whether this is based upon the City's legal counsel. However, it is noted that in the Business Case checklist, the applicant has indicated that legal advice has been sought. Confirmation of a formal legal opinion against the six principles of the UK Subsidy Control rules should be provided.

8. RECOMMENDATION AND CONDITIONS

Recommendation	Full grant award subject to conditions
Payment Basis	Payment on defrayal
Conditions of Award (including clawback clauses)	
Conditions inserted by Assurance team to be discussed at Assurance Panel:	
1. Applicant will provide a supporting report for the market testing or outline how the analysis undertaken has informed the setting of rental rates and yields in the development appraisal.	
2. Applicant will provide evidence around potential risks analysis and the approach being taken by the City Council to manage these out.	
3. Applicant will provide a signed copy of the hotel management agreement.	
4. Applicant will provide copies of the relevant Council Papers relating to funding support and willingness to support any cost overrun, including March 2021 and July 2020 in relation to the actual funding envelope limit.	
5. Applicant will provide Stakeholder Management Plan	
6. As part of the development of the M&E framework it is recommended that the applicant develop some numerical targets for the Short, Intermediate, and Long Term Outcomes set out in the Block A Logic Model as part of the preparation of a Benefits Realisation Plan (BRP), and an indication of intended reporting frequencies as part of the delivery and management of the project.	
<i>The following conditions must be satisfied before contract execution.</i>	
7. Evidence of internal Board approval to proceed.	
8. Solicitor's opinion to confirm Subsidy Control position.	
The conditions above should be fully satisfied by 30 th April 2022 Failure to do so could lead to the withdrawal of approval.	
<i>The following conditions must be satisfied before drawdown of funding.</i>	
9. All required statutory consents including planning enquiries must be satisfied.	

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1 – SCHEME DETAILS

Project Name	Rotherham to Kilnhurst Flood Alleviation Scheme	Type of funding	Grant
Grant Recipient	RMBC	Total Scheme Cost	£7.54m
MCA Executive Board	Housing and Infrastructure	MCA Funding	£2m
Programme name	Gainshare	% MCA Allocation	27%
Current Gateway Stage	OBC	MCA Development costs	n/a
		% of total MCA allocation	n/a

2 – PROJECT DESCRIPTION

Following the November 2019 floods, the MCA agreed that £5.5m of Gainshare funds would be allocated to Flood Alleviation Scheme projects, with these funds split across the 4 South Yorkshire Local Authorities. £2m of this has been provisionally allocated to RMBC's Rotherham to Kilnhurst Flood Alleviation Scheme (RKFAS), subject to the MCA's assurance and business case approval processes being completed.

Extending 5km along the River Don corridor through Rotherham, RKFAS includes the Templeborough, Rotherham Town Centre, Parkgate and Kilnhurst areas. Within the River Don floodplain there are:

- 20 residential properties
- 245 business properties
- 2 schools
- Sections of the strategic highways network (including A6178, A630, A633, A6132 and B6090)
- Rail and Tram/Train network (including Rotherham Central and Parkgate stations)
- Water and sewerage networks
- Critical utility company networks

The devastating impacts of flooding on the above were evident in both June 2007 and November 2019, and several 'near miss' events have also occurred in recent decades. Outside the River Don floodplain, communities and businesses are also affected because flooding closes several strategic transport networks, and cuts off local access roads. It is anticipated that climate change will increase the frequency of these impacts.

RKFAS is being delivered in several phases because a single standalone project due to the wide range of capital funding streams that are being utilised.

The Project: The phases of RKFAS associated with the proposed use of £2.00m Gainshare 2020/21 funding are:

- Phase 2A – 0.5km of new flood defences (i.e. Flood Embankments and Flood Walls) between the Ickles Lock area and the Rotherham United FC stadium, all located alongside the River Don rail corridor and canal
- Phase 2B – 0.4km of new flood defences (i.e. a Flood Wall), located on Forge Island
- Phase 2C – New Canal Barrier (i.e. a large and complex operational structure) and ancillary works (i.e. New flood defences and a towpath extension), located within the navigable canal and on land at southern end of Forge Island and within a South Yorkshire Police car park

When these 3 phases are combined, they provide a continuous 1.6km line of flood defence in the upstream part of a 3.5km long flood cell, reducing risk to employment areas near Rotherham Town Centre.

This OBC is requesting additional funds to support the higher cost of delivery of Phases 2A and the funding shortfall of Phases 2B and 2C combined, which will free up RMBC capital funds for pre-construction works on future phases, and thereby enable momentum to be maintained on these crucial future works.

3. STRATEGIC CASE

<i>Options assessment</i>	The remaining Phases (2A, 2B and 2C) will help to complete the RKFAS and extend the scheme a further 1.9km through Rotherham Town Centre as far as Parkgate, increasing the benefits from £22m to £76m (over a 100-year appraisal period). A partial solution is not really a credible option as it would leave the town less resilient in terms of its capacity to cope with extreme weather conditions.
<i>Statutory requirements and adverse consequences</i>	The latest position on planning approvals has helpfully been provided by the applicant. Traffic regulation orders are not applicable and public consultation was completed via planning consents. No major adverse consequences are envisaged, other than temporary disruption during the construction period. Where trees and vegetation need to be removed to facilitate the construction of new flood defences, mitigation is proposed to offset this impact'.
<i>FBC stage only – Confirmation of alignment with agreed MCA outcomes (Stronger, Greener, Fairer).</i>	The project has good links to the MCA's SEP/RAP Core Strategic Outcomes (section 2.5), Particularly with flood alleviation ('Greener') followed by health ('Fairer') and productivity ('Stronger'). There is a strong rationale for the project as part of a series of phases designed to reduce the risk of flooding along the River Don area from Templeborough to Kilnhurst which would also help to regenerate and provide jobs and economic growth at the heart of the Rotherham. There are few alternative options, as evidenced by the floods of 2007 and 2019. The completion of

Phases 2A, 2B and 2C would maintain the momentum for continuing the process to safeguarding the rest of the RKFAS programme.

4. VALUE FOR MONEY

Monetised Benefits:

<i>VFM Indicator</i>	<i>Value</i>	<i>R/A/G</i>
<i>Net Present Social Value (£)</i>	£13.76m	G
<i>Benefit Cost Ratio</i>	1.7	G

Non-Monetised Benefits:

<i>Non-Quantified Benefits</i>	Reduce anxiety of residents and businesses that arise from frequent flooding The project will help to create 'blue-green corridors' along the River Don by reinstating towpaths with ramp access; public realm space to previously inaccessible land; reduce the burden on emergency services during flood events; and reduce the closure of transport services and access to businesses due to flood events.
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Value for Money Statement

The Present Social Value (PSV) of the monetised benefits is £22m over 100 years compared to PSV cost of £8.24m, resulting in a net present value of £13.76m. This means a Benefit Cost Ratio (BCR) of 1:1.7 or £1.70 return on £1 invested (£13.76/£8.24), which on infrastructure projects is within the 1.5 to 2.0 range that is considered to be 'medium' value for money.. The project therefore provides good value for money.

5. RISK

Two of the most important risks are as follows. The first is that RMBC has identified a £4.5m shortfall in funding at OBC stage across Phases 2A, 2B and 2C (See Sections 1.2 and 6.7). This represents a key project risk because, if this funding is not secured, Phases 2A and 2C would need to be stopped at a point in their construction. However, an additional £2.5m of ERDF is being considered at DLUHC, and assuming a Grant Funding Agreement is secured this reduces the shortfall to £2.00m (Section 4.4). Hence the OBC application.

The second relates to the potential risk of an increase in materials and construction costs identified in Section 6.7. There is broadly little control over this possibility which is deemed to be high risk. Some mitigation is possible by collaborating with contractor supply chain, revisiting estimated costs in the design, and secure early agreement on the third party (land owners) approval phase. Also, the applicant will monitor forecast costs against budget approvals.

In terms of the planning applications for each of the advanced phases, four conditional permissions have been granted:

- For the Ickles Lock area, alongside the towpath as far as Centenary Way (Phase 2A)
- Along the Forge Island Flood Wall and Public Realm works already been constructed (Phase 2B)

- Application covering main barrier/abutment/gate works of canal and towpath (Phase 2C)
- Application for “Western Flood Wall and Towpath Extension” works (also Phase 2C)

RMBC expect to discharge the outstanding planning conditions through as necessary by 2022.

A potential risk in relation to the procurement strategy is the identified shortfall in funding at OBC stage across Phases 2A, 2B and 2C which could halt the construction if not resolved. The applicant is satisfied that it has received sufficient assurances from funders. In July 2021, an extensive scoping, programming and cost forecasting exercise was completed by RMBC in conjunction with its supply chain and will require a flexible approach from the MCA in terms of when the funding can be spent and which of the three phases it is allocated to, clauses have been included in the supplier contracts to ensure that regular forecasting is undertaken by RMBC and its suppliers with the option to stop works should they consider that the overall project costs are expected to exceed RMBCs approved budgets.

6. DELIVERY

The timetable appears to be acceptable for the start/completion of the two outstanding Phase 2A and 2C projects, although this again is dependent on any refusal of funds or delays in decision making.

The procurement strategy is clear and follows the project phases. Contractors have been procured through appropriate frameworks/portals for both pre-construction and construction activity. The pre-construction and construction of Phase 2B are both complete and all procurement processes were managed by RMBC's Corporate Procurement Team. It is worth noting the consultant and contractor suppliers have had to work collaboratively due the complex engineering challenges of the project during the pre-construction stages of both Phases 2A and 2C.

There has already been cost overruns to Ickle Lock (2A), upwardly revised cost estimates to the design of the Canal Barrier (2C) and an increase in material costs. The responsibility for funding the project broadly lies with the RMBC and to provide additional funding where there is a shortfall. If either of the MCA Gainshare and ERDF funding requests are unsuccessful, RMBC will have to bid from its own capital funding programme. Even if successful, it cannot be allocated until March 2022, as part of the annual budget setting cycle, and drawn down until July 2022 at the earliest. Therefore, phases 2A and 2C would have to be halted.

The governance and management mechanisms have been put in place to lead and carry out the project with additional expertise as appropriate. Governance is provided by the RMBC's Town Centre Projects Board, chaired by the Strategic Director for Regeneration and Environment, which oversees the RKFAS project and a number of other major projects on economic development, transport, housing and flood alleviation. RMBC's Highway Asset Management and Drainage Team have also set up a new capital projects team to deliver £52m of flood alleviation schemes across the borough including RKFAS. Depending on progress, RMBC may set up a new board that is specific to this package. The Project Leadership Team includes: the Senior Responsible Owner, the Head of Service Responsibilities, and Senior User (Operations). The Project Management Team, staffed by permanent officers of RMBC, comprises the Manager of Floor Alleviation Scheme Capitals Projects team; the Project Manager for Phases 2A and 2C; and the Project Manager for Phase 2B. There is also technical support and external suppliers provide specialist support. The SRO has been instrumental in supporting the OBC.

An interim evaluation of a substantial part of construction works is anticipated in September 2022 with a final evaluation of all construction works in December 2022 (see Milestones Section 6.1). These monitoring and evaluation reports will report on how Outputs, Outcomes and Social Value have been achieved for Phases 2A, 2B and 2C, against those parameters set out in Appendices A.1 and B.1. Section 6.9 notes that RMBC will provide a Briefing Paper to explain how the project objectives are being met and will involve organisations from the supply chain. Two Technical Notes have been prepared to assess the avoidance of flood damage costs and loss of GVA to the local economy.

7. LEGAL

RKFAS project has observed and tested the project against EU State Aid rules during the ERDF/RMBC funded Phase 2A project. The legal opinion for Phase 2A concluded that the project would be in line with EU State Aid rules because it is a public rather than commercial infrastructure project with no charge or economic gain is applicable. The same principle would apply to other ongoing and future phases of RKFAS. In the absence of a new 'domestic subsidy control regime' the EU State Aid rules are to be satisfied.

8. RECOMMENDATION AND CONDITIONS

Recommendation	Proceed to FBC
Payment Basis	Payment on defrayal
Conditions of Award (including clawback clauses)	

Recommendations at FBC stage:

Strategic Case

- More specificity to the five RKFAS objectives. In particular, attracting investment for 'shovel ready' construction (Objective 1); the extent and location of the 'blue-green corridor' (Objective 4); and how much additional capital investment is required to enable construction (Objective 5).
- More detail and timescales on future phases once Phase 2 has been completed.
- Confirmation of approval of the ERDF variation for a further £2.5m for the RKFAS project.

Economic Case:

- There is no delay in decision making on the ERDF and Gainshare funds in order to ensure Phases 2A and 2C deliver on time, and further negative impacts on business, the community and economic growth are avoided
- That any actions available to secure pricing and costs associated with contractors and material is considered by the management team

Financial Case:

- Continue to monitor national and local prices for materials and labour costs and compare with the project budget. Potentially stockpile materials in the event of price inflation or consider other appropriate resilience measures.
- Explore the potential for a flexible relationship with contractors to maintain the availability of resources in the event of a stoppage in project works.

1 – SCHEME DETAILS

Project Name	Sheffield Future High Streets Fund (Front Door Scheme)	Type of funding	Grant
Grant Recipient	Sheffield City Council	Total Scheme Cost	£31.1m
MCA Executive Board	Housing and Infrastructure	MCA Funding	£3m
Programme name	Gainshare	% MCA Allocation	9.42%
Current Gateway Stage	OBC	MCA Development costs	n/a
		% of total MCA allocation	n/a

2 – PROJECT DESCRIPTION

The Programme:

The Sheffield Future High Streets Fund programme of interventions on Fargate and High Street intends to act as a catalyst for sustained investment, repurposing key streets to serve a growing population, showcasing events and culture and creating adaptable, climate-resilient public space. Focusing on the historic shopping streets of Fargate and High Street, it reconnects the city centre, reversing a trajectory of decline.

The applicant proposes three key interventions to future-proof the city centre and create an experience-centred environment to attract visitors and increase dwell time:

1. Repurpose Fargate as an events and cultural setting. Create a cultural hub, Events Central, at 20-26 Fargate. Alongside this hub, the applicant will reconfigure the top of Fargate to provide outdoor space for major international events, supported by modernised power and utility infrastructure.
2. Public realm works in High Street and its historic side streets will deter crime and create sociable spaces.
3. **A programme of works to open up front door access to upper floors of retail premises for conversion to residential or live/work accommodation. This element is the subject of this business case and funding request to MCA.**

The Project:

The FHSF bid to the then Ministry of Homes, Communities and Local Government detailed specific building interventions, which had been identified by landlords as having upper floors that could be opened up to provide additional accommodation with support from the scheme. These were ranked in line with their readiness to proceed and the viability appraisals were used to establish the gap in funding.

The private sector contribution that will be invested in the project represents the amount the respective schemes intend to spend on their buildings upon receipt of the funds to fill the viability gap. This is not committed and secure at this stage as each building is being reviewed by the applicant to establish if there are any changes in costs/assumptions/design that should be assessed to see if the outcomes reflect what was stated at the bid stage and if this is still agreeable.

The Front Door Scheme will operate by allocation of capital grants to landlords. The prioritised list is being reviewed to see if the outcomes are still achievable and if there is any change in the viability gap. Building owners are being engaged with to establish the status of their proposition and understanding of the anticipated timescales.

MCA funds will be used for access and refurbishment works to buildings on Fargate and High Street. This will be done through capital grants to the private to sector to address the financial viability of schemes, it is anticipated that this will be utilised for construction and fit out of the newly accessible spaces.

SCC has not yet confirmed the full list of interventions to be delivered through the combined programme of DLUHG, SCC, MCA and private sector funds. A provisional list of properties has been identified for funding and included in the business case. These are:

- Fargate Evolve residential development
- Orchard Square residential development
- 33-35 Fargate Co-working development
- Central Buildings Office development
- Orchard House Office development
- 26-28 High Street – Hotel

The initial priority scoring spreadsheet has been included with the business case to demonstrate the progress which is being made. The priorities will continue to be reviewed to secure the best options for public sector investment within the FHSF programme up to 31st March 2024.

As the programme of investment is not yet fixed, the MCA will need to be convinced that SCC has the appropriate controls and mechanisms in place to realise the proposed benefits and private sector investment.

3. STRATEGIC CASE	
<i>Options assessment</i>	<p>The business case identifies three options. The do-minimum assumes that the funding secured through DLUHC will still be invested in the city centre, alongside investment from SCC. The viable alternative proposes less than half of the MCA is invested in the scheme.</p> <p>The business case indicates that the reduced investment will result in proportionately lower levels of private sector investment on the high street and consequently low economic outputs. The business case also highlights a loss of a catalyst effect of great investment across the area from the preferred scheme. This statement of longer-term transformation is plausible, however it is not substantiated with specific evidence of the scale of likelihood.</p>
<i>Statutory requirements and adverse consequences</i>	<p>The scheme promoter has provided positive evidence of the scheme falling within planned development and therefore is not expected to face a planning barrier. This evidence is important to ensure the scheme is deliverable. As the promoter has yet to fully define all of the schemes to be delivered through the Front Door programme, the advice of the planning officers may need to be sought again as new proposals come forward.</p> <p>It is noted within the primary risks that the delivery programme may be impacted by other city centre projects and overlapping construction works. Any works will need to be agreed and timetabled through the Works register to ensure traffic management, utilities works or temporary traffic orders are suitably addressed.</p> <p>The FBC will need to provide an updated position on the Statutory Requirements of any new interventions. This updated position will need to demonstrate that the requirements are not a barrier to delivery and that all the required approvals are in place.</p> <p>SCC has undertaken an open call to landowners through both direct approach and open events (2019 and 2020) inviting proposals ahead of the 5c business case submission to DLUHC. Given the impact of Covid19 and changes in ownership and management SCC are to undertake review of the property list and make a further call through an event with owners to identify any new opportunities to meet the outputs and outcomes agreed with DLUHC.</p>
<i>FBC stage only – Confirmation of alignment with agreed MCA outcomes (Stronger, Greener, Fairer).</i>	<p>Under the “Stronger” Strategic Outcomes of the SEP, the Front Door Scheme will deliver against “Enterprise” and “Employment”, by bringing back into use 7,893m² of vacant/underused commercial floorspace and 227 gross jobs. There is a qualitative contribution to the productivity outcome as the units are suggested to service sectors which are high value and more resilient to Covid impacts.</p> <p>Under “Fairer”, construction tenderers will be required to submit Employment & Skills Plans. However. More detail is needed on what social outcomes this commits the contractor to.</p> <p>Contribution to ‘Greener’ objectives of the SEP claimed in the business case makes a commitment to secure at least a 10% reduction in each buildings carbon footprint through the statutory planning process.</p>

4. VALUE FOR MONEY		
Monetised Benefits:		
<i>VFM Indicator</i>	<i>Value</i>	<i>R/A/G</i>
<i>Net Present Social Value (£)</i>	£10.7m	G
<i>Benefit Cost Ratio / GVA per £1 of SYMCA Investment</i>	3.2	G
Non-Monetised Benefits:		
<i>Non-Quantified Benefits</i>		
Value for Money Statement		
<p>The economic appraisal for the preferred option (Option 2) has generated a BCR of 3.2,. This BCR is derived mainly through the monetisation of social benefits (PVB - £15.5m) versus costs at £4.8m (PVC), generating a resulting Net Present Value of £10.7m</p> <p>The BCR calculation includes:</p> <ul style="list-style-type: none"> • Land Value Uplift (LVU) calculated in accordance with MHCLG guidance. • Wider LVU which consider a proportion of the programme level uplift at 12.5%, reflecting the fact that other element will have a greater visible effect on the surrounding area. • Labour supply benefits through the creation of new jobs through the diversification and use of upper floors. • Active travel benefits arising from new jobs and associated walking/cycling activity, measured through the use of the Active Mode Appraisal Toolkit (AMAT). • Crime cost savings have been estimated at 7% at programme level, with 10% of these saving attributable to the Front Door project, mainly arising through more activity in the area. • Wellbeing benefits linked to the crime reduction benefits, with residents experiencing a reduction in fear. • Distributions impacts have been calculated in accordance with the HM Treasury Green Book, based on equivalised disposable household income and welfare weights. 		
5. RISK		
<p>The highest risk identified in the business case is the potential for cost changes. This reflects that the full programme of interventions is yet to be established. This risk is key for the MCA to understand and see evidence of sufficient control by SCC.</p> <p>The works associated with the Front Door scheme will take the form of Grant which will be managed through the application of the Grant Agreement, with defined milestone for payment etc. Landlords will be required to provide proof of costs and works, prior to Grant payments.</p>		

The use of the Grant Agreement provides a degree of risk management with regards financial exposure however the emphasis is on the landlords to progress works to realise the full benefits of the project and ultimately the programme in due course. This can only be managed through ongoing engagement and collaboration between landlords and the wider programme team to ensure the realisation of the cumulative benefits as reported within the OBC. The FBC will need to provide an updated position on the process of securing Grant Agreements with end users to confirm the risks have been mitigated.

Overall, the business case is in a strong position as funding from DLUHC has already been secured and the internal funding from SCC has been evidenced with the appendices. The MCA investment is therefore topping up commitments already made and supported by others.

The level of private sector investment included in the business case does not appear to be substantiated with firm evidence to ensure this level of private sector commitment will be achieved. The investment from the private sector will be confirmed and evidenced through the proposed funding agreement. It is therefore important that the MCA notes that the final level of private sector investment will remain uncertain until each Agreement is reached with landlords and investors.

A key risk in the procurement strategy is the end user Agreement between SCC and the Landlord. The Agreement is the mechanism by which SCC can influence and control the procurement approach of the recipients. The Agreement has been tested with one recipient and successfully executed. SCC also retain the ability to make reasonable amendments to each agreement.

6. DELIVERY

A detailed programme level timetable has been set out within the OBC, noting the commencement of the first project on the 18 November 2021. Overall, the timetable is considered reasonable, with forecast completion and final evaluation reporting in early 2027.

There remains the need for further clarity on the timetable for individual projects within the programme, and how any interim works feed into the planned evaluation and monitoring stages. The challenge to the overall timetable in the context of the Front Door Scheme project, is managing timetables for each landlord progressing works for individual units – the expectation can be set out within the agreement, but enforcement of the timetable may be more challenging.

The business case sets out the main options for procurement which cover the range of potential delivery options available to the promotor. There are three main routes which are identified covering the items to be procured. 1) Civil works, 2) Building works 3) Grant funded works.

As the business case sets out, the Front Door scheme will be delivered by the Grant funded works. This will be controlled through SCC's proposed Grant arrangement with each recipient.

Cost certainty is identified in the business case as 60%. This level of cost certainty is lower than is expected at the OBC stage. The value reflects that the full programme of work has yet to be identified and agreed with the landlords who will benefit from the investment.

SCC has undertaken viability assessment to estimate the budget for the works and develop the business case. This early work informed the business case submission to DLUHC in 2020.

The final costs remain subject to change and will be determined as and when viability appraisals submitted for evaluation by landowners. SCC are currently awaiting viability appraisals which will provide a case for revised scheme with updated costs informing SCC evaluation to determine eligibility and the level of gap funding required.

A review of the 'Front Door Scheme' is planned for early 2022 and SCC will seek to agree a final list of projects to achieve outputs/outcomes agreed with DLUHC. SCC anticipate greater cost certainty in Q1 22/23. This updated cost will need to be provided for the Full Business Case and any implications on the outputs, outcomes or value for money statement updated. If the cost certainty has not been sufficiently improved, then the MCA should consider the inclusion of a Clawback condition on the outcomes proposed in the business case. SCC does provide evidence of internal financial and risk controls for each Grant Agreement which will help to manage the cost uncertainty.

The SRO has been clearly defined, alongside a supporting project team. The scheme is part of the wider programme of investment to support the recovery of the city centre

The scheme promotor has provided full details of a stakeholder engagement event ran by the University of Sheffield.

The University of Sheffield's Partnerships and Regional Engagement team worked with Sheffield City Council Between September and November 2019. The report is appended to the business case as Appendix C. The report is wide ranging and does not solely focus on the Front Door Scheme, which helps to demonstrate that a range of solutions have been considered.

The report prepared for SCC identifies a wider range of solutions to improve the Fargate and High Street area, including the types that are included in the Front Door Scheme.

The business case appendix also highlights previous consultation which has helped shape the business case and demonstrate stakeholder support. This includes data from main two sources:

- Paper surveys completed by attendees at the following consultation events:
 - Millennium Gallery, 19 November 2019 (56 responses)
 - Moor Market, 25 November 2019 (15 responses)
- Online survey administered by Sheffield City Council (open between 19 November and 8 December 2019), (148 responses). The survey was promoted in press releases, radio and Twitter.

The business case identified that DLUHC require 6 monthly monitoring and evaluation reports. These include the monitoring of the outputs and outcomes identified at 2.4 and 2.5 of the business case. SCC have identified revenue funding to resource this work. In additional, the landowners are required under the terms of the grant funding agreement to provide relevant information on request of the City Council.

The monitoring and reporting requirements are sufficient to meet the MCA's requirements and early engagement with the MCA contracting team will help to ensure the data reported to DLUHC can also fulfil the requirement of MCA monitoring and evaluation.

7. LEGAL

SCC has provided a Subsidy Control opinion for one element of the Front Door Scheme which covers the proposed grant funding to 33-35 Fargate (Appendix E). The opinion describes in proportionate detail the assessment of the proposed Grant of £900,000. The opinion confirms that the proposed grant complies with Subsidy Control requirements.

However, the business case covers a programme of interventions which have yet to be full defined. Therefore, the opinion provided is not yet sufficient for the overall programme of work which will come forward over the coming months.

It is recommended that the following options are considered:

1. The scheme promotor must provide evidence of further Subsidy Control for each intervention prior to contract award from the MCA.
2. The scheme promotor must provide evidence of how each grant it seeks to award will be assessed for Subsidy Control
3. The scheme promotor must provide an overarching statement of Subsidy Control for the overall business case at FBC.

8. RECOMMENDATION AND CONDITIONS

Recommendation	Proceed to FBC, subject to recommendations
Payment Basis	
Conditions of Award (including clawback clauses)	

Summary and recommendations:

Overall, there is a clear and strong strategic rationale for the investment which is being sought. The contribution from the MCA will be used to complete the match-funding for the scheme as part of the wider programme of investment. All other funding to deliver the programme has been secured, including from DLUHC.

The economic appraisal for the preferred option (Option 2) has generated a BCR of 3.2, which represents a 'High' value for money category in terms of HM Treasury Green Book criteria.

The business case has an important risk which needs to be considered by the MCA. At this stage of the scheme development there remains uncertainty on the costs, due to the final prioritised list of interventions needing to be complete. The implication of this risk is that costs could increase and benefits which are claimed in this business case may not be realised. SCC has put in place a programme of activity to update the Front Door scheme interventions and to control the uncertainty.

Due to the risk associated of SCC confirming all of the interventions to be included in the Front Door scheme, it is recommended that the MCA include conditions to manage the risk. SCC will have the opportunity to reduce the risk and uncertainty through the submission of the Full Business Case in due course. If the uncertainty remains, then the MCA should consider including a Clawback Condition on the proposed outcomes.

It is recommended that the scheme can progress to FBC. Prior to approval of the FBC, SCC should:

- Provide a comprehensive update of the cost estimates and viability assessments
- Update the Value for Money assessment
- Provide an updated Subsidy Control statement, which covers the full Front Door scheme



Housing and Infrastructure Board

01 March 2022

Connected By Water Flood Catchment Plan Launch and Implementation

Is the paper exempt from the press and public? No

Reason why exempt: Not applicable

Purpose of this report: Discussion

Is this a Key Decision? No

Has it been included on the Forward Plan? Not a Key Decision

Director Approving Submission of the Report:

Martin Swales, Interim Director of Transport, Housing and Infrastructure

Report Author(s):

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Executive Summary

Following the successful launch of the Connected by Water Plan, the Board is asked to note the content of this report regarding the launch event and the move towards implementation of the Plan.

What does this mean for businesses, people and places in South Yorkshire?

The Connected by Water Plan aims to help identify and secure additional funding and investment to reduce flood risk to homes and businesses, as well as improving the resilience of places to climate change and potential future flooding.

Recommendation

The Board is asked to:

- note the Connected by Water Plan launch event details with related media publicity and the proposed next steps for implementing the Plan.

Consideration by any other Board, Committee, Assurance or Advisory Panel

N/A

1. Background

- 1.1 Since the devastating flooding in November 2019 across South Yorkshire, SYMCA and key partners (the four local authorities, the Environment Agency and Yorkshire Water) have been working together to respond to the flood risk and climate emergency in South Yorkshire on a catchment scale.
- 1.2 The Connected by Water Plan is a vital part of this work, setting out a strong regional ambition to reduce flood risk and build climate resilience so that people can live, work and thrive in South Yorkshire in the face of a changing climate.
- 1.3 Following approval by the MCA Board on 24th January, the Connected by Water Plan was launched on the 28th January with an online event hosted by Mayor Dan Jarvis.

2. Key Issues

- 2.1 A number of high-profile speakers took part in the launch event. In addition to Mayor Dan Jarvis other speakers included the Chair of the Environment Agency; Yorkshire Water's Chief Executive; and Barnsley Council's Chief Executive. A video message from Minister Rebecca Pow was also played at the launch.
- 2.2 Over one hundred partners and stakeholders attended the launch, including a mix of local MPs, Local Authority officers and Members, and senior representatives from a range of partner and stakeholder organisations. Comments during the event praised the successful partnership working approach and supported the need for further lobbying to secure the funding required to fully implement the Plan and deliver the schemes necessary to both protect South Yorkshire homes and businesses from future flooding and build resilience.
- 2.3 The launch received widespread positive coverage by the media, and various social media posts were made by partner organisations as well as speakers and attendees. A media roundup is attached at Appendix A.
- 2.4 Following the launch, the focus has now turned to implementing the Plan, continuing the collaborative approach adopted to develop the Plan. The proposed key next steps include:
 - Establishing an officer steering group.

- Confirming the resources which the MCA and other organisations are committing to support implementation.
- Identifying the priority actions within the Plan to focus activity over the next 12 months.
- Continuing to identify and pursue additional funding opportunities.

2.5 Public consultation on the Plan is also running until 11 March 2022, via the Environment Agency’s website: <https://consult.environment-agency.gov.uk/yorkshire/connected-by-water-south-yorkshire-action-plan/>

2.6 The Housing and Infrastructure Board has approved the use of up to £0.15m of Gainshare contingency funding to support implementation of the Plan. Discussions are also taking place with Local Authority flood leads regarding proposals for the remaining £0.35m of contingency funding to not only support any overspend with the ‘shovel ready’ flood schemes, but also related scheme activities set out in the Plan to support flood resilience and mitigation. Further details of how this funding is proposed to be used will be presented to a future meeting of the Board for consideration.

3. Options Considered and Recommended Proposal

3.1 This report and the attached Appendix are presented for information only.

4. Consultation on Proposal

4.1 Both the Housing and Infrastructure Board and the South Yorkshire Flood Risk Partnership (SYFRP) have jointly overseen and contributed to the preparation of the Connected By Water Plan.

5. Timetable and Accountability for Implementing this Decision

5.1 The Board is asked to note this report and the media round up in Appendix A.

6. Financial and Procurement Implications and Advice

6.1 There are no direct financial or procurement issues arising from this report.

7. Legal Implications and Advice

7.1 There are no direct legal issues arising from this report.

8. Human Resources Implications and Advice

8.1 There are no human resources implications directly arising from this report.

9. Equality and Diversity Implications and Advice

9.1 There are no equality and diversity implications directly arising from this report.

10. Climate Change Implications and Advice

10.1 The climate and nature emergency requires a strong collective response to carbon reduction and to be more resilient to the impacts of climate change. The

Connected By Water Plan will contribute by capturing actions of partners to reduce flood risk and build climate resilience across South Yorkshire, improving information and evidence to support decision making, and support investment decisions and delivery. It may also support the delivery of net zero targets by the provision of carbon sequestration.

11. Information and Communication Technology Implications and Advice

11.1 There are no IT issues as a direct result of this report.

12. Communications and Marketing Implications and Advice.

12.1 Communication on DEFRA Grant in Aid funding is managed by the Environment Agency, with work by Local Authorities to communicate directly with impacted communities on individual schemes. There may be media communication when the proposed interventions are being delivered.

List of Appendices Included

Appendix A - Connected By Water Plan Launch: Media Round Up

Background Papers

Connected By Water Plan: <https://southyorkshire-ca.gov.uk/Connected-by-water>



Launch - Media Round Up

We had widespread positive regional media coverage including a front-page lead in the Yorkshire Post on Friday.

It was the headline story on BBC Look North on Friday morning, and ITV Calendar covered the story on their evening bulletin with an interview from James Mead at Sheffield City Council, and Mayor Dan Jarvis, which focused on the push for further funding, but that the plan will help facilitate that.

Helen Batt (EA) helped with interviews by Hallam FM and BBC Radio Sheffield.

Links to articles in the press:

[South Yorkshire's pioneering £400m flood protection plan to mitigate climate change revealed | Yorkshire Post](#)

<https://www.bbc.co.uk/news/uk-england-south-yorkshire-60161553>

[Massive flood prevention plan launched for South Yorkshire combining barriers and 'nature-based solutions' - YorkshireLive \(examinerlive.co.uk\)](#)

<https://www.thestar.co.uk/news/politics/south-yorkshire-sets-out-coordinated-mass-flood-prevention-plan-following-2019-deluge-3544446>

<https://www.doncasterfreepress.co.uk/news/doncaster-to-benefit-from-new-south-yorkshire-mass-flood-prevention-programme-3544964>

[Anti-flooding plan revealed... | Barnsley Chronicle](#)

<https://www.blmforum.net/mag/ambitious-flood-action-plan-launched-to-tackle-climate-emergency-in-south-yorkshire/>

<https://www.insidermedia.com/news/yorkshire/south-yorkshire-flood-action-plan-launched>

<https://www.examinerlive.co.uk/news/local-news/massive-flood-prevention-plan-launched-22905393>



Social Media

Summary below from original tweets:

- Total likes: 264
- Total retweets: 76
- Total Impressions: 865,497

There were 10 original tweets by partners/MPs but a lot more retweets

Snippets from social media

Environment Agency - Yorkshire & North East @EnvAgenc... · 4d

The **#ConnectedByWater** flood action plan has launched today. 144 actions and 100 projects with a total investment of £400m will better protect over 17,000 homes, businesses and infrastructure across South Yorkshire. The plan is now open for consultation at: bit.ly/3o6a24J



6 retweets, 25 likes

Lee Pitcher @LeePitcher9 · 4d

#ConnectedByWater launched today! by @SouthYorksMayor. A pioneering plan to enhance flood resilience further against a backdrop of climate emergency. @BBCLookNorth @itvcalendar @YorkshireWater @SouthYorksMCA @MyDoncaster @BarnsleyCouncil @RMBCPress @SheffCouncil @EnvAgencyYNE



3 retweets, 12 likes

Rebecca Pow @pow_rebecca · 4d

Pleased to speak at the **#ConnectedbyWater** event today - much good work underway through the new Connected by Water Action Plan. It is a crucial step forward in improving **#SouthYorkshire's** flood resilience, and will help ensure the region is better prepared (1/9)

1 retweet, 3 retweets, 14 likes



Connected by Water



SheffieldCityCouncil @SheffCouncil · 4d
After years of work in #Sheffield developing schemes to improve our flood resilience, we've joined forces with partners across the region on a new flood action plan #ConnectedByWater, to better protect homes & businesses and tackle the #ClimateEmergency bit.ly/cbwsheff



1 10 19

Show this thread



Environment Agency
January 28 at 2:33 PM ·

With a total investment of £400 million, the new Connected by Water flood action plan will better protect over 17,000 homes, business and infrastructure across South Yorkshire.

Have your say on the ongoing plans: <https://consult.environment-agency.gov.uk/.../connected.../>

#ConnectedByWater



You and 41 others

9 Comments 4 Shares



Emma Howard Boyd @EmmaHowardBoyd · 4d

Glad to speak at the launch of the Connected by Water Action Plan for South Yorkshire today and very pleased to see @EnvAgency working in partnership with @SouthYorksMCA @SouthYorksMayor @EnvAgencyYNE @RMBcpress @BarnsleyCouncil @mydoncaster #ConnectedByWater #ClimateActionNow

Mayor Dan Jarvis @SouthYorksMayor · 4d

Today we launched the ConnectedByWater flood action plan to protect 17,000 homes, businesses & infrastructure across South Yorkshire. Our plan combines 144 actions & over 100 projects with a total investment of £400 million connectedbywater.co.uk 1/4

Show this thread

6



Environment Agency @EnvAgency · Jan 28

With a total investment of £400 million, the new Connected by Water flood action plan will better protect over 17,000 homes, business and infrastructure across South Yorkshire.

Have your say on the ongoing plans: consult.environment-agency.gov.uk/yorkshire/conn...

#ConnectedByWater

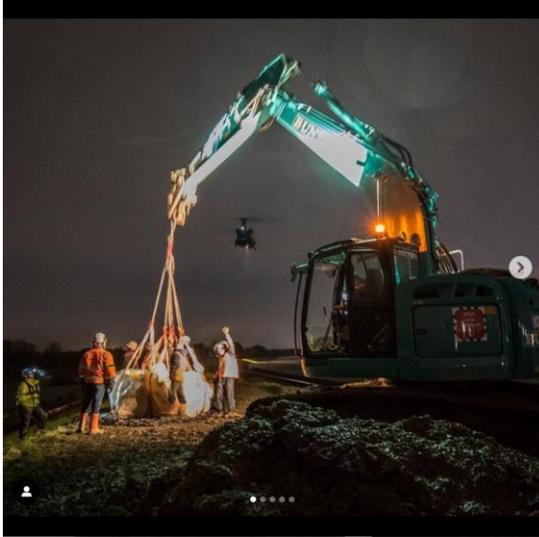


You and 5 others

3 13 33



Connected by Water



envagencyne • Following

envagencyne The Connected by Water flood action plan was launched today. 💧

144 actions and 100 projects with a total investment of £400 million will better protect over 17,000 homes, businesses and infrastructure across South Yorkshire.

The plan is open for consultation at: <https://consult.environment-agency.gov.uk/yorkshire/connected-by-water-south-yorkshire-action-plan/>

#connectedbywater

4 d

Liked by lisa10u and 20 others

4 DAYS AGO

Add a comment... Post

Mayor Dan Jarvis @SouthYorksMayor

Today we launched the ConnectedByWater flood action plan to protect 17,000 homes, businesses & infrastructure across South Yorkshire. Our plan combines 144 actions & over 100 projects with a total investment of £400 million connectedbywater.co.uk 1/4

11:31 · 28/01/2022 · Twitter Web App

9 Retweets 4 Quote Tweets 35 Likes

Mayor Dan Jarvis @SouthYorksMayor · 5d
Replying to @SouthYorksMayor

The 'living plan' has been created by a South Yorkshire alliance including @EnvAgencyYNE @BarnsleyCouncil @mydoncaster @RMBcpress @SheffCouncil @SouthYorksMCA & @yorkshirewater, following the devastating floods in 2019. 2/4



1 1 6

Sarah Norman @SarahNormanCX · 4d

Speaking this morning at the launch of #ConnectedByWater a powerful integrated plan across South Yorkshire for investment and action to tackle flooding across the region. @DanJarvisMP @YorkshireWater @EnvAgency

3

Barnsley Council @BarnsleyCouncil · 4d

Our Chief Executive @SarahNormanCX has been speaking at the launch of the #ConnectedByWater Action Plan, a powerful new alliance to reduce flood risk and tackle the climate emergency. We're proud to be part of it. barnsley.gov.uk/news/ambitious...

@YorkshireWater @EnvAgency @SouthYorksMCA



1 9



Connected by Water



Rotherham Council @RMBPress · 4d
 We're working with partners @SouthYorksMCA @EnvAgencyYNE @BarnsleyCouncil @MyDoncaster & @SheffCouncil on the #ConnectedByWater plan to better protect homes from flooding.

Read more about what it means for Rotherham and South Yorkshire here rotherham.gov.uk/news/article/4...

2

Doncaster Council @MyDoncaster · 4d
 We're proud to be part of a new alliance to reduce flood risk and tackle the climate emergency, which will help protect homes and businesses in the local area.

The #ConnectedByWater Action Plan was launched at a virtual event today.

Find out more:

doncaster.gov.uk
 Ambitious flood action plan launched to tackle climate emergency in South Yorkshire - Doncaster...

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Item 9

Housing and Infrastructure Board Forward Plan

1st March 2022

Meeting Date	Suggested Agenda items
Tuesday 15 th March 2022, 13:00-15:00	<ul style="list-style-type: none"> • Brownfield Housing Fund – Outline Business Cases & Full Business Cases • Gainshare Major Capital Schemes – Strategic Business Cases and Outline Business Cases • Digital Infrastructure Strategy Final Draft Delivery Plan
May/June 2022 (date to be confirmed)	<ul style="list-style-type: none"> • Brownfield Housing Fund – Strategic Business Cases and Outline Business Cases • Gainshare Major Capital Schemes – Strategic Business Cases and Outline Business Cases • Electric Vehicle Chargepoint Programme Delivery Update • Modern Methods of Construction Ecosystem • South Yorkshire One Public Estate Programme Update • Programme Performance Report • Infrastructure and Housing Project Pipelines

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