

Public Document Pack



14th October 2020

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

You are hereby invited to a meeting of the Sheffield City Regional Mayoral Combined Authority to be held at **Virtual Meeting**, on: **Thursday, 22 October 2020** 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



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 Julie Dore (Co-Chair)
Gemma Smith (Co-Chair)
Councillor Glyn Jones
Councillor Dominic Beck
Councillor Bob Johnson
Tanwer Khan
Damian Allen
Mark Lynam

Sheffield City Council
Private Sector LEP Board Member
Doncaster MBC
Rotherham MBC
Sheffield City Council
Private Sector LEP Board Member
Doncaster MBC
SCR Executive Team

SCR - Housing and Infrastructure Board

Thursday, 22 October 2020 at 1.00 pm

Venue: Virtual Meeting



Agenda

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SCR - HOUSING BOARD

MINUTES OF THE MEETING HELD ON:

THURSDAY, 3 SEPTEMBER 2020 AT 1.00 PM

11 BROAD STREET WEST, SHEFFIELD S1 2BQ



Present:

Councillor Chris Read (Co-Chair)	Rotherham MBC
Tanwer Khan (Co-Chair)	Private Sector LEP Board Member
Councillor Simon Greaves	Bassetlaw DC
Councillor Glyn Jones	Doncaster MBC
Councillor Tim Cheetham	Barnsley MBC
Damian Allen	Doncaster MBC
Mark Lynam	SCR Executive Team

In Attendance:

Becky Guthrie	Senior Programme Manager	Sheffield City Region
Emily Hickey	Governance and Compliance Officer	SCR Executive Team
Carl Howard	Senior Programme Manager	SCR Executive Team
Felix Kumi-Ampofo	Assistant Director Policy and Assurance	SCR Executive Team
Danielle Gillespie		Homes England
Tom Hawley		Homes England
Andrew Shirt (Minute Taker)		

Apologies:

Colin Blackburn	SCR Executive Team
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1 Welcome and Apologies

The Chair welcomed everyone to the meeting.

Apologies for absence were noted as above.

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

None.

3 Urgent items / Announcements

None.

4 **Public Questions of Key Decisions**

None.

5 **Minutes of the Previous Meeting**

It was agreed that the minutes of the previous meeting are an accurate record and may be signed by the representative of the Head of Paid Service.

6 **Housing Fund (Brownfield)**

A report was presented to inform the Board about the new Housing Fund specifically for brownfield sites and asked the Board to consider the criteria and assurance processes proposed to facilitate the delivery of the Fund set out in the appended prospectus.

On the 30th June 2020, the Government launched 'A New Deal for Britain' which was a key part of the Government's Strategy to rebuild Britain following Covid-19 and support the economic recovery across the UK.

As part of this strategy, £40.3m of capital funding and £841,000 revenue funding had been allocated to the Sheffield City Region Mayoral Combined Authority (MCA) for supporting development of housing schemes on brownfield land over the next 5 years.

The £40.3m capital and £841k revenue funding had been devolved to the MCA from the Government's Brownfield Housing Programme. This would enable the expansion of the MCA Housing Fund and ensure the MCA and LEP can support the delivery of a greater number of new homes to meet local needs which would otherwise not be brought forward by the Market.

The profile of capital funding over the five years agreed with MHCLG was set out in paragraph 2.2 of the report and noted by the Board.

The Board noted that the revenue funding would primarily be used to accelerate the project pipeline to bring forward housing schemes for delivery in the next two years.

It was proposed to adopt a two phased approach to the Housing Fund Programme. Early spend up to March 2021 would necessitate a different approach to the full five year programme in order to seek to deliver the 'early deliverable schemes' within the initial timeframe. Further details were presented in paragraphs 2.5, 2.6 and 2.7 of the report.

The Board noted that the MHCLG had recently announced a bidding round for a further £40m (10% of the total £400m Brownfield Housing Fund), with scheme bids being invited from the Mayoral Combined Authorities. The focus of the bidding process and assessment is on identifying and supporting MCAs that can demonstrate they have ambitious scheme proposals and that all homes to be delivered using this 'Competitive' part of the funding (if successful) must be additional to those coming forward as a result of the existing MCA allocation of funding from the initial 90% of the fund.

The deadline for submission of proposed schemes is the 6th September and discussions are ongoing with partners to identify potential schemes for submission.

The Board was asked to consider if they wished to submit potential schemes for the Competitive Fund element.

Following a lengthy discussion and consideration of all the risks and challenges associated the Board agreed that a note be circulated to Members on the afternoon of Friday 4th September 2020, setting out the number of projects which had been submitted by the local authorities in order for the Board to make a decision whether or not to proceed to submit schemes for the Competitive Fund element. **ACTION: B Guthrie / M Lynam.**

Appendix A to the report set out the draft Sheffield City Region Housing Fund (Brownfield) 2020-2025 Prospectus, Criteria and Assurance Process for the Board's consideration.

M Lynam reported that there were seven growth areas currently contained in the SEP. The Board was asked to consider a proposal to amend the top level criteria to see developments and encourage developments outside of the seven areas. This was to encourage the improvement of the quality of housing delivery, housing sustainability, energy use, type, tenure and quality mix across the SCR.

The Board considered and agreed to support the above proposal.

B Guthrie provided the Board with a summary of the consultation feedback received from Housing Directors. The feedback included:

- How the prioritisation of schemes with lower BCR and value for money are going to measure against those with a higher strategic fit.
- When will an open call for private sector schemes be opened-up?
- Low Carbon, no gas criteria standards and how the SCR should approach this. (How it is measured, adopted and if early schemes should be considered in a different way to the remaining programme schemes).
- The Board stated that a balanced and pragmatic approach should be taken to applying the standards during the first two years of the fund.
- Comments around the assurance process generally and the shortening of the assurance process for the first part of the funding as detailed.

D Gillespie suggested that the SCR Team was wish to clarify and explore with MHCLG about how Homes England and the SCR might layer funding before the Prospectus is finalised to enhance affordable housing delivery further. For example, it may be possible to layer funding with the new Affordable Homes Programme.

D Gillespie added that, to help Partners, the Prospectus needed to be clear around what is / is not possible when formulating bids.

The Board expressed that they would be flexible to meet prior to the scheduled Board meeting in October to sign-off funding requests.

The Board discussed and agreed that previous LGF schemes which were in the pipeline for spend should now be considered if they meet the criteria.

RESOLVED – That Board Members:-

1. Noted the details of the Housing Fund grant allocation and the ongoing work to progress early deliverable schemes.
2. Considered the proposed housing schemes for the competitive fund, and confirmed the Board's views on submitting schemes.
3. Commented on the proposed criteria and assurance processes set out in the Housing Fund Prospectus in Annex A, subject to any suggested Board amendments.

7 SCR Renewal Action Plan Implementation

The Board considered a report which presented the SCR Renewal Action Plan and the actions being undertaken to implement the Plan in terms of the Place elements of the Plan.

The Board noted that the development of the Sheffield City Region (SCR) Renewal Action Plan (RAP), endorsed by the LEP Board on the 16th July and approved by the MCA on the 27th July, was an important move to mitigate the worst effects of the Covid-19 crisis and ensure a strong and timely recovery towards a more resilient economy and society.

The RAP focuses upon three main areas of action:

- People - we will invest to ensure local people have the opportunity to develop their skills, and to find, stay and progress in work
- Employers - We will invest to ensure employers can survive, adapt and thrive
- Places - We will invest to create jobs and thriving places, in a way that reduces inequality and enhances our environment.

The Board was informed that the RAP had been designed with three linked horizons in mind – Relief (immediate term) Recovery (medium term) and Resilience (long term).

The interventions in the draft RAP had been designed to be delivered within the next 12 to 18 months to bring immediate Relief to local people, employers and businesses.

The Housing Board had been tasked by the LEP and MCA in overseeing the related implementation activity for the housing elements of the 'Place' strand of activity and specifically in terms of the Investment Programme 3 – Shovel Ready Schemes. The activities already underway and proposed to address this investment programme were:

- Housing Fund (Brownfield)

- Wider SCR Housing Fund
- Housing Retrofit

The Board noted that the SCR Infrastructure Board would lead on a Capital Project Delivery and Decarbonisation programmes, but the Housing Board may lead on those projects and programmes that have a strong housing component.

The intention was for implementation plans to be developed via the appropriate Thematic Boards to be presented to the LEP and MCA Boards at their October / November meetings, with delivery beginning as soon as funds are available and allocated.

RESOLVED – That Board Members considered the SCR Renewal Action Plan, in order to shape and develop the actions being undertaken to implement Plan in terms of the housing ‘Place’ elements.

8 **Housing Performance Dashboard**

A report was presented together with the performance dashboards, to provide the Board with up to date performance information on all Housing Fund programmes delivered on behalf of the LEP and MCA.

RESOLVED – That Board Members:-

1. Scrutinised the performance information provided in order to identify future performance deepdives or significant areas of risk.
2. Reviewed the format and detail of information to inform future iterations of the dashboard.

9 **Housing Delivery Plan Dashboard**

The Housing Delivery Dashboard was presented for the Board’s information.

RESOLVED – That Board Members scrutinised the Housing Delivery Dashboard.

10 **Housing Board Forward Plan 2020/21**

The Housing Board Forward Plan was presented for the Board’s information.

The Board requested that a discussion takes place at a future meeting on:

- The Housing Retro Fit.
- The cohesive policy objectives of the SEP.
- Response to the Housing Review - housing and health inequalities.

RESOLVED – That Board Members noted the contents of the Forward Plan.

11 **Any Other Business**

No further items of business were noted.

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

SCR - INFRASTRUCTURE BOARD

MINUTES OF THE MEETING HELD ON:

THURSDAY, 3 SEPTEMBER 2020 AT 10.00 AM

11 BROAD STREET WEST, SHEFFIELD S1 2BQ



Present:

Mayor Ros Jones CBE (Co-Chair)	Doncaster MBC
Owen Michaelson (Co-Chair)	Private Sector LEP Board Member
Richard Stubbs	Private Sector LEP Board Member
Councillor Bob Johnson	Sheffield City Council
Councillor Denise Lelliott	Rotherham MBC
Councillor Tim Cheetham	Barnsley MBC
Mark Lynam	SCR Executive Team

In Attendance:

Emily Hickey	Governance and Compliance Officer	SCR Executive Team
Carl Howard	Senior Programme Manager	SCR Executive Team
Felix Kumi-Ampofo	Assistant Director Policy and Assurance	SCR Executive Team
Laurie Thomas	Senior Programme Manager	SCR Executive Team

Apologies:

Charlie Adan	Sheffield City Council
Colin Blackburn	SCR Executive Team

1 **Welcome and Apologies**

The Chair welcomed everyone to the meeting.

There were no apologies.

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

Cllr Lelliott declared a non-pecuniary interest in item 6.

3 **Urgent items / Announcements**

None.

4 **Public Questions of Key Decisions**

None.

5 **Minutes of the Previous Meeting**

RESOLVED: That the minutes of the previous meeting held on 2 July 2020 be agreed as a true record.

6 **LGF Programme Project Approvals**

This item was a restricted item by virtue of paragraph 3 of Schedule 12a of the Local Government Act 1972.

A report was considered which sought approval of one scheme with a value of £2.8m for Local Growth Fund funding and sought delegated authority to the Head of Paid Service in consultation with the S73 and Monitoring Officer to enter into legal agreements for the scheme.

The project would deliver two further phases of flood defence works critical to enabling the wider mixed use development which aimed to deliver 105,000 square feet of new floorspace. Full details of the project were included within the report.

The project was considered to have a good strategic fit with the Strategic Economic Plan which focused on delivering enabling infrastructure to deliver transformational schemes. The project was considered able to deliver within the LGF timeframe.

In light of COVID-19 impact on leisure developments the Board asked that the MCA receive clarity on the current level of certainty that future commercial developments will be forthcoming.

RESOLVED – That the Board:

1. Approve the progression of the project as set out in the report for the MCA to award a £2.8m grant (which consisted of £1.5m existing loan being converted to a grant and an additional grant of £1.3m) from the Local Growth Fund subject to the conditions set out in the Appraisal Panel Summary Table attached as an Appendix to the report.
2. Delegate authority to the Head of Paid Service, in consultation with the S73 and Monitoring Officer, to enter into legal agreements for the scheme.

7 **Getting SCR Building**

A report was submitted which provided an update on the recent announcements for devolved funding to support infrastructure projects in the SCR and outlined the projects that would be brought to future Infrastructure Board meetings for decision.

The Board was informed that on 30th June 2020, the Government launched 'A New Deal for Britain' which was a key part of the Government's strategy for economic recovery following Covid-19.

As part of the strategy, £33.6m of capital funding had been allocated to the SCR MCA for supporting immediately deliverable infrastructure schemes.

The £33.6m was funded from the Government's 'Getting Building Fund' and had been allocated for a prioritised programme of major capital infrastructure schemes that were 'shovel ready', along with a further £40m from the Government's 'Brownfield Housing Fund' for a programme of housing schemes on brownfield sites over the next 5 years.

The prioritised list of schemes agreed with Government were set out at Appendix 1 to the report, the schemes that were shaded were the nine schemes that were under the remit of the Infrastructure Board.

Members noted that all schemes were progressing straight to the Full Business Case with a view to completion as soon as possible, ready for approval. This was important if the 18-month delivery timescale was to be met.

RESOLVED – That the report be noted.

8 **SCR Renewal Action Plan Implementation**

A report was submitted which presented the SCR Renewal Action Plan (RAP) and set out the actions being undertaken to implement the Plan in terms of the Infrastructure Place elements.

The Board noted that the RAP focused on three main areas of action:

- People – invest to ensure local people have the opportunity to develop their skills and to find, stay and progress at work.
- Employers – invest to ensure employers can survive, adapt and thrive.
- Places – invest to create jobs and thriving places in a way that reduces inequality and enhances the environment.

Members were informed that the Infrastructure Board was tasked with overseeing activities related to two of the four 'Place' themed interventions.

- Investment Programme 1 – Covid-19 Spatial Adaptation
- Investment Programme 3 – Shovel Ready Schemes

A summary of actions and activities already underway and planned was set out within the report.

RESOLVED – That the report be noted.

9 **GatewayEast Economic Blueprint**

A report was submitted which presented the GatewayEast Economic Blueprint.

The Board were reminded that the Sheffield City Region LEP and MCA recognised the strategic importance of Doncaster Sheffield Airport (DSA) to the future economic growth of the region. This was captured in the draft Strategic

Economic Plan which identified the Airport and the surrounding GatewayEast site as a key growth area.

Members noted that it had been agreed that there was a need to work with Peel Group, the owners of the airport to begin to set out a statement of intention on how the next stage of growth would be achieved. The report now considered and the accompanying draft GatewayEast Blueprint had been endorsed at the LEP Board in July as the first step in that process.

The GatewayEast Economic Blueprint set out a roadmap for developing the innovation cluster opportunity structured around five themes. These were:

1. Developing a high value innovation cluster.
2. Sustainability
3. Connectivity
4. Land and Development
5. Airside Growth

The Blueprint also set out what Peel, the MCA/LEP and Doncaster MBC would collaborate on over the coming years to bring forward the growth cluster.

The draft GatewayEast Economic Blueprint was attached at Appendix 1 to the report. Members were informed that, if agreed by the MCA at its next meeting in September, further detailed work would be undertaken to take forward the five workstreams identified, including the infrastructure package required to achieve the shared objectives set out in the Blueprint.

RESOLVED – That the Board endorse the GatewayEast Economic Blueprint and the progression of the workstreams identified.

10 **Infrastructure Performance Dashboard**

The Board considered the Infrastructure Performance Dashboard which provided up to date performance information on the Infrastructure programme delivered on behalf of the LEP and MCA.

11 **Infrastructure Delivery Plan Dashboard**

The Board considered the Infrastructure Delivery Plan Dashboard.

RESOLVED – That the report be noted.

12 **Infrastructure Board Forward Plan 2020/21**

The Board considered its Forward Plan.

RESOLVED – That the report be noted.

13 **SCR Transport Board Agenda - 4th September 2020**

The SCR Transport Board agenda was submitted for consideration.

REOLVED – That the SCR Transport Board agenda be noted.

14 **Any Other Business**

None.

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

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HOUSING & INFRASTRUCTURE BOARD

22nd October 2020

Terms of Reference & Meeting Arrangements

Purpose of Report

This report summarises the governance arrangements for the Housing and Infrastructure Board, approved by the Mayoral Combined Authority on 21st September 2020 and the Local Enterprise Partnership on 10th September 2020. The paper also confirms the schedule of meetings.

Freedom of Information

Thematic Board Papers and any appendices will be made available under the Combined Authority Publication Scheme. This scheme commits the Authority to make information about how decisions are made available to the public as part of its normal business activities.

Recommendations

Board members are asked to:

1. note the approved governance arrangements and identify any issues,
2. note the schedule of Housing and Infrastructure Board meetings

1. Introduction

- 1.1** Thematic Boards were first established by the MCA in early 2019 with the rationale of:
- achieving an efficient, effective and transparent model for decision making;
 - collaborating to build collective and combined decisions to deliver the outcomes identified in the Strategic Economic Plan (SEP);
 - providing strong and accountable leadership in setting the agenda, and delivering a defined programme of activity, to rigorously realise the outcomes of the SEP; and
 - scrutinising planned and ongoing activity to deliver the best outcomes for the region and value for money

A review of the Boards has been undertaken to ensure that they are well placed to fulfil the duties and responsibilities secured through the recent devolution agreement and are aligned to the priorities of the new Strategic Economic Plan (2020-2040). Proposed changes were considered by the LEP Board on the 10th September 2020 and approved by the MCA on the 21st September 2020.

- 1.2** This paper provides the Terms of Reference for the Housing and Infrastructure Board (appendix 1), summarises the key changes and clarifies arrangements.

2. Proposal and justification

2.1 The Housing and Infrastructure Board is one of four new thematic boards established within the MCA. The role of each Board is to take a city region wide strategic perspective on issues relevant to the thematic area, to support the delivery of the Strategic Economic Plan and the Recovery Action Plan. The principle role of the Housing and Infrastructure Board is to:

- shape future policy development and priorities on issues related to housing and infrastructure
- develop new housing and infrastructure programmes
- monitor programme delivery and performance on housing and infrastructure

2.2 Other matters to note are:

Delegations (section 3 of the Terms of Reference)

Each Board has a delegation to:

- agree investments up to £2m
- recommend investments over £2m to the MCA
- accept grants up to £2m
- award contracts for the supply of goods/services up to £200,000

These delegations remain unchanged from previous arrangements.

2.3 Transparency (section 13 of the Terms of Reference)

To ensure an appropriate level of transparency it has been agreed that for each Board:

- papers will be made available to the public 5 clear working days before the meeting
- the public can submit questions and receive a written response
- meetings will be held in private and minutes made available to the public within 10 working days of the meeting taking place

These arrangements remain unchanged from those previously in place.

2.4 Advisory Boards (section 12 of the terms of reference)

It has been agreed that the Joint Assets Board will be a formal advisory board to the Housing and Infrastructure Board.

2.5 Frequency of Meetings (section 5 the Terms of Reference)

It has been agreed that the Board continues to meet on (at least) an 8-week cycle aligned to the 8-week MCA meeting schedule. This remains unchanged from the arrangements previously in place. Additional meetings, dependent on business need, can be agreed with co-chairs and will observe publication requirements for papers, minutes and key decisions. The Board may also determine to have informal intermediate meetings where discussion is required mid-cycle

2.6 Meeting Schedule

Meetings have been scheduled to ensure the Housing and Infrastructure Board meets around the 4th week of the MCA 8-week cycle. This allows any decisions requiring escalation to the MCA, for example, due to the value exceeding delegations, to progress

through the decision-making process in a timely manner. The next meeting of the Board is currently scheduled for 7th January ahead of the MCA meeting 25th January.

3. Consideration of alternative approaches

- 3.1 There is no discretion to change governance arrangements, as these have been approved by both the MCA and the LEP however, each Board is empowered to determine an appropriate work plan to ensure thematic priorities are met.

4. Implications

4.1 Financial

Thematic Boards have the authority to approve projects and schemes with a value of less than £2m. The Thematic Boards are also able to accept tenders and quotations for the supply of goods, materials and services up to a limit of £200,000.

4.2 Legal

The changes to the Terms of Reference have been captured in the MCAs Constitution.

4.3 Risk Management

Strong governance arrangements are an important mechanism in managing a number of corporate risks. These arrangements reflect the commitment of both the MCA and LEP to transparency, and the clear delineation of responsibilities between different elements of the decision-making system.

4.4 Equality, Diversity and Social Inclusion

There are no equality, diversity and social inclusion issues arising from this report.

5. Communications

- 5.1 The roles and responsibilities of the new Thematic Boards are explained in the Assurance Framework and the MCA Constitution which is published on the website. All meeting papers, minutes and membership of the Thematic Boards are also published on the website. In addition, members of the public can submit questions to the Thematic Board and receive a written response.

6. Appendices/Annexes

- 6.1 Appendix 1- Terms of Reference

REPORT AUTHOR	Claire James
POST	Senior Governance & Compliance Manager
Officer responsible	Dave Smith
Organisation	Sheffield City Region
Email	dave.smith@sheffieldcityregion.org.uk
Telephone	0114 2203000

Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

Other sources and references:

- [MCA Meeting September 2020](#) & [LEP Board Meeting September 2020](#)

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Housing and Infrastructure Board

Terms of Reference

1. Purpose and Role

1.1 The purpose of the Housing and Infrastructure Board is to provide leadership, development of policy and the delivery of a programme of activity aligned to the priorities of the Strategic Economic Plan, the Recovery Action Plan and other approved strategies associated with housing and infrastructure.

1.2 The role of the Housing and Infrastructure Board is to:

- Shape future policy development and priorities on issues related to housing and infrastructure
- Develop new housing and infrastructure programmes
- Make investment decisions up to £2 million within the agreed budget and policy on housing or infrastructure, as delegated by the Mayoral Combined Authority (MCA)
- Accept grants with a value of less than £2 million
- Monitor programme delivery and performance on housing and infrastructure.

2. Responsibilities

2.1 The Housing and Infrastructure Board is responsible for:

Funding

- Approving, deferring or rejecting funding applications for housing and infrastructure projects that fall within the financial limit of delegated authority, and which are within the budgets agreed by the MCA and, where appropriate, Local Enterprise Partnership (LEP)
- Making recommendations to the MCA to approve, defer or reject funding applications for housing or infrastructure projects that exceed the financial limit of delegated authority, and which are within the relevant budgets
- Making recommendations to approve, defer or reject applications for housing or infrastructure projects to form part of a project pipeline where relevant.

Strategy and Policy

- Ensuring that housing and infrastructure policies developed by the Board and agreed by the MCA and LEP are enacted effectively through appropriate investments
- Reviewing economic intelligence and evidence of economic performance on housing and infrastructure and identifying propositions to accelerate growth
- Developing and managing relationships with key stakeholders and partners

Programme Delivery

- Commissioning of activity to deliver and implement priorities on housing and infrastructure
- Monitoring housing and infrastructure programme and project delivery
- Overseeing the management of the regions Enterprise Zones

Performance and Risk Management

- Reviewing project performance, outputs and outcomes
- Identifying and recommending mitigations for any programme risks or poor performance
- Escalating any strategic, policy or programme risks to the MCA and LEP

2.3 The Transport and Environment Board will be consulted on residential and commercial development projects which incorporate link roads or junction improvements and on developments that promote low carbon and biodiversity net gain requirements (in the context of Modern Methods of Construction) but decisions on such projects will be taken by the Housing and Infrastructure Board.

3. Delegated Authority

3.1 In order to enact its responsibilities, the Housing and Infrastructure Board will have delegated authority from the MCA to approve investment decisions for agreed pipeline projects up to £2 million.

3.2 The Housing and Infrastructure Board will have delegated authority to accept grants with a value of less than £2 million.

3.3 The Housing and Infrastructure Board will have delegated authority to accept a tender or quotation for the supply of goods, materials or services for which financial provision has been made in the Authority's Revenue Budget up to a limit of £200,000.00 in value for any one transaction.

3.4 The Housing and Infrastructure Board may refer a matter or decision within their delegated authority to the MCA or LEP.

4. Membership

4.1 The Housing and Infrastructure Board will be co-chaired by the MCA portfolio lead and a private sector LEP Board member.

4.2 Membership of the Housing and Infrastructure Board will comprise:

- One Leader, who is the portfolio lead, from an MCA constituent Local Authority, who will co-chair the Board
- A nominated elected member representative for each of the constituent Local Authorities

- A lead Chief Executive from a constituent Local Authority
- Two private sector LEP Board members, one of whom will co-chair the Board
- The MCA Head of Paid Service (or their nominated representative)

4.3 Elected members can nominate a deputy to attend meetings of the Board in their absence. All deputies must be named, elected members and must complete a Register of Interests Form.

4.4 Each of the non-constituent Local Authorities can nominate an elected member to attend and participate in the meetings but not vote.

5. Frequency

5.1 The Housing and Infrastructure Board will meet on an eight-weekly cycle.

6. Secretariat

6.1 The MCA Executive Team will provide the secretariat for the Housing and Infrastructure Board.

6.2 Papers and presentations for Board meetings will be circulated to Board members five clear working days in advance of the meeting.

7. Attendance

7.1 Consistent attendance at the Housing and Infrastructure Board meetings is essential, and attendance will be recorded.

8. Quorum

8.1 Meetings of the Housing and Infrastructure Board will be quorate when five members are present and provided that there are at least 2 constituent Local Authority elected member representatives and one LEP member present. A member who is obliged to withdraw under the Code of Conduct for Members shall not be counted towards the quorum.

8.2 A Board member may be counted in the quorum if they are able to participate in the meeting by remote means e.g. telephone, video or electronic link and remain available for the discussion and decision items on the agenda.

9. Decision Making

9.1 Board decisions are legally taken by the Head of Paid Service (or their nominated representative) in consultation with the co-Chairs of the Board. By protocol, decisions will not be taken unless there is Board consensus for the decision. Where consensus cannot be reached the issue will be escalated to the MCA and/or the LEP as appropriate for final decision.

- 9.2 Decisions made by the Housing and Infrastructure Board will be presented to the MCA Board in a written Delegated Decisions Report at the next meeting. As the delegating body, the MCA will have the right to review or amend decisions made by the Housing and Infrastructure Board where such decision has not been acted upon subject to giving due reason for doing so.

10. Conflicts of Interest

Register of Interests

- 10.1 All Board Members and deputies must complete a Register of Interests Form within 28 days of being appointed to the Housing and Infrastructure Board. This must disclose any disclosable pecuniary interests (as defined in The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012) for the Member, their spouse, their civil partner or partner. Completed Register of Interests Forms for all Board Members are published on the website.
- 10.2 It is the responsibility of every Housing and Infrastructure Board Member to ensure that their Register of Interests Form is up-to-date and declare any new interests within 28 days of this being known.
- 10.3 Interests declared by Housing and Infrastructure Board Members will be listed on the Register of Members' Interests and published on the website.

Declarations of Interest at Board Meetings

- 10.4 It is the responsibility of Board members to declare any disclosable pecuniary interest (as defined in The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012) and any other personal interests whether financial or non-financial in specific agenda items at the start of each Housing and Infrastructure Board meeting.

11. Urgent decisions between meetings

- 11.1 This procedure is to be used only by exception
- 11.2 When an urgent matter or decision falls outside the parameters of the meeting cycle, the Housing and Infrastructure Board will be permitted to make decisions through this procedure. If the matter is a Key Decision the procedure in Part 5B (Access to Information Procedure Rules) of the Constitution also needs to be complied with.
- 11.3 The Head of Paid Service (or their nominated representative), in consultation with the Chairs of the Housing and Infrastructure Board, will contact Board Members by email to notify them of the following:

- Details of the matter requiring comment and/or decision;
- The name of the person or persons making or putting forward the proposal/decision
- The reason why the matter cannot wait until the next Board; and
- The date responses are required by.

Two working days after the close of responses, the following will be circulated to all Board Members:

- The outcome of the decision taken noting that for a decision to be agreed the unanimous agreement of all those Board Members that respond by the date set for responses is needed;
- The date when any decision comes into effect; and
- Any mitigating action taken to address stated views or concerns.

11.4 Decisions and actions taken will be retrospectively reported to the next meeting of the Housing and Infrastructure Board and MCA in accordance with paragraph 9.2 above.

12. Advisory Groups

12.1 The Joint Assets Board will be an advisory board to the Housing and Infrastructure Board. The Housing and Infrastructure Board will approve changes to the Boards terms of reference and will receive regular reports from the Joint Assets Board Chair.

12.2 The Housing and Infrastructure Board will be supported in making investment decisions by an independent Appraisal Panel. The Appraisal Panel will assess all applications for funding and will present their findings and recommendations to the Board on whether the application should be approved, deferred or rejected.

12.3 The Housing and Infrastructure Board is permitted to form Task and Finish groups of key stakeholders and advisors to assist in the management and monitoring of individual programmes or projects. Any such groups are purely advisory and must submit reports to the Housing and Infrastructure Board.

13. Transparency

Key Decisions

13.1 Key decisions to be taken by the Housing and Infrastructure Board will be published in the Forward Plan of Key Decisions on the website 28 days in advance of the decision being made.

13.2 Questions and comments submitted by the public on the pending decisions will be notified to the Housing and Infrastructure Board and will be responded to in writing.

Meeting Papers

- 13.3 Agendas and papers for the Housing and Infrastructure Board will be published on the website at least five clear working days before the meeting date.

Exemptions

- 13.4 Where reports or information for Board meetings is exempt from disclosure under Section 12A of the Local Government Act 1972 or the Freedom of Information Act 2000, these papers will either be reserved or specific information in the paper will be redacted.
- 13.5 Reserved papers and reports can still be requested under the Freedom of Information Act. Requests will be considered on a case by case basis (taking into consideration such factors as timing, any applicable exemptions and the public interest test).

Meeting Record

- 13.6 Draft minutes will be published on the website within ten clear working days of the Housing and Infrastructure Board meeting taking place. The meeting record (approved minutes) will be published on the website within ten clear working days of the subsequent Housing and Infrastructure Board meeting.

14. Amendments to Terms of Reference

- 14.1 These Terms of Reference will be reviewed annually. Any changes will be approved by the MCA and LEP.

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HOUSING AND INFRASTRUCTURE BOARD22nd October 2020**SCR BROWNFIELD HOUSING FUND****Purpose of Report**

To provide an update on progress with the Housing Fund (Brownfield). To seek endorsement for the early schemes identified in Appendix 1 to progress to Full Business Case, subject to approval of a Strategic Business Case for the programme, and to seek approval of the revised programme Prospectus.

Thematic Priority

This report relates to the following Strategic Economic Plan priorities:

Secure investment in infrastructure where it will do most to support growth

Freedom of Information

The paper will be available under the Combined Authority Publication Scheme.

Recommendations

The Board is asked to:

1. endorse the Housing Fund (Brownfield) Prospectus in Appendix 1 and recommend approval to the MCA.
2. Note the process being undertaken to both identify the potential early deliverable housing schemes, and development of the Programme Strategic Business Case (SBC).
3. Agree to hold an exceptional meeting to consider the Housing Fund (Brownfield) Programme SBC in advance of the MCA meeting in November.

1. Introduction

- 1.1 On the 30th June 2020, the Government launched 'A New Deal for Britain' which is a key part of the Government's Strategy to rebuild Britain following Covid 19 and support the economic recovery across the UK. As part of this strategy, £40.3m of capital funding and £841k revenue funding has been allocated to the Sheffield City Region Mayoral Combined Authority (MCA) for supporting the development of housing schemes on brownfield land over the next 5 years.
- 1.2 This report provides an update to the proposals previously presented to the (former) SCR Housing Board on 3rd September 2020. It also sets out both the process being undertaken to identify the early deliverable housing schemes which will be proposed to be progressed to Full Business Case (FBC), and a revised draft Housing Fund (Brownfield)

Prospectus for delivering the programme, taking into account comments made at the previous meeting.

2. Proposal and justification

- 2.1 Over the next 5 years £40.3m capital and £841k revenue funding has been devolved to the MCA from the Government's Brownfield Housing Programme. The Housing Board on 3rd September agreed that funding should be managed in a two phased approach in response to the Government's requirement that the allocation of £6m for 2020/21 be defrayed by the end of March 2021.

The profile of capital funding over the five years agreed with MHCLG is as follows;

Early Delivery	Remaining Programme			
2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
£6m	£14m	6.67m	6.67m	6.67m

'Early Delivery' (By March 2021)

- 2.2 Local Authorities were invited to submit Gateway Forms outlining the projects that could be accelerated to spend prior to March 2021 and begin the delivery of housing units within the first two years of the programme. These schemes are currently being considered and the details will inform the development of a Housing Fund (Brownfield) Programme Strategic Business Case (SBC) for 'Early Delivery'.
- 2.3 This 'Early Delivery' SBC is being completed and appraised, to be considered by the Appraisal Panel over the next three weeks for recommendation, or otherwise, for inclusion onto the Fund's pipeline. Following this, it is proposed that a further Exceptional meeting of this Board be convened to consider the SBC, which if endorsed, will be taken to the MCA on the 16th November for approval.
- 2.4 To expedite scheme development, it will be important that local authorities are invited to commence work on these schemes' FBC's as early as possible, at risk, in order to provide as much time as possible to gather the detail required to support robust FBCs. FBCs will go through the usual full MCA appraisal and assurance process to ensure proper due diligence and value for money. If FBCs are recommended for funding approval, schemes will be reported to this Board for decision for those schemes requesting funding up to £2m, with those requesting £2m or over also being reported to the MCA approval.
- 2.5 It is intended to also allocate appropriate revenue resources to help accelerate FBC development and any accompanying proposals will be reported to the this Board alongside the Programme SBC. The intention is for the revenue funding to be capitalised at the point of a capital scheme approval, to be revolved back into the revenue 'pot' to enable support for project development of further housing pipeline schemes over the 5 year programme.

Competitive Fund

- 2.6 MCAs / LEPs were invited in early September to submit early deliverable major schemes for funding from a top-sliced £40m from Government's Brownfield Housing Fund. The MCA Three schemes with a funding requirement in 2020/21 were submitted to the Competitive Fund:

	2020/21	2021/22	Total
Allen Street and Smithfield (Sheffield Housing Zone North)	£1,227,750	£110,000	£1,337,750
Cannon Brewery (Sheffield Housing Zone North)	£4,309,500	£200,000	£4,509,500
Hoyle Street (Sheffield Housing Zone North)	£1,102,000	£126,000	£1,228,000

- 2.7** A decision by MHCLG has not yet been taken on these schemes, but an announcement is expected before the end of October. If these schemes are not agreed by Government, Local Authorities will be invited to consider moving them into the Housing Fund (Brownfield) pipeline subject to funding availability. Local Authorities may need to prioritise which of their schemes can be delivered in 2020/21 and 2021/22 in order to remain within the overall programme allocation for the financial years.

Full Programme (to end March 2025) – Prospectus

- 2.8** For the full housing programme, the assurance process will revert to the full process previously used for the SCR Housing Funding. The process and evaluation criteria are described in the Housing Fund (Brownfield) Prospectus attached in Appendix 2 which has been revised to take into account of the comments of the (former) SCR Housing Board.
- 2.9** The new Strategic Economic Plan sets out the regional aspirations for growth, sustainability and inclusion, with a strong focus on innovation. The proposed assessment criteria for the Fund responds to these ambitions by proposing higher standards than has previously been applied for the Housing Fund, such as in relation to net zero carbon reductions, recognising the need to not unduly restrict scheme viability and development.
- 2.10** To date, discussions on pipeline schemes have been focussed on local authorities, with some early discussions with Housing Associations. It is proposed to continue discussions with HAs on potential further pipeline schemes, and to bring back proposals at the next Board meeting regarding the timing of an ‘Open Call’ for wider stakeholder proposals. Once the programme is open, the programme SBC be updated and periodically presented to the Board for decision on acceptance of schemes on to the programme.

3. Consideration of alternative approaches

- 3.1** The full assurance process was considered for the ‘early delivery’ schemes as well as the full programme, but this would likely result in FBCs not being ready this financial year, resulting in the early schemes not being accelerated as planned, and jeopardising future programme spend.

4. Implications

4.1 Financial

The MCA has agreed to accept the £40.3m capital and £841k revenue funding. The funding will be received as Section 31 grant which allows flexibility in how the MCA spends the funding. The FBC process will follow the MCA Assurance Framework to ensure proper due diligence and value for money.

Work is required between MCA finance officers and finance leads from partner organisations to determine how the proposed revenue revolving fund would work in practice.

The costs incurred by the MCA Executive in managing this programme of activity will be met from top-slices of the capital and revenue allocations over the life of the programme.

The funding for the Housing Fund (Brownfield) schemes will need to be committed in line with the profiled spend detailed in section 2.1 above and all funding will need to be committed by 31 March 2025.

4.2 Legal

Subject to the grant conditions being acceptable, arrangements to comply with the grant conditions will subsequently be put in place. The legal implications of acceptance of grant will be fully considered by the S73 officer in conjunction with a representative of the Monitoring Officer.

Legal implications of individual projects brought forward through the Housing Fund (Brownfield) programme will be considered on a case by case basis by the S73 officer in conjunction with a representative of the Monitoring Officer.

4.3 Risk Management

Risk management is built into the MCA's due diligence processes and project and programme risks are regularly reviewed, and mitigating actions taken if necessary.

Key risks in delivering the programme are:

- Schemes not being delivered within programme timescales, resulting in potentially losing scheme funding;
- Insufficient partner capacity to progress schemes to FBC and delivery;
- Potentially escalating costs as the Market picks up post Covid 19 leading to unforeseen or cost over runs;
- Insufficient capacity within the MCA Executive to expedite the programme; and
- Complexity of funding packages for some schemes which may have an impact on delivery and the use of MCA funding;

4.4 Equality, Diversity and Social Inclusion (Equality Act - Public Sector Equality Duty)

None arising directly from this report. The delivery of infrastructure and housing capital schemes will stimulate economic growth in the SCR and, therefore, contribute to both the economic recovery and improving social inclusion.

5. Communications

5.1 The funding announcement has already been publicised. Further announcements may be required to publicise the programme more widely and there will be opportunities for positive communications as schemes are delivered.

6. Appendices/Annexes

6.1 Appendix 1 – Draft Final Housing Fund (Brownfield) Prospectus

REPORT AUTHOR	Laurie Thomas
POST	Senior Programme Manager (Infrastructure)
Officer responsible	Mark Lynam
Organisation	Sheffield City Region
Email	Mark.lynam@sheffieldcityregion.org.uk
Telephone	0114 2203442

Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

Sheffield City Region
Housing Fund (Brownfield)
2020-2025

Revised Draft

Prospectus
Criteria and Assurance Process

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1. Background

Our Strategic Economic Plan (SEP) sets out what needs to be done to grow the economy and transform the lives and wellbeing of our people. The Policy Objectives of the SEP are:

- **Growth:** *'Grow an economy that works for everyone'*
- **Inclusion:** *'Ensuring that everyone has an opportunity to contribute to and benefit from economic growth'*
- **Sustainability:** *'Driving low carbon opportunities within the economy and delivering net-zero emissions'*

The SEP identifies a number of Key Growth Areas that have the potential to create change at scale and bring benefits to the wider city region. In these areas, Economic Blueprints and packages of interventions will be agreed to support locally driven approaches and provide additional capacity for site assembly and infrastructure investment.

Integral to achieving these objectives will be ensuring that our residents have access to good quality, affordable, energy efficient homes in places that are pleasant to live in.

Whilst house building in SCR is currently being delivered at a rate of over 6,000 new homes per year, there is more to do. The SEP identifies three aspects of the SCR housing market that need to be addressed:

- Existing Homes – There is potential for existing homes to play a much bigger part in regeneration and the local economy. Renewal or upgrades to the existing housing stock can unlock investment, creating new jobs and business opportunities locally.
- New Homes – New housing needs to drive greater density in urban areas, benefit from (and deliver) transport connectivity and enhance the built environment, helping to create more attractive places and encourage demand.
- Housing Innovation - Modern Methods of Construction has the potential to revolutionise the way new homes are delivered in South Yorkshire, providing higher build standards and more efficient technologies than traditional construction. Alongside technical innovation we need to encourage investment in skills so that local people can benefit from the jobs this creates as well as new investment models and products such as build to rent, to provide the range of homes and tenures that people now demand.

Whilst this Housing Fund will not be able to deliver all of the aspirations of the SEP, it can go some way towards it.

2. Housing Fund (Brownfield)

2.1 Introduction

On the 30th June 2020, the Government launched 'A New Deal for Britain' which is set as the first step in the strategy to rebuild Britain following Covid 19 and fuel economic recovery across the UK.

As part of this strategy, £40.3m of capital was allocated to the Sheffield City Region Mayoral Combined Authority (MCA) for supporting development of housing schemes on brownfield land over the next 5 years.

This funding will expand the existing Housing Fund and ensure the MCA and LEP can support the delivery of a greater number of new homes to meet local needs which would otherwise not be brought forward by the Market.

The Fund will be delivered within the MCA Assurance Framework guidelines to ensure proper due diligence and value for money.

2.2 Who can bid for funding?

2.2.1 Early Delivery – up to March 2021

For the first phase of the programme up to March 2021 – only projects brought forward by the SCR Local Authorities will be considered. This can include Partnerships / Joint Ventures that are led by the Local Authorities.

2.2.2 Remaining Programme – 2021-2025

The remaining programme will be open to Local Authorities, Housing Associations and the private sector, including partnerships/joint ventures where demonstration can be made of the schemes ability to deliver the objectives of the programme.

The timetable for the invitation to submit schemes into the remaining programme will be publicised in early 2021.

2.3 What type of investments/ schemes can the Housing Fund (Brownfield) support?

2.3.1 Capital Expenditure

The Fund would look to support a range of financial interventions to enable the development of housing on brownfield land which would otherwise not happen.

Eligible capital expenditure could be;

- Off-site infrastructure
- Neighbourhood infrastructure (including public realm, place-making interventions) which enhance assets
- Site Remediation and demolition to prepare sites for housing
- On site infrastructure
- Direct delivery of new homes
- Site acquisition and land assembly
- Capacity to support any of the capital delivery activity detailed above where it is directly attributable to the creation or maintenance of a capital asset

In order to achieve the aspirations in the SCR Strategic Economic Plan, the Fund would seek to particularly encourage projects that include:

- Enhanced energy efficiency measures.
- Decarbonised heat measures.
- Modern Methods of Construction.
- Adaptable and accessible properties to support local needs.

There would be a flexible approach to the allocation of monies including non-recoverable funds (grant), part-recoverable funds, loan funds and other bespoke funding solutions to meet the requirements of individual schemes.

2.3.2 Revenue Expenditure

The primary purpose of the allocated revenue funding is to accelerate the delivery of the most strategic brownfield schemes in the region. The initial revenue element of the Housing Fund (Brownfield) is proposed to only be open to Local Authorities partners.

Eligible revenue expenditure could be;

- Site investigation/ geotechnical work
- Survey work
- Cost planning services
- Planning advice
- Options appraisal
- Legal costs
- Masterplanning
- Capacity support

In order to achieve the aspirations in the SCR Strategic Economic Plan, the Fund would also support:

- Carbon reduction reports
- Biodiversity net gain reports

The aspiration of the MCA is to work in close collaboration with Local Authority partners to identify projects that offer value for money, strategic fit and deliverability.

It is expected that this kind of early commitment and co-investment will bring forward more successful projects and will lower the risk of non-delivery.

2.4 Compatibility with Other Funding

The MCA encourages co-funding of schemes where the opportunity exists. Our interventions should add the maximum value and this case should clearly be proven by the funding application.

Early discussion with other funding bodies is needed to ascertain compatibility. If there is a query about a particular type/source of funding, please contact the MCA Executive Team to discuss.

3. Fund Assessment Criteria

3.1 What does a 'good' scheme look like?

Every scheme must:

- be used to bring forward sites on brownfield land that have an evidenced rationale for taxpayer intervention. Projects with the highest additionality will be prioritised;
- start on site during this Parliament (by a longstop date of 31 March 2025)
- represent good value for money. This must be quantified wherever possible and evidenced as part of the application.

Local Authorities must either have an up to date Local Plan in place, or an agreed plan with MHCLG for getting a Local Plan in place, to receive funding.

'Good' schemes would:

- **Contribute strongly towards each of the MCA's strategic policy objectives (growth, inclusion and sustainability – [link to Strategic Economic Plan](#).** This must be evidenced, and applications will be assessed and prioritised on this basis. Location is key and priority will be given to schemes which support housing growth in the key Growth Areas. Housing within existing urban centres or with good sustainable travel links to them will also be given greater weight.
- **Align with the ambitions of other relevant investment funds,** for example the Towns Fund, High Street Fund and the Transforming Cities Fund.
- **Be supported locally.** Evidence of compliance/ alignment with planning policy, local growth strategies (economic and housing) and objectively assessed housing need will have to be clearly set out
- **Be sustainable/ be working towards net zero.** the MCA and all Local Authority areas have net zero carbon targets – housing plays a large role in this. Applications should evidence that everything possible has been done to achieve net zero on new developments.
- **Consider all risks,** and mitigating actions identified, including an early assessment of State Aid implications.
- **Be deliverable,** applicants to demonstrate they have the plan, capacity and expertise to deliver the proposed scheme on time.
- **Be inclusive,** schemes should result in reasonably priced homes and offer a range of options which are commensurate with the local earnings and the vision for the area.

3.2. How schemes will be prioritised

The MCA assurance process draws on national best practice (the Green Book, 'DCLG Appraisal Guide' and the 'HCA Additionality Guide'), the Housing Fund (Brownfield) will prioritise schemes/ projects based on the factors set out below;

- **Strategic fit** – How well does the scheme follow themes set out in the emerging SEP [click here](#), Energy Strategy [click here](#), Transport Strategy [click here](#) and SCR Housing Review [click here](#)
 - **Growth 'Grow an economy the works for everyone'**
Creation of vibrant, densified, liveable urban centres/ enhancing the built environment to create more attractive and affordable places/ money leveraged from public + private investment / jobs/ apprenticeships
 - **Inclusion 'Ensuring that everyone has an opportunity to contribute to and benefit from economic growth'**
Affordable living/ the right mix of type and tenure/ placemaking/ inclusive design
 - **Sustainability 'Driving low carbon opportunities within the economy and delivering net-zero emissions'**
Low carbon/ biodiversity net gain/ well served by existing or planned transport links

The MCA is particularly aiming to accelerate development and regeneration in the key Growth Areas identified in the Strategic Economic Plan, which have the greatest potential to contribute to economic growth and inclusion.

The MCA is committed to the net zero agenda, and low carbon / no gas solutions will be heavily prioritised. Scheme promoters can be supported to explore low carbon alternatives, renewable technology and no gas solutions.

- **Innovation**
Modern methods of construction / new investment models and products such as Build to Rent to provide the range of homes and tenures that people now demand

The MCA recognises the importance of supporting modern methods of construction to ensure the future stability of housing supply and other benefits such as lower carbon [click here for SCR MMC Audit Presentation](#). MMC is encouraged where appropriate and not cost prohibitive. The inclusion of an MMC target within the Housing Fund is under consideration.

- **Location** – Priority given to schemes in the key Growth Areas highlighted in the SEP:
 - Sheffield City Centre
 - Barnsley, Rotherham, Doncaster Town Centres
 - Advanced Manufacturing Innovation District
 - Doncaster Unity
 - Goldthorpe in the Dearne Valley
 - Doncaster Sheffield Airport

Developments outside of these Key Growth Areas will also be considered, particularly if they deliver a significant number of affordable homes; contribute to the wider local regeneration of places; and embed high quality design and higher standards of energy efficiency. Such schemes must clearly evidence how they meet the other criteria set out in this Prospectus.

- Evidence of acceleration
- Value for money – range of measures will be applied including
 - Benefit cost ratio
 - Land value uplift – based on Valuation Office Agency figures
 - Social amenity benefit
 - Affordable homes
 - Carbon reduction
- Rational for public sector investment
- Evidence of market demand (or need) for different types and tenures
- Additionality – the extent to which the scheme outcomes are as result of an intervention – for more information see the *HCA Additionality Guide*
- Evidence of deliverability
- Commitment from delivery partners
- Local suppliers in procurement
- Local employment and training opportunities
- Local Authority Support (compliance with statutory plans and processes)
- Leverage – how much total private sector and additional public sector resource can be levered in per £1 of Housing Fund invested.
- Recoverability – if it's possible to pay back the whole or part of the BFF at a future date

4. MCA Assurance Process

The MCA Assurance Framework will govern this process. Please familiarise yourself with this before you begin the application process. ([click here](#))

Every scheme is different. We are however committed to working with you to ensure that potential schemes can be assessed in a robust, timely and proportionate way.

The information set out below demonstrates the stages a typical scheme will need to progress through. We are happy to provide you with all the documents you may need to complete at an early stage so you can better understand the information we require as your scheme progresses.

You will be supported throughout by a dedicated resource in the MCA Executive team.

4.1 Early Delivery

The timeframe for the MCA to approve schemes for the initial year's funding is short (prior to March 2021) but is necessary in order to accelerate delivery. Therefore, the process below, which reflects the time constraints, will apply for the early deliverable schemes;

1. Scheme information submitted via Gateway Form

Scheme promoters submit an enhanced Gateway Form for each project that requires capital (and revenue) funding – this form captures sufficient initial project detail in order that the schemes can be assessed/ prioritised for suitability and deliverability.

2. MCA Executive team prepare a programme level SBC for MCA approval

The programme level SBC will set out the overall 5 year programme ambitions and outcomes, as well as the early deliverable schemes for inclusion on the Housing Fund (Brownfield) pipeline.

3. Completion of a Full Business Case (FBC)

Scheme sponsors will then be invited to prepare FBCs for the early deliverable schemes, supported by the MCA Executive's Housing Team. This additional information will enable a more comprehensive Green Book appraisal assessment to be carried out, as well as for schemes to be tested in a way which is compliant with the MCA Assurance Framework (AAF). All approvals, design, procurement and funding should be in place when FBC is submitted.

4. Assessment, Appraisal and Due Diligence

Assessment and appraisal will be undertaken in line with the Assurance Framework.

5. Scheme approval recommendations

The Housing and Infrastructure Board will consider Appraisal Panel recommendations for schemes with decisions taken by the Board for schemes seeking funding approval under £2m, and the MCA Board will take the funding decision for schemes of £2m or over; along with any proposed funding conditions.

4.2 Remaining Programme

For the remaining Fund programme running from March 2021 – March 2025 the following assurance process is proposed to be applied;

1. A call for schemes will be issued

A call for schemes will be issued setting out the principles and outcomes required of the Fund. This prospectus will be the key document. Scheme promoters will be asked to submit an enhanced Gateway Form for each project that requires capital funding – this form captures sufficient initial project detail in order that the schemes can be assessed/prioritised for suitability and deliverability

2. The programme level SBC will be updated with additional pipeline schemes

The programme level SBC will be a live document that will be updated to include additional projects as they are accepted onto the Fund pipeline. The programme level SBC will be reported to Housing and Infrastructure Board every 8 weeks with any further proposed schemes (if applicable) to help bring forward schemes quickly. MCA approval to add onto the pipeline will be required for schemes over £2m.

Schemes requesting under £500k - In line with the new Assurance Framework, schemes requesting under £500k which are deemed by the Appraisal Panel to have low risk and complexity, and can evidence deliverability, can be recommended to produce a Business Justification Case instead of an OBC and FBC. This is for the Statutory Offices on the Appraisal Panel to decide and will be based on nature, scale, risk and complexity.

Revenue funding – if revenue funding forms part of the request for funding, it may be provided at this stage to accelerate the process and improve the overall quality of the final FBC.

3. Completion of an Outline Business Case (OBC) document

Once schemes are given the 'green light' to proceed to this stage, the applicant (supported by a dedicated resource in the MCA Executive Housing Team) will be required to submit an OBC. This will enable a more comprehensive and proportionate Green Book appraisal assessment to be carried out and for schemes to be assessed in a way which is compliant with the MCA Assurance Framework.

4. Assessment, Appraisal and Due Diligence

Assessment and appraisal will be undertaken in line with the Assurance Framework. This tends to be an iterative process and could involve further information or clarifications being requested

5. Completion of a Full Business Case (FBC) document

FBCs will provide the remaining detailed level of information required. All approvals, design, procurement and funding should be in place when FBC is submitted.

6. Final Assessment, Appraisal and Due Diligence

As in Stage 4 above, assessment and appraisal will be undertaken in line with the Assurance Framework.

7. Consideration by the Housing & Infrastructure Board and/or MCA Board

The Housing and Infrastructure Board meet every 8 weeks and will consider the recommendations of the Appraisal Panel and any proposed funding conditions. Where schemes are seeking £2m or more, a funding decision will be required from the MCA (which also meets every 8 weeks). [Link to MCA Meetings](#)

5. Terms and Conditions

For approved schemes, the grant recipient will claim funding either monthly or quarterly in arrears. Payments will be based on progress reports from the Applicant Organisation. Progress will be monitored against the agreed contract and delivery arrangements.

All terms of the contract and arrangements for ongoing monitoring will be agreed with individual Applicant Organisations prior to providing funding.

Standard forms of contracts are available on request. It is advisable to seek early advice to prevent delays in the later stages of the application process.

HOUSING AND INFRASTRUCTURE BOARD22nd October 2020**SCR HOUSING REVIEW: RESPONSE AND NEXT STEPS****Purpose**

This report sets out a proposed response to the recently completed Housing Review, as well as several next steps, for discussion and endorsement by the Board.

Thematic Priority

This report relates to the following Strategic Economic Plan priorities:

Secure investment in infrastructure where it will do most to support growth

Freedom of Information

The paper will be available under the Combined Authority Publication Scheme

Recommendations

Board members are asked to:

1. discuss the proposed response to the Housing Review report and next steps, suggesting any amendments.
2. recommend the proposed responses, as amended, to the MCA, requesting that the Mayor and Leaders meet to consider the implications of these responses, prior to seeking approval by the MCA.

1. Introduction

- 1.1 The Sheffield City Region (SCR) Housing Review was completed by ResPublica in June 2020, and the results of this work were discussed both at the SCR Housing Board at its meeting in July and with individual local authorities.
- 1.2 Purposefully provocative, the Review identifies a number of strategic issues in SCR and a series of six “propositions” for addressing these. It also sets out a broader case for further devolution of funding to better target public investment to meet local needs and opportunities as part of the wider response to Covid-19. A copy of the consultant’s Phase 2 report and recommendations is attached at Annex 1.
- 1.3 This report sets out proposed responses to the consultant’s recommendations, which have been developed in liaison with the four local authority Housing Directors. The

Board's views are invited on these proposals for recommendation to the Mayoral Combined Authority (MCA)

2. Proposal and justification

- 2.1** Overall, the MCA should be ambitious in responding to the Housing Review whilst remaining realistic; focusing on issues where the greatest benefits can be made in the shortest time. Local authorities in SCR share some common challenges as well as a common desire to address issues such as Future Homes Standards, flood risk and tackling uninspiring design.
- 2.2.** The Housing Review suggests how the MCA could help local authorities to gain more control over these issues as well as to deliver key housing schemes. As such, the proposed responses below concentrate on tangible measures that strategically can 'add value' to local activities around housing delivery and place making.

Responding to individual propositions

- 2.3 Proposition 1: Densifying Urban Areas:** This proposition focuses on the need to accelerate urbanisation by re-purposing space in urban areas for residential uses; "urbanising" employment nodes such as at the Advanced Manufacturing Innovation District; strengthening planning conditions and covenants to promote build to rent; and attracting much more mixed communities of age and income into our urban centres. In many ways these ideas are not controversial - the issues and arguments in the Housing Review align, for example, with Sheffield's Inner Urban Strategy as well as current Local Plans across the SCR. Urban densification is an ambition that all four local authorities are already committed to and is also emphasised in the SEP. However, much more can (and needs to) be done to encourage higher densities. As such, it is proposed that this principle should inform all our future work, particularly in terms of any next steps in the Housing Investment Fund (Proposition 2) and urban design (Proposition 6).
- 2.4 Proposition 2: Housing Investment Fund:** This proposition is one of the most ambitious in the Review and looks to create a "Housing Bond" by utilising the public sector ability to borrow alongside devolved funding. It could create a 'buyer of first resort' approach by the public sector to enable homes to be built at scale and speed, with a focus in urban areas or on difficult sites. It is proposed that these ideas be further developed to address issues like site viability; the infrastructure needed to bring forward "more challenging" sites; addressing flood risk; and reducing carbon emissions – which are suggested as more important considerations than a 'buyer of first resort.' Work is needed to help local authorities to deliver and extend their long-term placemaking role in some key parts of the City Region. There are also opportunities to support innovation or new approaches, such as scaling up council house building or acquiring and converting former commercial premises in City/town centres to support urban centre restructuring and regeneration.
- 2.5 Proposition 3: Private Rental Schemes:** This proposition explores the potential for a SCR wide landlord licensing scheme and the temporary imposition of rent controls to improve the quality and security of tenancies in the private rented sector. There are some challenging issues with private rented homes in many parts of the SCR. However, the effectiveness of introducing measures to address these at the SCR scale is considered questionable. Instead, a more targeted approach is likely to be more effective, with councils working locally or even on a neighbourhood scale to target poor landlords or intervene to exercise their legal powers in particular neighbourhoods. It is therefore proposed not to support this Proposition.

- 2.6 Proposition 4: Design and the Right to Beauty:** This proposition would see several measures introduced to raise the quality of design in new housing as well as in the conversion or renovation of existing buildings. These aims are strongly supported, especially in a town centre context over future years.
- There is a shortage of capacity and design expertise in public bodies within the SCR which would benefit from being addressed; eg. Barnsley Council manage an 'Urban Renaissance Design Panel' which has proved successful in raising the quality of planning application and masterplans. Other areas may also find this useful and a SCR Design Panel (architects, landscape architects, urban designers, etc) could provide expertise and advice on specific schemes where a local authority would find this helpful (at the Council's discretion). However, further consideration to understand both the benefits and resources required to implement this Proposition would be required first, alongside measures to upskill local authorities, building on existing expertise.
- The current South Yorkshire Residential Design Guide (2011) is also used by authorities but is now dated and so this could be refreshed by local authorities in liaison with MCA to reflect our current ambitions and emerging best practice.
- 2.7 Proposition 5: Spatial Planning:** This proposition makes the case for an SCR wide spatial plan to set out of the roles of different places in SCR, connect key employment & housing sites across local boundaries and pursue a polycentric model of mixed urban development that optimises the use of SCR's public transport network.
- The preparation of a spatial framework is included within the SCR Devolution Deal, and so it would be appropriate for discussions on potential timing and scope for such a strategy to be made by the Mayor and Leaders as part of implementing the Devolution Deal.
- 2.8 Proposition 6: Net Zero Homes and Renewal:** This proposition has less detail than the others in the Housing Review, but would help to address some critical issues with the quality of the existing housing stock and the MCA meeting its Net Zero ambitions. It is therefore proposed to prioritise this work in the Review's next steps as reducing carbon emissions in the existing housing stock is one of the biggest challenges the SCR faces. As set out in a separate agenda item, the Green Homes Grant and Social Housing Decarbonisation Fund have recently been launched by Government and there are significant amounts of public investment being made available. Although these are welcome, the scale of sub-standard or energy inefficient housing in the SCR means that investment will need to be substantial and well targeted if it is to be effective. The MCA and Local authorities should work collaboratively to develop effective domestic retrofit programmes and intelligence on how best to deploy these. This could be accelerated with some early work on housing conditions across the existing housing stock, to support targeting of investment to strongest needs, and build the net zero and health case for further investment.

Conclusions and Next Steps

- 2.9** Housing is a key part of both the new Strategic Economic Plan (SEP) and the SCR Renewal Action Plan (RAP). The Housing Review provides more detail on the housing issues facing the SCR and some practical suggestions for addressing these. However, there is no single approach to housing across the SCR. The SEP, RAP and the Housing Review all highlight its importance, but the MCA's overall approach to housing is difficult to articulate.
- 2.10** There is a risk that the MCA adopts a "pick and mix" approach to housing - progressing individual initiatives that are important but remain poorly connected to local initiatives and lack overall strategic coherence.
- 2.11** As such, it is proposed that alongside further work to develop the individual agreed propositions identified in the Review, local authorities and the MCA could work together to prepare a joint strategic approach to housing, developed in liaison with other housing

stakeholders like Registered Providers and Homes England. Such a strategic approach would better join up local initiatives and provide a stronger cross-boundary, aligned approach to housing. It would enable the MCA to take a more comprehensive and integrated approach than we have managed previously, allowing the SCR to 'speak with one voice' on major housing issues we face.

2.13 This approach would build on some of the propositions put forward in the Housing Review and focus on delivering these in a way that supports local initiatives. Along with developing a housing pipeline of deliverable schemes, this would also place the MCA and local authorities in a much stronger position when responding to new announcements and initiatives from Government and responding to the post-Covid19 challenges.

2.14 It is recommended that the Mayor meets with Leaders to consider the proposed responses in this report and the direction and scope of any strategy prior to being reported to the MCA for decision.

3. Consideration of alternative approaches

3.1 The Housing Review was managed by the MCA Executive and was overseen by the (former) SCR Housing Board. A Housing Advisory Group was also established, comprising of nearly 20 individuals and organisations across the public and private sector. At each stage, various options and propositions were considered and debated by both the Board and the Advisory Group to inform the consultant's final report and recommendations.

4. Implications

4.1 Financial

The financial implications of any actions arising from the MCA's response to the Housing Review will need to be fully explored and reported to the MCA Board in due course.

4.2 Legal

There are no direct legal issues arising from this report, although all propositions will need to be developed in line with appropriate local government and housing legislation.

4.3 Risk Management

Key risks include:

- Conclusions not supported by key housing policy, investment and delivery bodies.
 - Availability of budget to take forward proposals deemed appropriate to implement.
- These will be managed as part of the project and reported to the Board as necessary.

4.4 Equality, Diversity and Social Inclusion

The Housing Review and its conclusions include issues relating to equality, diversity and social inclusion.

5. Communications

5.1 None at present. The two reports comprising the Housing Review were placed in the public domain as part of papers for the SCR Housing Board meeting on the 2nd July. Any media communications would be aligned with when the MCA considers the approval of the response to the Review.

6. Appendices/Annexes

6.1 Annex 1 - SCR Housing Review Phase 2 Report and ResPublica Recommendations

REPORT AUTHOR **Garreth Bruff**
POST **Senior Programme Manager (Planning)**
Director responsible Mark Lynam
Email Mark.lynam@sheffieldcityregion.org.uk
Telephone 0114 2203442

Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

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Sheffield City Region Housing Review (Part 2)

A Report by ResPublica

May 2020



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1 INTRODUCTION AND BACKGROUND

Sheffield City Region (SCR) is undertaking a review of the South Yorkshire housing market and has assembled an advisory panel, drawn from relevant stakeholders, to assist with and provide overview of this work. The purpose of the review is to assess the extent to which housing may be responding to, driving, or indeed holding back economic growth in the city region.

Housing is a key employment sector in its own right, and investments in the housing industry including skills and modern methods of construction will contribute to increased productivity and job growth. However, the primary focus of this review is to consider the wider role of housing in place-making strategies and the relationship between housing and other policy considerations that contribute to making healthy, productive, and inclusive places.

This paper sets out a broad provocation and policy development ideas for the city region as a whole. It makes the case for the devolution of housing policy and funding to the Mayoral Combined Authority (MCA) and sets out some over-arching propositions for the advisory panel, and wider partners, to consider in addressing the headline findings arising from the first phase of the review.

1.1 Headline findings

Part 1 of this review identified that, in general terms, the housing market in South Yorkshire appears well balanced with many positive aspects compared to other areas in the UK. Rates of home ownership are relatively high – in line with the national average - with a lower proportion of private renting, and relatively higher levels of social housing.

Similar to most other areas in the UK, there are familiar demographic pressures on the housing market in South Yorkshire. This is characterised by an increasing and ageing population, and significant changes in the composition of households, including: a large increase in single people under 65s; an increase in couples without children; and a decrease in the number, and size, of families. All of this is impacting on the supply and demand for housing.

Affordability

House prices, private rent and social rents are all relatively affordable compared to both the wider region and the national average. Even when accounting for local wages, income to house price/rent ratios are more affordable in South Yorkshire than most other city regions in the UK.

Nevertheless, there are problems with both affordability and quality of accommodation. Over 50% of new houses are currently unaffordable for people on average incomes. While an average deposit on an entry level home (£15,000) would take households in the bottom

20% of incomes, over 9 years to save.¹ Home ownership is not achievable for everyone and the private rented sector (PRS) is therefore the only option for many low-income households. But less than 10% of lettings across South Yorkshire, are available at the Local Housing Assessment rate², making it difficult for households, wholly or partially dependent on benefits, to afford their rent.

In addition, South Yorkshire has the largest number of PRS properties, among comparator metro-regions, where local authority inspection has identified a serious and immediate risk to a person's health and safety.³ There is an urgent need to:

- Provide more affordable 'social' homes to rent – which could include options for shared ownership and ultimately the right to buy, and
- Improve the quality of existing housing stock, with a focus on licensing schemes to drive up PRS standards, alongside phased housing renewal and estate regeneration, in the most disadvantaged areas.

Social mobility and inclusion

The South Yorkshire housing market is highly polarised and spatially segregated. The highest property prices and higher income households are furthest from the urban centres of Sheffield, Rotherham, Barnsley and Doncaster.⁴ Housing markets are therefore strongly correlated with the spatial distribution and concentration of social and economic deprivation, including low incomes, low skills and educational attainment, and poor health.

A relatively large lower-skilled population, which is holding back productive growth in the sub-region, is in part an outcome of how housing markets function in South Yorkshire. Housing markets define the social and economic profile of neighbourhoods, which serve to lock-in and exacerbate inequality through patterns of segregation.⁵

The relationship between housing and schools is critical to addressing problems of social mobility. Good schools drive-up house prices,⁶ and pupils from the more prosperous neighbourhoods are more likely to go to the highest performing schools near to where they live.⁷ This suggests a different approach to housing development and place-making. Building socially and economically mixed communities – with homes to buy and rent - is necessary if the challenges of economic inclusion and social mobility are to be achieved.

¹ Huw Jones Consulting, Study into affordability of housing in the Sheffield City Region, 2018.

² Ibid

³ Local Authority Housing Statistics data returns, England 2017-18 (MHCLG)

⁴ Average Property Prices in South Yorkshire, Plumplot 2019

⁵ Cheshire and Sheppard, 2004; Gibbons and Machin, 2003; Leech and Campos, 2001

⁶ Parent Power: the price families pay to live near top schools

[\[https://www.thetimes.co.uk/article/parent-power-the-price-families-pay-to-live-near-top-schools-7vfpv9zhc\]](https://www.thetimes.co.uk/article/parent-power-the-price-families-pay-to-live-near-top-schools-7vfpv9zhc) November 2019.

⁷ Ferrari, E.T and Green, M.A. (2013) Travel to school and housing markets: a case study of Sheffield, England. Environment and Planning, pp. 2771-2788

Urbanisation

Housing is also a key driver in retaining and attracting new talent which is vital to growth. The rise in city centre living, across the UK, has been led by young high skilled people seeking a vibrant urban location to live and work. However, SCR is struggling to gain graduates with no previous association with the city-region⁸ and there is evidence that the housing offer in South Yorkshire is not meeting the needs of young professionals. The low level of city centre and town centre housing development is a current weakness which authorities are now seeking to address.

The economic rationale for city-regions is based on the principle of agglomeration, that bringing businesses and people together enhances productivity and drives growth. But the Sheffield City Region does not yet function as a single economic geography or travel to work area⁹ which can exert the kind of centrifugal pull found in other city-regions areas like Bristol, Greater Manchester, Cambridge, Oxford and London.

Densifying the urban centres, and especially Sheffield City Centre, will help drive economic growth. Local authorities in South Yorkshire have set out their development priorities in their Core Strategies and Local Plans. In all cases the intention is to concentrate housing development in existing urban areas and with a particular focus on town and city centres.

Spatial planning

The Mayoral Combined Authority (MCA) has committed to a non-statutory spatial plan. This should be developed in a way that sets out the roles which different parts of the city region play in providing locations for businesses and homes. Building in and around the main urban centres, employment sites, innovation districts, growth nodes, transport corridors and hubs will help to organise the economy in ways that recognize the common attributes of productive places—integration, proximity, density, connectivity, and quality place-making. From this a polycentric model for mixed urban development and reinforcing economic growth could emerge across the city region.

Housing targets

Current land allocations and housing targets in the sub-region are set to meet growth projections, and housing completion rates in South Yorkshire are broadly on track.¹⁰ However, targets are a blunt instrument in assessing aggregate supply and demand. A more nuanced understanding is required to ensure the right type of housing is delivered in the right areas to meet the right need and maximise the potential for inclusive growth.

⁸ Graduate Retention and Attraction, HESA, 2014/15

⁹ ONS, Travel to work area analysis in Great Britain: 2016

¹⁰ Sheffield City Region, Draft Statement of Common Ground, October 2019

1.2 Responding to Covid-19

The first part of this review was completed before the outbreak of the Covid-19 pandemic. However, the current public health and economic emergency does not alter the underlying assumptions, which this review is seeking to address. Housing's role in the economic recovery will become more pressing.

A new model for recovery

There is likely to be a long tail to this crisis, with the prospects of continued restrictions on movement that will cause ongoing social and economic distress for large numbers of people. Some households and communities will be harder pressed than others.

The UK's rentier economy has largely insulated creditors (banks) and asset-owners (landlords) from the worst effects of the pandemic while driving many of the most financially vulnerable deeper into debt. Buy to let landlords have been given mortgage interest holidays and many have received 'free money' in the form of rent paid through the Government's furlough scheme in addition to housing benefits. Banks have been given guarantees on loans, so the risk of non-payment is borne by businesses and the public purse. Companies must repay their loans and tenants their rents, at the risk of foreclosure or eviction (once the emergency legislation expires).

There will also be significant variation in the size of economic contraction between places, with the worst affected areas likely to be in the midlands and the North of England.¹¹ This must necessitate a different model for recovery. One that can be centred around local economies. And one that can offer a more equitable settlement for the army of largely low paid workers who have cared for the sick and the vulnerable and who have helped to keep the country running during lockdown.

The seemingly intractable problem of the UK's housing crisis must finally be resolved with a public commitment to build more homes to buy and rent, and to address the problems of affordability and quality. A re-imagining of the 'homes for heroes' house building programmes that followed the two world wars should kick start our economic recovery with a priority to build for our key workers (not just our teachers, doctors and nurses but our shelf-stackers, lorry drivers, cleaners and carers) and to finally remove the unacceptable circumstance of homelessness and rough sleeping.

The construction industry is one sector that has continued to operate throughout the period of lockdown although many sites have been suspended and development has slowed.¹² Overall, the industry will have been negatively impacted. Future housebuilding programmes can therefore contribute to the economic recovery. Generating new jobs and opportunities for local SME builders and suppliers.

¹¹ OBR analysis of decline in GVA resulting from Covid19 shut down

¹² <https://www.constructionline.co.uk/insights/news/covid-19-infographic/>

With a focus on modern methods of construction (MMC) house building in the city-region could help drive productivity growth. The 2017 Government White Paper¹³ supported the contribution MMC can make in solving the nation's housing crisis and achieving a step-change in housing output. It pointed to the potential for a 30% improvement in the speed of construction of new homes through the adoption of innovation, with a potential 25% reduction in costs, as well as the potential for advances in improving quality and energy efficiency.

An opportunity to re-think cities and town centres

There is a risk that Covid-19 will lead to urban flight and that attempts to populate towns and city centres will flounder. Many across the UK have endured months of lockdown without gardens or terraces. And this could only intensify the desire of the average British homebuyer to live in a house with outside space. Large cities have been amongst the most affected areas in the world. But while some like London and New York have struggled to control the coronavirus others like Seoul, Hong Kong, Singapore and many cities in Germany have managed to effectively contain the outbreak.

Density has always been associated with poor health, from the cholera and typhoid epidemics of the 19th century to this present crisis. But all these threats to public health have been overcome. The very highest life expectancies are found in the wealthiest urban areas. There is now an opportunity, coming out of this, to rethink the city and urban design. To reflect on the value of public spaces, communal gardens, parks and traffic free roads. Design and the creation of quality places in our urban areas should become even more important post Covid.

This review is therefore an opportunity to reflect on the issues of equality and inclusivity raised by Covid-19 as well as the relevance of housing to a wider economic and social recovery across South Yorkshire. There is, in the wake of this unprecedented crisis, an opportunity to accelerate the devolution process with a radical agenda for housing in the Sheffield City Region.

¹³ Fixing our broken housing market. Ministry of Housing, Communities & Local Government. 2017

2 THE DEVOLUTION OF HOUSING POWERS

Unlike a number of other metro-areas the current devolution deal for the Sheffield City Region does not include control over housing resources, although the Scheme does include housing and regeneration powers or functions that can be exercised concurrently with Homes England and local authorities.

2.1 Devolution in England

Place-based devolution in England has taken a number of forms. Progress has been incremental, and some areas have gradually increased the scope of their powers as local institutions have strengthened local accountability and transparency.

Some aspects of these devolution deals have been implemented without the need for any legislative changes, but where new powers are required, agreement to secondary legislation has allowed for:

- Responsibility for post-19 educational and skills training
- Homes England regeneration powers
- Police and Crime Commissioner powers
- Fire and Rescue Authority functions
- Public health, economic development and regeneration powers, waste management and air quality management
- Powers to create mayoral development corporations and spatial development strategies.
- Devolved health and social care.

The bespoke nature of devolution agreements has meant that some MCAs have benefited from additional devolved budgets and powers – for example Greater Manchester’s Housing Investment Fund and Cambridgeshire and Peterborough’s budget for Infrastructure, Housing and Growth.

As the country leaves the EU, the newly elected Government has committed to levelling up productivity and living standards across the country. To achieve this powers and funding will need to be devolved to a level where they can have greatest impact to accelerate economic growth, to city regions and other places, revitalising cities, towns and communities.

In this context the time would appear right for the Mayor and the Combined Authority to set out their vision for enhanced devolution to the Sheffield City Region, including powers over housing and infrastructure investment.

2.2 The case for devolved housing to SCR

The Sheffield City Region has struggled to attract the level of investment in housing and infrastructure that it would ideally like. There are numerous government interventions,

initiatives and programmes providing access to finance and routes to market. But authorities have experienced frustration in their unsuccessful attempts to realise relatively modest housing developments. This has eroded confidence in the ability of existing centralised funding, systems, and processes to meet local need.

Case study: The Housing Infrastructure Fund

Following a selection process, where local partners had been asked to categorise their top six priorities for housing development, MHCLG identified the city-region's second ranked scheme, on the basis that it was the most economically viable. Sheffield City Council were then invited to progress a business case for a Housing Infrastructure Fund application. This funding was to contribute to the council's ambitions to deliver over 18,000 new homes in the Sheffield and Rotherham growth corridor, over the next 10 years.

To aid the first phase, a comprehensive infrastructure and site enabling scheme had been initiated comprising highways improvements, flood mitigation measures, placemaking improvements, land assembly and site remediation. Completion of this scheme would have unlocked around 30 brownfield sites and 4,000 new homes, contributing to:

- **A strong economy** with job creation and the encouragement of private investment due to increased market investment.
- **Thriving neighbourhoods and communities**, densifying housing development with proximity to a wide range of city centre cultural and recreational facilities, links to employment and learning opportunities (including University campuses) hospitals and city centre amenities.
- **Better health and wellbeing** with the creation of a wayfinding environment, improving cycling and pedestrian movements and the strengthening of community identity and safety.

After an 18-month process of 'co-production' with Homes England the application was ultimately declined on the basis of its relatively low benefit cost ratio. Despite meeting all the eligibility criteria for the fund, including support from the combined authority, the scheme was assessed as unlikely to meet the high yield bench-mark required.

This recent experience in applying to the HIF, highlights the problems which localities face in dealing with centralised processes and decision making. Democratically elected local authorities are rendered powerless, reduced to a position of supplicant to government departments, and forced into a competition for funding that they are unlikely to win.

The scale of market failure across the north, and other places outside the Greater South East, suggests that it is these areas that need levelling up. The reluctance of the market to invest in places that offer a lower return on investment is the precise reason why public funding is necessary. Disproportionate amounts of public funding, in housing and infrastructure, are being invested in areas of high aggregate demand where the market is active and eager to build. Public funding is being utilised to address affordability issues in over-heated housing markets where authorities are under-bounded by greenbelt and available land is therefore at a premium.

Our centralised funding systems and assessment criteria are not sufficiently nuanced or weighted to reflect the variance (in the type and scale of problems) that exists between different housing markets across the country.

Mayors and Combined Authorities should be allowed to respond to their different challenges to meet local needs. Metro-regions should have the ‘placemaking’ powers, including the ability to coordinate housing, planning and transport, key to driving local growth.

The Government’s approach has gradually increased the powers of local institutions, enhanced local accountability and transparency, reduced barriers that stopped areas doing things for themselves and reduced bureaucratic and regulatory burdens. It is now time to go further, to transfer powers and funding from central government and its non-departmental public body, Homes England. This would create an enterprising and entrepreneurial role for the local state – to invest and build.

2.3 The ‘Ask’ of Government

The Mayoral Combined Authority should seek greater autonomy over wider housing powers and budgets, placing the constituent members of the combined authority at the forefront of negotiations with private developers and housing association, and giving them more responsibility to ensure the housing needs of their resident communities are addressed.

The proposed wider transfer of powers from Whitehall would see the Mayor and the Homes England agree a devolved allocation of the national housing and infrastructure funds that have already been committed by Government (including the recent 2020 budget announcements). This indicative budget for the SCR, would allow the combined authority to allocate this funding in line with both city-region and individual borough priorities.

In addition to the MCA should seek devolved land assets and holdings that form part of the wider public estate. It should also seek to utilise government borrowing capacity and/or borrowing powers devolved to the Mayor, to raise a bond or enable fully serviced loans for investment in public build to rent development.

‘Devolved Delivery Agreements’ could confirm an agreed housing budget for the MCA for the duration of the current parliament, until 2025. In turn, the MCA should agree a city-region housing strategy and a broad set of policies and outcomes to ensure local and city-region housing needs are met. Entering into a Devolved Delivery Agreement could be an entirely voluntary process, with those boroughs choosing not to participate continuing with existing investment arrangements.

3 PROPOSITIONS

The following propositions arise from the headline findings in the first part of the review. They are high level proposals intended to provoke further discussion and thinking about housing policy and strategy development in the city region.

The propositions are not intended to speak to individual projects or planned developments which individual authorities are looking to take forward. But they should be viewed as drivers for inclusive growth, that can accommodate specific plans, while helping to prioritise strategic interventions across South Yorkshire.

The ideas presented here are meant to stimulate new approaches to housing and place-making, to shape the focus of subsequent phases of this housing review, and to provide the basis for more detailed work, including in-depth research and modelling, as well as recommendations or propositions that can be developed into practical projects that add value to existing programmes and investments.

3.1 **Densifying urban centres and employment growth nodes**

A proposal to develop and populate the main urban centres in the South Yorkshire.

Context

City living has been on the rise in recent years with people returning to the city centres of the UK's core cities. Populations are growing and this trend looks likely to continue. This increase in urban living is associated good design, stylish apartments and the kind of services required by young affluent residents (gyms, cafes, bars, restaurants, and shops).

The return to urban living is both a cause and effect of economic growth. The economic rationale for city-regions is based on the principle of agglomeration, that bringing businesses and people together encourages innovation, enhances productivity, and drives growth. Vibrant city centres attract businesses and talent.

However, the urban centres in the Sheffield City Region do not provide this attraction or have not yet achieved the kind of centrifugal pull which can be found in other urban areas in the UK.

Proposal

Local authorities in South Yorkshire have set out their development priorities in their Core Strategies and Local Plans. In all cases the intention is to concentrate housing development in existing urban areas and with a particular focus on town and city centres.

The proposal is to accelerate this development in order to maximise the role of housing in driving economic growth in the city region. This would involve a significant repurposing of city and town centres, to increase the density of residential accommodation alongside commercial and business use. This should also consider the urbanisation of the main

employment growth nodes in the city region (including the Advanced Manufacturing Park and the Sheffield-Rotherham Growth Corridor).

This process should provide the opportunity to rethink the city and town centre as an environmentally friendly place that can also be attractive to families and older people. The intention should be to provide for vibrant mixed communities that can reflect a diverse population, in terms of age as well as social and economic circumstance. Urban centres should be magnets for wealth creators, but they should also be more than a playground for the young and the affluent.

There are factors affecting city centre development in South Yorkshire. A current study of the residential market in Sheffield City Centre¹⁴ has identified a significant under supply in the build to rent market compared with other core cities. This study recommends that a city centre city strategy should focus on the rapid, large-scale delivery of homes for the mid-market, affordable to the largest market segment who are already working in the local economy.

This strategy is suggested as the approach most likely to:

- Address achievable values
- Attract required financial investors, new capital and entrants to the market
- Impact, in the most meaningful way, on the shortfall in affordable, quality housing in the city region.

In pursuing such a strategy, local planning authorities should seek to strengthen their commitment to this market by using planning conditions and covenants to promote build-to-rent projects and to overcome the viability challenge relative to build-to-sell, as recommended by the Montague Review.

3.2 A Housing Investment Fund

A proposal for a funding and delivery model to significantly boost housing supply, initially to rent but with options for long term tenants to buy. This model will address quality and affordability of housing for lower income households, create new jobs, boost small developers, and grow construction capacity through continued investment.

Context

The UK has consistently failed, over five decades, to deliver sufficient housing - either to buy or to rent. When the public sector withdrew from housebuilding, at scale, it was expected that the market would pick up the slack. This has not happened. The impact of this under delivery manifests itself in house prices, locally and nationally, that are unaffordable to much of the population.

¹⁴ Colliers International, Sheffield City Centre, Residential Market Study (WORK IN PROGRESS) March 2020

Over half of new houses in South Yorkshire are currently unaffordable for people on average incomes. An average deposit on an entry level home (£15,000) would take households in the bottom 20 percent of incomes over 9 years to save. With growth and rising demand property will become more unaffordable. Home ownership is therefore not achievable for everyone and many low-income households have no other option than to rent privately. But there are also wider problems of affordability and quality in the private rented sector. Less than 10% of lettings across South Yorkshire, are available at the Local Housing Assessment rate, or below. While the sub-region has a disproportionate number of properties deemed to be a health and safety hazard. Part of the solution must be to build more affordable and desirable 'social' homes to rent. This could include options for shared ownership and ultimately the right to buy.

The viability of build-to-rent, and particularly affordable rents, has been a long-standing issue. In essence build-to-rent generates a much lower annual rate (7.5% pa) compared to the traditional build-to-sell model (17.5%). As investors and developers require a return between 10% and 12.5% pa to take the development risk, this underlines the challenges faced by institutional investors willing to invest in the sector to accelerate housing delivery.

Government has intervened with measures such as the £1bn build-to-rent fund, launched in 2012 and topped up in the 2013 budget, which provided bridge financing to attract institutions to invest in the private rental sector. However, this has not resulted in the large influx of high-quality rented accommodation that could help raise standards and competition in the market or stabilise rent levels.

The build-to-rent fund was closed in 2016 and replaced by the Home Building Fund, managed by Homes England. This provides loans to meet the development costs of building homes for sale or rent, as well as site preparation and associated infrastructure to enable housing. However, these loans are subject to best value assessments that prioritise areas of high demand with the greatest affordability issues. As we discussed above, on this basis regions like South Yorkshire have struggled to compete for funding with places in the Greater South East.

Government also lifted the HRA Council borrowing cap in 2019. The borrowing cap had been seen as a major constraint for housing and lifting it is estimated to release £10b - £15b of additional borrowing so that councils could build an additional 100,000 new homes, 15,000 per year. Many local authorities have started to build-to-rent at a greater pace and scale but not yet to the level that is required to meet the country's needs. As a consequence, the rental sector will continue to be dominated by buy-to-let private landlords for some time.

There are numerous government interventions, initiatives and programmes providing access to finance and routes to market. But the Sheffield City Region has is likely to lose out to other regions in a competition for public funds based on aggregate demand and benefit cost ratios. The MCA needs greater leverage and control over decision-making about housing and infrastructure investment, to address the problems of market failure in South Yorkshire.

In terms of the private market, the main difficulty is that developers are only building at the rate at which they predict they can sell. And capital loans, especially to SME builders, are

tied to what and when they can sell not what they can build. The main solution, therefore, is to provide a **'Guaranteed Buyer'**.

The proposal

The Mayoral Combined Authority (MCA) should agree a housing deal with Government. This could create a new legal entity based around an SCR wide Housing Investment Fund that could:

- Utilise government borrowing capacity and/or borrowing powers devolved to the Mayor, with rates at historically low levels, through a 'bond' or fully serviced loans.
- Hold the devolved allocation of the housing and infrastructure funds that have already been committed by Government (including the recent 2020 budget announcements) and transferred to the MCA.
- Hold devolved land assets and holdings that form part of the wider public estate that have been transferred to the MCA.
- Enable pooled resources with contributions from public and private investors (e.g. L&G).

The Housing Fund would therefore be a new financial and delivery vehicle designed to significantly boost housing supply, by speaking to the fundamental problem of the speed and scale of building. Such a fund could build thousands of homes for rent in the SCR by acting as a **'guaranteed buyer'** within a certain time frame for those homes. Buying, or rather ordering, in bulk would reduce the initial costs and stimulate the SME market to produce these homes to order at scale and in time.

These homes, held for ten years and managed and tenanted properly, would provide a surplus in value after a decade. This surplus could then be applied to create home ownership extension schemes whereby a proportion of homes could be then sold to tenants for their value at the point of rental.

Given the stability of rental return and the rising asset value of the scheme, private capital could be found to finance this approach. As part of this local model, the MCA and local authorities would be able to leverage existing assets, such as land, and enhanced planning permission to further advantage the project. New approaches to land value capture and to Compulsory Purchase could make the Housing Fund even more valuable.

By addressing the problems of speed and scale where developers must sell to a credit constrained market in order to release funding for the next house they build, this vehicle speaks to the limitations that the market operates under. After establishing local needs and agreeing a joint approach with partners, the delivery vehicle (supported by the MCA) would then enter into pre-purchase agreements with developers, enabling them to proceed with secure funding already in place to deliver the homes, on a greatly accelerated timetable. This also creates the conditions in which house builders can be more innovative, for example adopting Modern Methods of Construction (MMC) to deliver new homes.

An arm's length Board would be appointed to oversee investment criteria to determine the type and location of homes to be delivered. For example, the Fund could let 5,000 homes at a rent linked to the Government living wage; make 5,000 available to purchase in ten years' time at today's price; or let 5,000 at submarket rent to enable tenants to save for a deposit. The MCA could also as an additional incentive to attract and retain key workers, prioritise these homes for nurses, carers, social workers and teachers.

Other housing investment deals have been struck with Government (including Greater Manchester and Oxfordshire) but these have not succeeded in making more affordable social rented accommodation available. This Fund could transform the SCR housing market, providing attractive, well managed homes for rent on family-friendly five-year tenancies. And their production will supplement, rather than compete with, the output of the main house builders.

As experience develops and confidence grows, the approach could also be expanded to help fund investment into improving existing housing stock. For example, this may be in the shape of gap funding with homeowners to improve energy efficiency in older housing or to cover the needs of aids and adaptations so that homes meet the needs of older communities.

In summary the Fund would:

- Create a '**Guaranteed Buyer**', or '**Buyer of first resort**' driving a higher rate and scale of production, by minimising risk
- Utilise Public Sector ability to borrow money at historically low rates – the 'loan' would increase public debt but not add to the deficit
- Utilise Housing Associations' and local authority expertise in building, letting and managing properties
- Expand local SME developers and increase the range of companies in the sector
- Improve the quality and range of housing offered is key to future prosperity of a local area
- Provide new affordable rent and then own options – up to 30% gain over ten years to be used for social ends
- Link economic growth, housing and social return much more explicitly
- Provide a vehicle for ensuring existing housing stock is fit for purpose in terms of issues like climate change and ageing communities.

The Fund will be financed by low cost long-term (50-year) finance, which government would secure and on-lend. Government and SCR will agree the Fund's structure and the time limited role that government will play enabling the market to price the debt accordingly. The Fund will be responsible for servicing this debt and securing it against the homes acquired, paying the interest costs from its rental income, and finally repaying the debt at the end of each 50-year term. After 10 years, the Fund could be self-sustaining with no further government intervention required. Cumulative net rental income (assuming that it is not invested in additional new homes) could repay each tranche within 30 years.

Rationale for a Housing Fund

The case for a Devolved Housing Fund is not primarily to address a lack of finance, or the availability of land, or difficulties with planning consents but the problem of a '**guaranteed buyer**'. The logic is as follows:

- Over the past 50 years the market has not taken up the slack left by the withdrawal of the public sector from house building.
- This is because the market builds what it thinks it can sell. So not at the pace and scale required.
- The commercial viability of building to rent has meant that this aspect of house building has been especially impacted.
- The financialisation of housing (Buy to Rent) has mean that most homes to rent are now in the private sector, and rents are subject to market forces.
- The year on year shortfall in supply of new homes to buy and rent, combined with the growing PRS, has exacerbated affordability problems.
- Since the financial crisis interest rates have been at a historic low but this has not resulted in significant investment in housing and infrastructure.
- Public funding - through Homes England and other sources - have also failed to result in the kind of house building programmes required, especially in the north of England.
- Public funding should be responding to market failure but instead it is disproportionately invested in places with high aggregate demand using the treasury's cost benefit approach. Hence places in the North lose out to places in the Greater South East which can evidence a better return on investment.
- This evidently does not work for the north, as Sheffield's recent failed HIF bid demonstrates. So, a different model is required, one that can address market failure and viability issues. One that can utilise the entrepreneurial role of the public sector to underwrite risk, to build at scale.

3.3 Private rental schemes

A proposal to improve the quality and affordability of private rented accommodation.

Context

The growth in Buy to Let landlords has led to an expanding private rented sector with some of the highest levels of property investment in Europe. This has put increasing pressure on the supply of housing, fuelled prices and led to widening asset gaps in the UK.

Private rental prices have grown in recent years, although the rate of growth has slowed recently and median private rents in South Yorkshire have remained less than 30% of

median earnings.¹⁵ The traditional ratio used to define affordability implies that households should not pay more than 30% (or a third) of household income on housing costs.¹⁶

However, average or median figures can mask some stark difficulties for many households. Market rents, at a ward level, are largely unaffordable for households earning below average income in parts of the city region. In some areas, lower quartile rents are unaffordable for over a third of households. While rents for larger properties and in certain areas would be unaffordable to households on the lowest incomes.

There is a considerable difference between market rents and the Local Housing Allowance (LHA) rate which is set at the 30th percentile for rents. Only 9% of lettings across South Yorkshire, are available at rents at the LHA rate or below and this has implications for the ability of households wholly or partially dependent on benefits to afford their housing costs.

The issues of affordability are compounded by problems of quality. South Yorkshire has the largest number of private rented properties, among comparator metro-regions, where local authority inspection has identified a serious and immediate risk to a person's health and safety.

Poor-quality homes and equally poor-quality landlord behaviour are holding back the PRS sector from being a safe and attractive option for many people and contributing to health inequalities in the city-region. Energy efficiency is a particular issue with older housing stock and South Yorkshire has a high indices of fuel poverty that are contributing to high numbers of winter deaths as well as other related public health issues.

The proposal

The Mayoral Combined Authority (MCA) should introduce a licencing scheme to improve the quality of housing in the private rented sector. Additionally, it should explore the potential for introducing rental controls across the city-region.

i) Private rented licencing scheme

There are numerous licensing schemes operating in the UK, with many more local authorities, like Doncaster, looking to implement them. These schemes vary and most authorities have introduced 'selective licencing' which target private landlords in designated areas, usually with high numbers of HMOs. Sheffield City Council has introduced such a scheme in parts of parts of London Road, Abbeydale Road and Chesterfield Road. Government approval is needed for schemes which cover more than 20% of a council area.

In 2015 Liverpool City Council introduced a compulsory citywide scheme for all private landlords including almost 50,000 properties. The council carried out more than 37,000 compliance actions and prosecuted nearly 250 landlords, accounting for 85 percent of the all

¹⁵

<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/indexofprivatehousingrentalprices/previousReleases>

¹⁶ A report by the Affordable Housing Commission, Defining and measuring housing affordability – an alternative approach, 2019

landlord prosecutions in England. Following accusations of heavy handedness and a strong lobby from private landlord associations the application to extend the scheme for a further five years was turned down by the Government, citing a lack of evidence, and the scheme ended on 31st March 2020.

Given this recent precedent a city-region wide PRS licencing scheme to ensure improvements to quality would need to provide compelling evidence, highlighting the scale of the problem in South Yorkshire. Alternatively, the scheme could operate within the 20% limit of each constituent authority and target the most affected neighbourhoods. However, operating such a scheme across the sub-region would provide consistency and completeness across the whole housing market, minimising any internal displacement that might otherwise occur.

Any licencing scheme – selective or otherwise - should be compulsory, and landlords should be required to pay a small fee for each registered property to help fund the scheme. This would help to regulate and limit poor quality while providing eligibility criteria for available grant funding, helping to incentivise both the scheme and new investment to improve PRS housing. It would need to work at scale to support and educate would-be good landlords as well as acting on enforcement against the bad ones.

More generally, the scheme could help with the professionalisation of the private rented sector. The Law Commission estimates that just 2.2% of landlords in England are part of a professional body. In other countries, such as France, Germany and Scotland, landlords are often regulated by government through registration, regulatory bodies and professional membership organisations. These are additional policies that the MCA could consider, to establish a landlords' register, to regulate the sector, drive up quality and environmental standards to help meet the city-regions net zero ambition.

ii) Rent Control

One potential solution to the affordability problem is the introduction of rent controls. These are policies that has been introduced in different places in the developed world, either at city (e.g. San Francisco), state or national level. The success of these approaches varies according to culture (attitudes to home ownership) and the structure of housing markets in which it has been tried. When comparing different countries, there was no clear connection between rental regulations and the size of the private rented sector. Rental regulations do have some impact, but the relative attractiveness of other tenures and the availability of investment opportunities are key determinants (Whitehead *et al* 2012).

In Germany, where around 30% of households rent privately, Angela Merkel introduced the so called 'Mietpreisbremse' or 'rental price brake', intended to stop landlords in property hotspots from increasing rents by more than 10% above a local benchmark (Shelter 2018: 14). Local authorities have the final say on implementing rent controls, given that their effectiveness will vary regionally.

The efficacy of rent control has been a point of contention in the UK. The Labour Party under Ed Miliband and Jeremy Corbyn have proposed rent controls in recent years, seeking to curtail

the power of landlords and providing renters greater stability. In contrast, the Conservative Party have remained ideologically opposed to this level of state intervention in private housing markets preferring 'Right to Buy' policies as an instrument to 'rebalance the housing market towards more home ownership' (Conservative & Unionist Manifesto 2019: 30).

Sadiq Khan has recently requested additional powers to implement rent control in London, as a safeguard until more housing is built. He has proposed: abolishing 'no reason' evictions under section 21, the introduction of open-ended tenancies, and the implementation of rent stabilisation. The Mayor's proposal to end 'no reason' evictions would bring London in line with Germany where tenants cannot be evicted without a reason; English legislation only provides 6 months of protection from 'no reason' evictions (Shelter 2016: 7-8).

Rent controls can effectively safeguard tenants from unaffordable rent and provide greater security, and act as a short-term fix to rebalancing housing. Regulations can also have the capacity to positively influence supply and demand. This measure could be a short term/transitory move needed to address problems with affordability in the lower end of the private rented sector, bringing more homes for rent in line with the Local Housing Allowance and enabling lower earners to afford their housing costs.

In return there could be the potential to offer some incentives to landlords and develop the PRS to create a much more dynamic and high-quality build to rent market in some parts of South Yorkshire.

There are undoubtedly sensitivities about rent capping measures which will not go unchallenged. The proposal will be politically difficult with opposition from some local partners and from Government. However, MCA should consider rent controls and whether the organisational capacity required to introduce something similar to the London Mayor's ask of Government would be a sensible intervention, as a safeguard until more social build-to-rent is established in the SCR.

3.4 Urban design and the right to beauty

A proposal to drive up the quality of design in housing and in place making.

Context

The value of building well designed and attractive or "beautiful" housing is difficult to monetise. This means that developers, politicians and policy makers frequently neglect its importance. Quality of life is enhanced by the quality and attractiveness of the urban environment, and appreciation of beauty is correlated with socio-economic status. IPSOS Mori found that 69% of those satisfied with their household income considered their local area to be beautiful, compared with 53% of those dissatisfied with household income (Harvey and Julian 2015: 2).

Surveys have consistently identified that the public are very positive about the impact of design on their lives. However, it is also the case that the public is less positive about the design and build process, which is perceived to shut out architects (with a responsibility for

creating it) and the public (who end up experiencing it) while planners and developers hold sway. (Policy Exchange 2019: 118).

There is a tension between what people want and the perceived motives of developers and planners where design is subject to rules intended to minimise 'harm', and the financial bottom line. This can mean an emphasis on volume and cost resulting in as many homogenised box-like homes that can be squeezed into a development. A large majority of the population (77%) think that cost is used as an excuse to justify ugly development.

Design is subjective but we know that the British public prefer low rise, traditional properties built on streets (70%). But there is still considerable support (44%) for medium-rise developments in urban areas. Apparently, the public do not want design uniformity, identikit buildings or 'noddy boxes'. The majority (89%) want a style and fit that coexists happily with the environment rather than dulls it. (Policy Exchange 2019: 119).

Participants in an ethnographic study in Sheffield, believed that beauty was important for fostering civic pride, generating respect for places and, by extension, the people that live there. Along with improving civic engagement and community cohesions, beautiful areas have also been linked to improved economic activity, and health and wellbeing. Beautiful areas attract high skilled labour and increase property prices; furthermore, good office design and a good quality public environment stimulate productivity and trade. Beautiful areas also encourage people to exercise, while just being around nature reduces stress and encourages wellbeing (Harvey and Julian 2015: 12).

A number of solutions may be drawn from our experience of housebuilding throughout the twentieth century, that allow for more beautiful homes and communities: respect for context and surrounding, drawing on local traditions on style, ensuring long-established architectural principles, and having an 'eye' present to draw out the quality and delight of an area (Policy Exchange 2019: 13).

The need for high quality design and place making is particularly relevant to our town centres, many of which feature poorly or insensitively designed buildings and public realm dating from the 1960s and 1970s. This is being addressed in several South Yorkshire centres, with locally led renewal programmes alongside government supported initiatives like Town Deals and Future High Streets Funds. However, many buildings and spaces in town centres will need to be re-purposed for residential uses in the future and the quality of their design will be essential to the success of this process.

The proposal

The Mayoral Combined Authority (MCA) and local authorities should consider how good design can be integrated into all housing development as an integral aspect of place making in the city-region.

This should include a role for local communities in the design and planning process, led by local planning authorities. This could take the form of public forums and discussions about what constitutes good design and what development should look like. And it should start

from the position of building on local traditions and a knowledge of what people know works for their area. It should involve communities in decision making, giving them the power to veto developments on the basis of aesthetics.

Zac Goldman has proposed development ‘guarantee’ criteria to protect residents while their homes and neighbourhoods are being regenerated. He has recommended that regeneration should not go ahead unless: existing residents have been involved from the start, most existing residents support the regeneration, most tenants remain on the estate during the process and only move once, residents are guaranteed the same size home for the same rent (Policy Exchange 2019: 23).

The MCA and local authorities should institutionalise design competitions for new housing development, inviting architects to design the most attractive spaces that can combine maximum density, with utility, while nurturing beauty. Communities should be invited into this process and onto judging panels and the current South Yorkshire Residential Design Guide (dating from 2011) should be updated and refreshed to reflect this change in direction along with the latest space standards and similar qualities.

Future developments should focus on place-making not housing units. A municipal architect or team of design experts should be created with oversight of this agenda, who can help to strengthen local authority capacity. Drawing on local culture and style, they would allow for continuity in the aesthetic of individual areas across the city-region but also allow for a modernising agenda that can incorporate new green technologies and modern construction methods. The tendency to modernise too quickly and at scale can harm community cohesion. But done sympathetically this hybrid mix of styles can elevate and renew places.

The MCA should ask Government to align VAT on housing renovation, in order to incentivise the re-use of existing buildings, as recommended by the Building Better, Building Beautiful Commission. Brownfield sites should be promoted over greenfield sites, and urban over suburban as targets for development. The strategy for high streets should aim to make high streets attractive places to live, work and spend leisure time in; and it should respond flexibly within a clear framework to changing patterns of demand.

Ultimate responsibility for implementing such a programme, including the capacity to improve design in the master planning process for individual projects, would rest with individual planning authorities. However, the MCA could adopt a strategic role in promoting good design and host the proposed ‘design team’ whose role it would be to support individual authorities and schemes, disseminate good practice and distribute leadership. These proposals need to be seen in the light of the reductions in capacity within local authorities and funding would clearly need to be sought to enable such an approach.

3.5 Spatial planning

The current devolution deal for the SCR includes a commitment to a non-statutory spatial plan. This proposal considers the principle-based approach which the non-statutory spatial plan should seek to follow in helping to make productive and inclusive places to live and work.

Context

The South Yorkshire housing market is highly polarised and spatially segregated. The sub-region broadly conforms with a monocentric pattern of urban development where the highest income households live furthest from the urban centres and Central Business Districts (CBD) and where the lowest income households are concentrated in the inner urban areas.

The effect of this spatial arrangement is that housing markets are strongly correlated with the distribution and concentration of social and economic deprivation, including low incomes, low skills and educational attainment, and poor health. Housing markets are serving to lock-in and exacerbate inequality which is holding back productive growth and limiting social mobility.

The evidence of socio-economic distribution would also suggest that the longer-term challenge is to evolve a more spatial and structural approach to future housing development and place-making. This will require a focus on urban centres, to densify, and provide an offer that is attractive to new businesses and young professionals and which can create the agglomeration effects that are vital for growth. (see 3.1 above).

The plan will also need to provide for different homes of different size, type and tenure, to buy and rent. Building socially and economically mixed communities is necessary if the challenges of economic inclusion and social mobility are to be achieved and sustained. This would mean building homes to attract middle class families which can be situated within a wider social tenure, including affordable and desirable homes to rent, for lower income families. It will also need consideration of amenities and public services, including schools, nurseries, and health services. This will especially be the case in the city and town centres, if new populations are to be attracted, including families.

Sheffield City Region does not yet function as a single travel to work area, exerting the kind of centrifugal pull which can be found in other areas like Bristol, Manchester, Cambridge, Oxford and London. This explains, to some extent the patterns of localised housing markets and peri-urban sprawl as housing growth is shaped around multiple travel to work areas.

The case for working across administrative boundaries on housing policy and transport development will become more necessary than ever. Not least the need to improve internal connectivity between urban centres and key employment sites.

The proposal

The Mayoral Combined Authority (MCA) should develop a non-statutory spatial plan that sets out the roles which different parts of the city region play in providing locations for businesses and homes. Building in and around the main urban centres, employment sites, innovation districts, growth nodes, transport corridors and hubs will help to organise the economy in ways that recognize the common attributes of productive places—integration, proximity, density, connectivity, and quality place-making.

This will need to be more than an alignment or amalgamation of existing local authority plans. A fully integrated spatial plan should aim to connect key employment and housing sites, across local administrative boundaries, and where the growth hubs of the future are likely to be. This may involve trade-offs between places and agreement on priorities for phased development. From this a polycentric model for mixed urban development and reinforcing economic growth could emerge across the city region.

A strategic spatial plan will need to add up to more than the sum of its parts. It should be a clearly articulated plan for that can help make the case for investment in transport and other forms of infrastructure across the city region, by identifying the preferences and 'first moves'. For example, options would include a new train station to serve the Advanced Manufacturing Park, and a tramline connecting the Sheffield city centre, along the economic corridor to the business parks in Rotherham. A risk-reward deal, similar to Greater Manchester, and based on 100% retention of business rate uplift, would help fund the cost.

Plans to urbanise the existing business parks, with the development of housing and related amenities, would require some greenbelt release. However, this could significantly uplift land value and effect housing markets along these improved transport corridors.

It is well understood that countries and regions around the world, like the Rhine-Ruhr and the Randstad, have used spatial planning to focus political will, economic activity, and social reform to great effect. Some partners in the region have expressed concerns about the practical utility of a non-statutory spatial plan. And there is a long-standing debate about the pros and cons, not least about the implication for the distribution of housing numbers. Making the London Plan statutory does not seem to have resulted in a great transformation in housebuilding, for successive Mayors.

Given the consensual status of the SCR plan it will need to be carefully negotiated between a coalition of the willing. The spatial plan will need to contain policy hooks that will take account of Local Plans and enable the implementation of local priorities in the context of a wider planning strategy. Other developed nations, shows how building from the bottom up with detailed local plans around towns and cities, put together with coherent regional plans that address wider issues of infrastructure, investment, and other strategic assets.

But the emphasis should be on the type of development that can best contribute to improved productivity and inclusive growth, to develop assets for the benefit of the region as a whole who live in that region, without slowing up the production and updating of Local Plans.

3.6 Net zero, green homes and housing renewal

In addition to good design, there is an opportunity to invest in net zero housing, to improve the overall quality and energy efficiency of the existing housing stock, and to kick start the green economy.

Context

The issues of housing affordability in the city region are compounded by problems of quality. Energy efficiency is a particular issue with older housing stock and South Yorkshire has a high level of fuel poverty, contributing to high numbers of winter deaths as well as other related public health issues.

The MCA and all four local authorities in the South Yorkshire have declared a climate emergency and the City Region will no longer invest in housing schemes which do not meet the net zero ambition. This strategic approach should be a key driver of change, for all actors in the housing sector, including public and private, to ensure that the energy efficiency of existing housing stock is improved, and that new development does not exacerbate carbon emissions.

Proposal

Local authorities in England and Wales have broad discretion to offer assistance to private owners with housing repair/improvement work, although wider powers to provide renovation grants and home repair assistance were revoked in 2002, and cuts to local authority funding over the past 10 years have limited what can now be done.

The MCA should explore with Government the possibility of extending assistance for housing renewal as part of a revived and locally controlled 'green deal' and to improve existing housing stock as part of the Estate Regeneration National Strategy.

Local authorities, housing associations and government should seek to attract external funding, from institutions or private investors, for area based public-private finance initiatives. This should be undertaken as part of an area-based strategy, where the development of new homes alongside a renewal of existing stock can demonstrate transformational potential and clear benefits of investment to the local economy. Tax system incentives, including VAT relief on refurbishment, should also be sought.

The potential for Modern Methods of Construction should also be accelerated to improve the scale and pace of new house building, to improve productivity within the sector and to decarbonise new house building with eco-developments. Industry-Higher Education links should be explored to foster innovation in this sector and in the development of renewable energy technologies for affordable homes.

4 CONCLUSION AND NEXT STEPS

The propositions set out here are intended to provoke new ways of thinking about how housing can be taken forward as part of an ambitious economic plan to improve productive growth in the city region and address problems of inequality in the housing market. The proposals are to be considered in the context of an over-arching devolution deal for housing. If the MCA is to 'level up' the economy, then it will need big, bold policy interventions to challenge the 'business as usual' approach. This means:

- A greater emphasis on place making, and not just housing numbers, to address problems of segregation in the housing market by building more socially and economically integrated communities
- A clear strategic focus on urban centres, to densify residential buildings in city and town centres, to create places where knowledge intensive businesses want to locate and where high skilled workers want to live
- Building, at scale and pace, more homes to rent, to address problems of affordability and housing quality for lower income households that are less likely to own their own homes
- Improving the quality of existing stock, including the private rented sector in the most deprived areas of the city region
- Upgrading standards for urban design and focusing on sustainable 'green' development that can, scale up modern methods of construction, increase energy efficiency, and help the city region meet its net zero target.

The next stage of this review will need to consider how these propositions might be taken forward by the MCA, local authorities, and wider partners. We have outlined some broad steps.

Advocacy

Assuming the Mayor and Combined Authority are interested in further exploring these propositions, a programme of advocacy will be required to allow strategic and political leaders in the city-region to understand how these proposals have been identified and why they are needed. Clearly the support of local political leaders will be essential in making the case to Government.

In parallel to this process of high-level local engagement it will be necessary to initiate dialogue with Government, including the Secretary of State for MHCLG and his SpAd, the City Growth Unit and No. 10. Activating the three new conservative MPs in the city region and utilising them as advocates for greater devolution to SCR will also be crucial.

However, before any of this work is undertaken it will be necessary for the Mayor to adopt these ideas, in principle, and to own the vision for housing devolution.

Further research and modelling

The propositions as they currently stand are broad brush policy recommendations. Further research will be required to test the feasibility of these ideas in the South Yorkshire context.

The proposal for the Housing Fund will require proof of concept. ResPublica and JLL have previously modelled this at the national level. However, a sub-regional analysis will need to be undertaken to:

- Assess consented land, and housing build out rates
- Determine available land and priority sites for development
- Forecast the numbers of build-to-rent units, and the overall the size of the Fund
- Calculate the returns and the timescale for repayment of the fund.

Interventions to improve the existing stock will need to identify priority areas, based on criteria that can fairly reflect need as well as the opportunity for economic growth.

Other proposals to roll out Landlord Licencing schemes and implement rent controls will need to consider scale and the time period of operation. Specific neighbourhoods would need to be identified with a programme of public engagement.

Consultation with local planning authorities would be necessary to think through how proposals to improve urban design might be implemented and how general design principles, and community involvement, might be agreed and embedded into the planning and development process.

Dialogue with the city's Higher Education Institutions should also be undertaken to assess the scope for future collaboration and knowledge transfer relating to sustainable housing development, energy efficiency technologies, and modern methods of construction.

HOUSING AND INFRASTRUCTURE BOARD

22ND October 2020

SCR DIGITAL INFRASTRUCTURE STRATEGY UPDATE

Purpose of Report

To summarise the early findings of the SCR Digital Infrastructure Strategy commission and to approve the recommended actions for the next stages leading to the delivery of the final draft report.

Thematic Priority

This report relates to the following Strategic Economic Plan priorities:

Secure investment in infrastructure where it will do most to support growth

Freedom of Information

The paper will be available under the Combined Authority Publication Scheme.

Recommendations

The Board is asked to:

1. Comment on the emerging findings of the initial phase of the Strategy development.
2. Note and provide comment on the proposed next steps in preparing the SCR Digital Infrastructure Strategy.

1. Introduction

- 1.1 In January 2020, the Infrastructure Board approved the proposal to commission the preparation of a Sheffield City Region (SCR) Digital Infrastructure Strategy. Following a procurement exercise Arcadis were appointed and commenced work in June 2020.
- 1.2 This report and presentation provide an update and key findings on the initial phase of the work and outlines the next steps in preparing the Strategy itself.

2. Proposal and justification

- 2.1 The principle objectives of the commission are to:
 1. Provide a 'reality check' of the Market and stakeholder needs.
 2. Check and challenge the South Yorkshire Digital Connectivity Strategy and proposed interventions.

3. Prepare a consistent and evidence based SCR Digital Infrastructure Strategy and identify early interventions.
 4. Providing an assessment of public assets with the potential to support full fibre and 5G roll-out.
 5. Providing guidance and advocacy to raise SCR's profile with Government and better access Government investment.
- 2.2** Since their appointment Arcadis have undertaken over 70 interviews with stakeholders to obtain the views of both the industry and wider stakeholders on how the City Region could best support the digital infrastructure needs for a growing economy. These included discussions with the four South Yorkshire Local Authorities; public bodies such as the NHS and Police and Fire Services, as well as digital infrastructure providers and other private sector companies
- 2.3** Arcadis have also reviewed the Superfast South Yorkshire Digital Connectivity Strategy, prepared by the four local authorities in 2019 to inform the preparation of the SCR Strategic Economic Plan, as well as the previous SCR Digital Action Plan (2018). Furthermore, the consultant reviewed previous unsuccessful funding submissions for Government funding to better understand how we could improve funding bids in the future.
- 2.4** A summary of the interim findings were recently presented to the Superfast South Yorkshire Board, which comprises officers from all four local authorities, and which is acting as a 'Sounding Board' for the preparation of the Strategy. The Board were generally supportive of the key findings and will continue to be engaged in the development of the Strategy.
- 2.5** The presentation at Appendix 1 outlines the key findings to date and sets out the approach to the next phase of the commission.

In summary the key findings are:

- Overall, the fundamental ambitions of the Superfast South Yorkshire Digital Connectivity Strategy remain sound.
- Superfast South Yorkshire (SFSY) has been a successful demonstration of regional collaboration.
- All four mobile operators have deployed 5G in the SCR region (largely in Sheffield) and plan to extend coverage over the next two years.
- Whilst there is much cause for optimism, digital activity and supporting policies vary across the individual Authority areas, leading to fragmentation and a lack of strategic consistency. A tangible set of shared objectives and clear governance and alignment to an overall SCR wide strategic approach would simplify operator engagement and deliver shared efficiencies.
- Whilst SCR have the ambition to reset DCMS perception of the region as a place to invest, a strong evidence base is key to evidencing market failure and therefore the case for state intervention
- Access to public sector assets such as rooftops, street furniture and ducting can greatly assist operators in building their networks, but it should not be regarded as a major revenue source for the public sector
- Where Local Authority assets can play a role though is through 'Anchor Tenancy' models which emerged from urban fibre LFFN initiatives and may be equally appropriate to enabling the imminent investment in rural fibre broadband
- The SCR has an active but fragmented digital industries sector and a strong narrative could be created with some focussed resource and minimal investment.

2.6 The next phase of work includes:

- Compiling the evidence base and analysis / mapping
- Mapping public assets and overlaying with industry roll-out plans and other data sources
- Continuing discussions with industry and other stakeholders on early interventions
- Engagement with DCMS
- Start drafting the Strategy document

2.7 It is intended that a draft strategy be ready for engagement with partners and stakeholders by the end of the year for consideration by this Board at its next meeting on the 7th January 2021.

3. Consideration of alternative approaches

3.1 Alternative approaches and options are being considered as part of developing the Strategy to inform the preferred strategic aims, objectives, outputs and outcomes.

4. Implications

4.1 Financial

All activities set out in this report will be delivered from within existing resources. Where any further external work needs to be commissioned, funds for this will need to be identified.

4.2 Legal

None as a direct result of this report.

4.3 Risk Management

Key risks are:

- Individual authorities not engaging or unable to support elements of the work; however to date engagement has been high.
- Disagreements between individual planning authorities on any potential contentious issues.

4.4 Equality, Diversity and Social Inclusion

Ensuring digital inclusion for all will be a key purpose of the Digital Infrastructure Strategy, aligning with the intentions of the Equality Act and Public Sector Equality Duty and the inclusivity policy approach of the SCR Strategic Economic Plan. The work programme set out above is designed to enhance and support work at the local level by adding value and creating some economies of scale.

5. Communications

5.1 Engagement and consultation opportunities are key components in the development of the Strategy. The final approved document can be publicised later in 2021 once completed and approved.

6. Appendices/Annexes

6.1 Appendix 1 – SCR Digital Infrastructure Strategy Initial Findings Presentation

REPORT AUTHOR **Laurie Thomas**
POST **Senior Programme Manager (Infrastructure)**
Officer responsible Mark Lynam
Organisation **Sheffield City Region**
Email **Mark.lynam@sheffieldcityregion.org.uk**
Telephone **0114 2203445**

Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

Other sources and references:

Sheffield City Region

SCR DIGITAL INFRASTRUCTURE STRATEGY INTERIM FINDINGS

SCR DIGITAL INFRASTRUCTURE STRATEGY

We set out five objectives:

- 1. Provide an independent 'reality check' of the Market and stakeholder needs**
- 2. Check and challenge existing SY Digital Connectivity Strategy and proposed interventions.**
- 3. Prepare a comprehensive, evidence based SCR Digital Infrastructure Strategy , identifying early interventions**
- 4. Provide an assessment of public assets to support full fibre and 5G roll-out**
- 5. Provide guidance and advocacy to raise SCRs profile with Government and better access Government investment**

INTERIM REPORT KEY FINDINGS – 70 STAKEHOLDERS

- Overall, the fundamental ambitions of the Superfast South Yorkshire Digital Connectivity Strategy remain sound
- Superfast South Yorkshire (SFSY) has been a successful demonstration of regional collaboration
- All four mobile operators have deployed 5G in the SCR region (largely Sheffield) and plan to extend coverage over the next two years.
- SCR has an active but fragmented digital industries sector
- Whilst there is much cause for optimism, digital activity and supporting policies are very much at the individual Authority level.
- a strong evidence base is key to demonstrating market failure and making the case for state intervention
- Access to public sector assets should be on open access and ‘Anchor Tenancy’
- Fully exploiting DCMS’s ‘Outside-In’ programme will be critical to our rural communities
- Opportunities for innovative interventions

Page 81

*30Mbps+ speeds

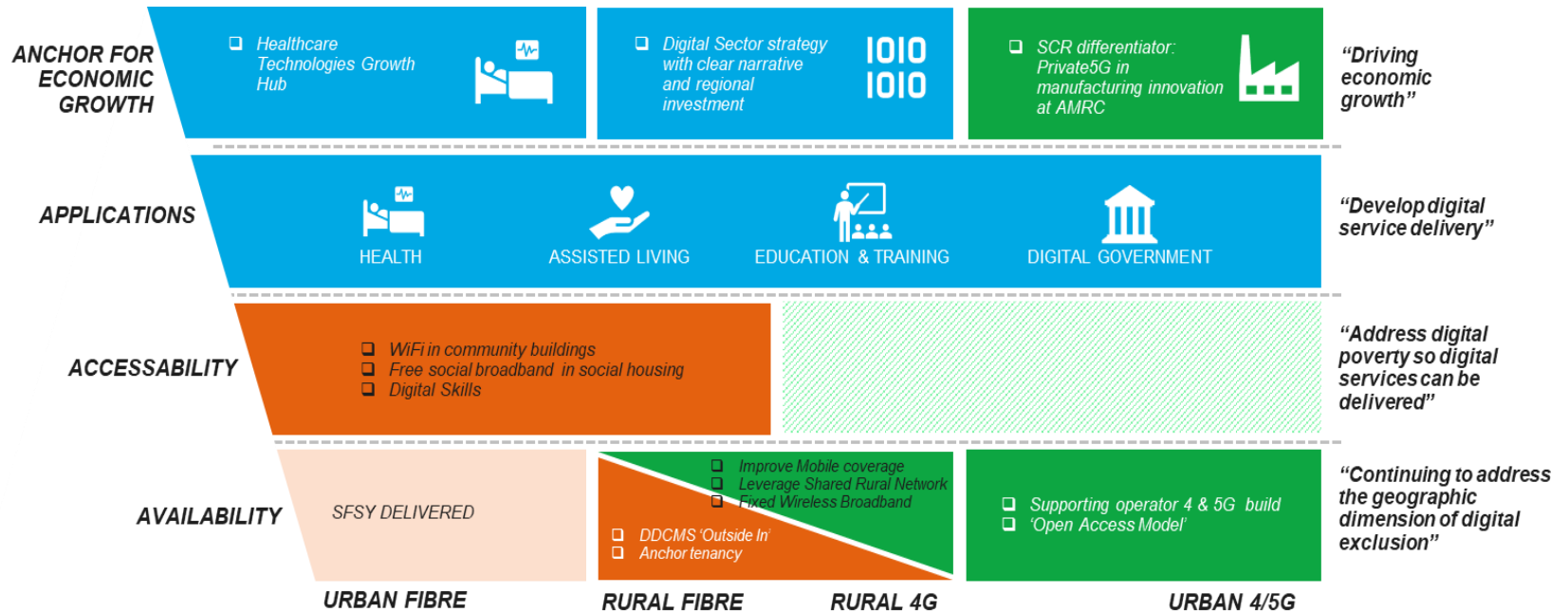
FROM INSIGHT TO STRATEGY

- **Build the Strategy around joining up local activity and industry, and growing the vibrant digital sector**
- **Easy to work with for operators; a place where they will want to invest**
- **Lead social broadband thinking**
- **A differentiated 5G strategy (manufacturing centric)**
- **Thought leadership and rural broadband ready**

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*30Mbps+ speeds

DEVELOPING A CLEAR STRATEGY FOR SCR



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A clear and differentiated strategy

- Lead social broadband thinking (ideally free)
- A differentiated 5G strategy (manufacturing centred)
- Thought leader and rural broadband ready (DCMS 'Outside In')
- Easy to work with for operators; a place where they will want to invest
- Build the narrative around a disjointed but vibrant digital sector

Alignment around a well articulated business case

- A granular view of the benefits of collaboration (eg cross SCR contract landscaping to build towards savings through scale and removal of duplication)
- Ability to articulate business cases with compelling and accurate insight

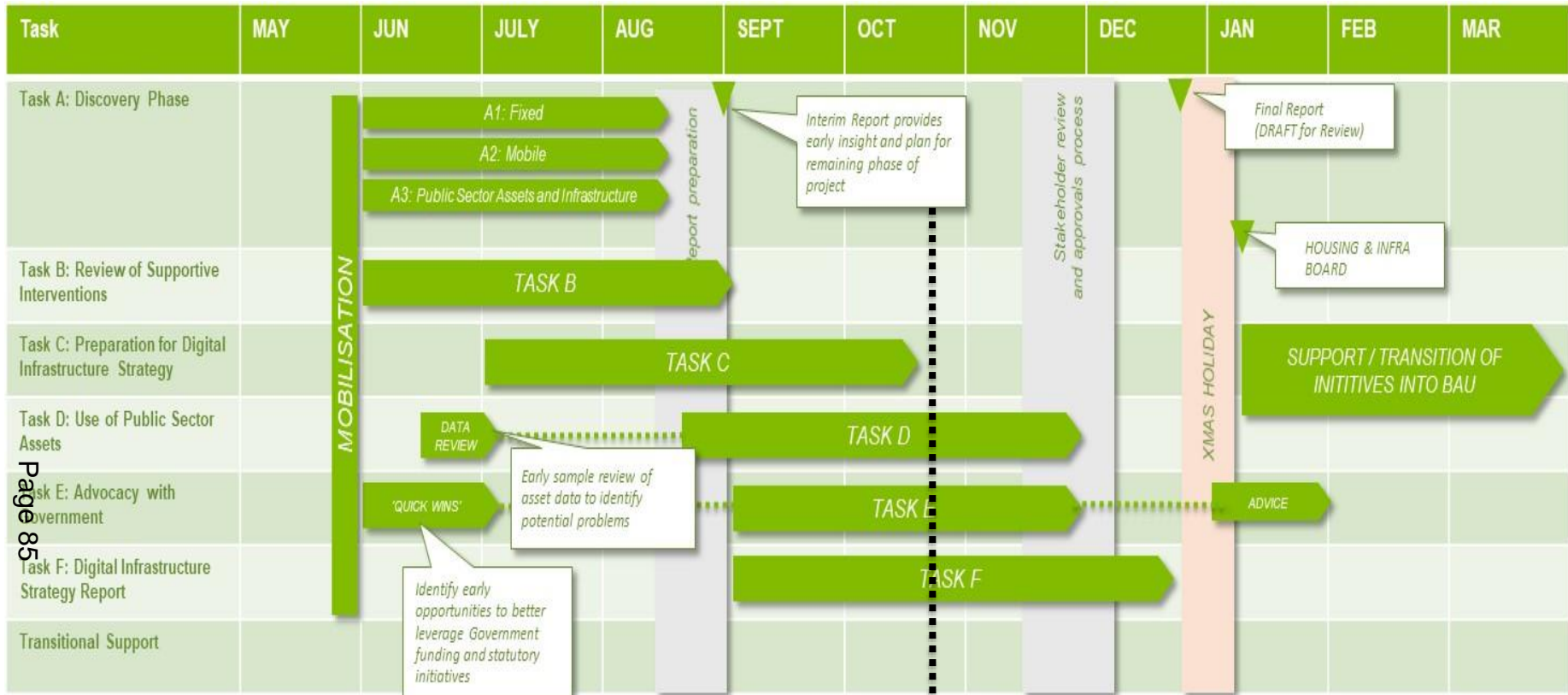
With strong governance and accountability

- SCR should establish a Digital Group to provide a joined up approach to digital infrastructure and related activities
- SCR should evolve the successful SFSY programme approach as both digital centre of excellence and to drive delivery and accountability for the Digital Strategy delivery.

NEXT STEPS

- **Complete Interim Report**
- **Compile the statistical and operational evidence base and analyse**
- **Complete mapping of public assets and overlay with industry roll-out**
- **Develop early interventions with partners and stakeholders**
- **Build on engagement with DCMS**
- **Start drafting the Strategy document**

NEXT STEPS TIMELINE



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70 stakeholder interviews completed



Interim report delivered



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HOUSING AND INFRASTRUCTURE BOARD

22nd October 2020

GETTING BUILDING FUND CAPITAL PROGRAMME APPROVAL RECOMMENDATIONS

Purpose of Report

The paper seeks a recommendation for MCA approval of three schemes with a total value of £8.18m Getting Building Fund (GBF).

Thematic Priority

Secure investment in infrastructure where it will do most to support growth

Freedom of Information and Schedule 12A of the Local Government Act 1972

The paper will be available under the Combined Authority Publication Scheme.

Recommendations

The Board consider and recommend for approval at the MCA:

1. Sheffield Heart of the City Breathing Spaces proposal for £4m grant to Sheffield City Council subject to the conditions set out in the Appraisal Panel Summary Table.
2. Rotherham Town Centre Masterplan proposal for £2.18m grant to Rotherham Metropolitan Borough Council subject to conditions set out in the Appraisal Panel Summary Table.
3. Century BIC Phase 2 proposal for £2m grant to Rotherham Metropolitan Borough Council subject to the conditions set out in the Appraisal Panel Summary Table.

1. Introduction

- 1.1** On 30th June 2020 the MCA was awarded £33.6m GBF to invest in 'shovel-ready' projects that will provide stimulus to local economies. The funds need to be defrayed by 31st March 2022 which allows an 18 month delivery window.

At the present time the guidance received from Government states that Sheffield City Region will be expected to deliver the agreed projects and any significant changes to the projects will be discussed and agreed with the Government in advance. All investment decisions must be undertaken in line with locally agreed audit and scrutiny arrangements.

This paper requests a recommendation to approve at MCA subject to any conditions to be set out in the Appraisal Panel Summary Table for three schemes with a total value of £8,180,000.

2. Proposal and justification

Sheffield Heart of the City Breathing Spaces Project

2.1 The Project

The scheme is to enhance the city centre by creating three new spaces including a pocket park, a vibrant small square on Carver Street and expansion of the Peace Gardens between the Town Hall and the proposed new hotel on Pinstone Street. Total costs are £12m with £4m GBF grant alongside Sheffield City Council investing £6m and a further £2m is applied for through Transforming Cities Fund (TCF) funding.

The new spaces adjoin developments in the £480m Heart of the City2 (HoC2) project which aims to increase attractiveness to occupiers and visitors.

2.2 The Benefits and Outcomes

The project is integral to the aims and objectives for the wider HoC2 scheme an assessment of the Benefit Cost Ratio (BCR) that could be associated with the full £42 million of public funding required for the wider scheme has been undertaken.

This BCR suggests that the employment associated with the wider scheme would generate £328m in gross GVA over ten years and £127m in net additional benefits. This suggests a NPV of £105m which, for £42 million of public funding, implies a BCR of 2.6:1. Therefore £2.60 of net additional benefits would be generated for every £1 of public funding contributed.

This would represent value for money, in line with the benchmarks set by the DCLG 2016 Appraisal Guide.

Conditions include achieving planning permission for the new pocket park and development on Carver Street. The project is also linked with a TCF proposal which aims to secure funding for Rockingham and Pinstone Street. Non delivery of the TCF scheme is likely to reduce value for money associated with HoC2, but will not compromise the case for this GBF funding.

The Board is asked to recommend the project for approval to the MCA.

Rotherham Town Centre Masterplan

2.3 The Project

The scheme aims to undertake public realm improvements and site clearance in Rotherham Town Centre as part of the delivery of the Masterplan. The project involves public realm improvements to Bridgeway, Effingham Street, College Street and Howard Street, as well as the replacement of all existing street furniture and lighting. The project will also acquire and demolish the Higher Education (HE) hub and Riverside precinct to prepare land for future commercial developments, public realm and community space. The vision in the Masterplan is to enable Rotherham's communities to reclaim their town centre as a space for families and to create a focus on flexible residential, culture and curated retail to create a blueprint for a town centre that meets the needs of its communities and visitors alike.

The project requests £2.18m from GBF towards a total scheme cost of £4.05m.

2.4 The Benefits and Outcomes

Given the nature of the projects being brought forward (principally demolition and public realm works), there are limited direct employment and GVA impacts that will be generated by the proposed project. However, without this project going ahead, future schemes, including the Rotherham Markets Complex redevelopment and the Forge Island development, would not be able to be brought forward as quickly as desired. The projects proposed in this application are fundamental in allowing the delivery of future schemes and it can be assumed that the completed schemes will generate significant employment and GVA benefits.

Aside from the economic benefits that might be generated in unlocking future schemes, there are a number of further economic benefits that will be generated through the projects included in this application:

- 20 safeguarded construction jobs
- 6,165sqm of new public realm (through the Town Centre Public Realm Scheme)
- 0.22ha brownfield land remediated

Based on the evidence above and the potential for the completed schemes which would be unlocked through the proposed projects in this application to generate significant economic benefits for Rotherham Town Centre, overall the project will represent value for money.

Whilst planning permission has been granted for the Riverside precinct site, negotiations are ongoing for both the Riverside and HE Hub site. Any funding agreement should include provisions to ensure grant cannot be drawn down on these elements until acquisition is in place.

The Board is asked to recommend the project for approval to the MCA.

Century BIC Phase 2

2.5 The Project

The Century Business Centre Phase II will create around 17,000 sq. ft. of new floor space for office and clean manufacturing “move on” space within B1 use class on an existing business park. The project aims to create high quality, publicly owned and operated employment space which will complement the existing space available for growing businesses.

SCR funds will be used to fund all elements of the development; excluding prelims and site surveys that have already been paid for from the approved RMBC budget within the Council’s Capital Programme.

The project requests £2m from GBF alongside a Local Authority contribution of £1.6m.

2.6 The Benefits and Outcomes

The project is estimated to generate net additional GVA of approximately £21.8m over 10-year period for the SCR economy. This equates to a return of £11.66 for every £1 of SCR MCA funding.

The project delivers 71 net additional jobs (81 gross additional) at a cost per job of £28,138. On this basis the project represents value for money.

The project applies for public money through a state aid route on the basis that the public funding should cover any proposed viability gap. RMBC have proposed a viability gap of £2m which is the basis of the GBF offer.

The Board is asked to recommend the project for approval to the MCA.

3. Consideration of alternative approaches

- 3.1 Other options have been considered during the development of the business cases. Consideration has been given to whether £2m TCF can be granted for the Heart of the City Breathing Spaces scheme alongside the GBF but at this stage it is not possible to fully assess the TCF element of the scheme, so the TCF application will be considered separately.

4. Implications

4.1 Financial

The report proposes the projects presented for approval today are recommended for approval subject to the conditions set out in the Appraisal Panel Summary Table. To be eligible for grant, expenditure will have to have been defrayed by 31 March 2022.

4.2 Legal

The Century BIC project represents state aid and is covered through Article 56 of the General Block Exemption Regulation (GBER). The legal implications of the project have been fully considered the Monitoring Officer and included in any recommendations agreed by the Appraisal Panel.

4.3 Risk Management

Risk management is a key requirement for each of the submissions and is incorporated into the Full Business Case (FBC) submissions. Where weaknesses have been identified in the FBCs in terms of risk management, further work to capture and mitigate these risks is included as a condition of award in the appraisal panel summary sheets and explained above. Risks and issues management is reported quarterly to the SCR Executive as part of contract monitoring.

4.4 Equality, Diversity and Social Inclusion

Appropriate equality and diversity considerations are taken into account as part of the assessment of the project business case.

5. Communications

- 5.1 The business cases for GBF schemes presents opportunities for positive communications; officers from the SCR Executive Team will work with the relevant officers on joint communications activity at the appropriate time.

6. Appendices/Annexes

- 6.1 Appendix A: Heart of the City Breathing Spaces Appraisal Panel Summary
Appendix B: Rotherham Town Centre Masterplan Appraisal Panel Summary
Appendix C: Century BIC Phase 2 Appraisal Panel Summary

Report Author **Carl Howard**
Post **Senior Development Manager – Programme and Performance Unit**
Officer responsible Gareth Sutton
Organisation Sheffield City Region

Email gareth.sutton@sheffieldcityregion.org.uk
Telephone 0114 220 3442

Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

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Appraisal Panel Summary

Scheme Details

Project Name	Sheffield Heart of the City Breathing Spaces		
Grant Recipient	Sheffield City Council		
SCR Executive Board	Infrastructure	SCR Funding	£6m GBF £4m
% SCR Allocation	50%	Total Scheme Cost	£12m

Appraisal Summary

Project Description
<p>The transformation/renewal of Sheffield City Centre has been underpinned by high quality new public spaces and connectivity between them. This has driven demand for commercial and residential development, attracted new businesses and is a key element of Sheffield's distinctiveness. This project will enhance the City Centre Transforming Cities Funds proposals and approved SCC capital funding within the Heart of the City budget.</p> <p>Up to three new spaces will be created: a landscaped pocket park on Block G including a cycle hub; a vibrant small square on Carver Street with seating terraces for adjoining cafes and civic space and expanding the Peace Gardens between the Town Hall and proposed Radisson Blu hotel on Pinstone Street. The new spaces adjoin developments within the £480m Heart of the City2 project and will increase attractiveness to occupiers and visitors.</p>
Strategic Case
<p>The applicant sets out a clear strategic rationale, linking the direct contributions that will be made to the National Planning Policy Framework (NPPF) and national Plan for Growth, government aims to Rebalance the Economy¹ and reinvigorate high streets, the SCR Transport Strategy, the SCC Breathing Spaces Strategy, SCC Local Plan and wider plans for development of Sheffield City Centre, tackling the climate emergency and requirement for reductions in carbon emissions.</p> <p>The project aligns closely to SCRMCA SEP and Renewal Action Plan objectives.</p> <p>It should be noted that the alternative option, to construct a multi-storey car park may deliver larger scale direct financial and economic benefits. However, given the strategic case and core objectives put forward for the project we believe it is appropriate to discount such an option at the longlist stage.</p>
Value for Money
<p>As the project appears to be integral to the aims and objectives for the wider HoC2 scheme an assessment of the Benefit Cost Ratio (BCR) that could be associated with the full £42 million of public funding required for the wider scheme has been undertaken by the Assurance Team (£4million GBF, £2m TCF, £6m SCC funding and a further £30m SCC funding required for the H2 Office block)</p> <p>This BCR suggests that the employment associated with the wider scheme would generate £328m in gross GVA over ten years and £127m in net additional benefits. Discounted at 3.5% this suggests a NPV of £105m. Set against the NPV of £42 million of public funding, this implies a BCR of 2.6 : 1, i.e. £2.60 of net additional benefits would be generated for every £1 of public funding contributed.</p> <p>This would represent strong value for money, in line with the benchmark set by the DCLG 2016 Appraisal Guide.</p>
Risk
<p>The Appraisal Panel should be aware of the risk associated with a failure to secure funding for the Rockingham and Pinstone Street TCF proposals. While this does not compromise the overall case for</p>

¹ BIS (2016). 'Rebalancing the Economy'

GBF funding, it would be likely to reduce the value for money associated with HoC2. The relationship between the schemes should be considered when appraising the case for TCF investment.

Ongoing uncertainty surrounding COVID-19 means that demand for office take up will remain uncertain, at least until HoC2 office developments are completed. This could affect the scale of benefits generated through the project. Nonetheless, we believe the strategic and environmental case for investment in the project is strong enough to warrant public investment regardless.

Delivery

The applicant has set out a clear account and plans for risk management, project delivery, governance and management. The applicant has set out a clear and realistic set of delivery milestones, and timetabling for key dependencies, including around:

- the procurement of a contractor for the new square at Carver Street (scheduled for completion in October 2020)
- planning permission for the pocket park on Block G (expected to be uncontroversial)

GBF funding is recommended to be conditional on approval for both the Carver Street square and pocket park on Block G.

Delivery of the proposed scheme appears feasible, despite some disruption to Carver Street (see appraisal Strategic Assessment). Proposed milestones appear realistic.

Legal

The proposed scheme will invest in public goods on publicly owned land. Although it will complement wider HoC2 commercial developments, it will not support them directly. As such State aid requirements do not apply.

Recommendation and Conditions

Recommendation	Full 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. Detailed milestones which will be monitored against, and if not met, may result in funding being withdrawn or clawed back.

The following conditions must be satisfied before drawdown of funding.

2. Following the procurement of a contractor, SCC to confirm the final tender price is consistent with the FBC Financial Case
3. SCC to confirm that Planning permission for Carver Street Square and the pocket park on Block G has been secured
4. 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 social and economic benefits and that these can be captured, monitored and reported. This should include monitoring the use of green spaces, any benefits generated by those users and any neighbouring commercial developments.

Record of Recommendation, Endorsement and Approval

Sheffield Heart of the City Breathing Spaces

Appraisal Panel Recommendation		Board Endorsement		MCA Approval	
Date of Meeting		Date of Meeting		Date of Meeting	
Head of Paid Service or Delegate	Ruth Adams Deputy CEX	Endorsing Officer (Board Chair)		Approving Officer (Chair)	
Signature		Signature		Signature	
Date		Date		Date	
S73 Officer or Delegate	Simon Tompkins Finance Manager	Statutory Finance Officer Approval			
Signature					
Date					
Monitoring Officer or Delegate	Steve Davenport SCR CA Solicitor				
Signature					
Date					

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Appraisal Panel Summary

Scheme Details

Project Name	Rotherham Town Centre Masterplan		
Grant Recipient	Rotherham Metropolitan Borough Council		
SCR Executive Board	Infrastructure	SCR Funding	£2,180,000
% SCR Allocation	54%	Total Scheme Cost	£4,052,425

Appraisal Summary

Project Description

There is a very clear vision for Rotherham Town Centre, stemming from the extensive work undertaken through the Town Centre Masterplan (TCM). Importantly, the vision and masterplan are 'current' and well-aligned to the unique and significant challenges facing the town centre. In summary, this vision and proposal will enable Rotherham's communities to reclaim their town centre as a space for families. Flipping the traditional role of town centres as commercial heartlands to create a focus on flexible residential, culture and curated retail to create a blueprint for a town centre that meets the needs of its communities and visitors alike, creating opportunities for inclusive growth, employment and sustainable development. This request includes three projects that are within the adopted Masterplan.

Public Realm Improvements

Improvements to the key streets in the heart of the pedestrianised Rotherham Town Centre. Works will include the complete resurfacing of Bridgegate, Effingham Street, College Street and Howard Street, as well as the replacement of all existing street furniture and lighting. Works will improve accessibility around the town centre and address existing DDA compliance issues.

HE Hub Acquisition & Demolition

The HE Hub site forms an integral part of the Rotherham Markets Complex redevelopment, one of the key projects in the Town Centre Masterplan. The site will house the new Community Sector Hub building to sit alongside the relocated Central Library, providing a 'one-stop-shop' service for social and community support provision for the local population. As well as high quality public realm. In addition, the new building and wider treatment will enhance a key gateway into Rotherham town centre. This future development is outside the scope of this project and is due to commence in late 2021/early 2022.

Riverside Precinct Acquisition & Demolition

The critical need for a major scheme was highlighted in the Masterplan – The Forge Island development is to act as a catalyst for the regeneration and repurposing of Rotherham town centre. Muse Developments Ltd were selected as the Council's development partner in 2018 to help bring forward this key catalyst site. Riverside Precinct, to which RMBC hold the freehold interest, is located on the east bank of the River Don forms an integral part of Muse Developments first stage of development on Forge Island, connecting the main island site to the rest of the town centre.

The proposal is to demolish the existing buildings on the site and undertake preparatory works to prepare the site for future development, and therefore forms part of the advanced enabling works to prepare the site for development by the Council's Forge Island development partner, Muse Developments Ltd.

Strategic Case

The proposed projects have a clear strategic rationale and would build on the wider work being undertaken for the adopted Town Centre Masterplan. In unlocking the Riverside Precinct and former Education Hub sites, this will enable the redevelopment of Rotherham town centre to come forward. The wider Town Centre Masterplan has a very strong strategic fit with the SEP and Renewal Action Plan.

The scheme has a clear strategic rationale, building on the work undertaken for the adopted Town Centre Masterplan. In unlocking the Riverside Precinct and former Education Hub sites, this will enable the redevelopment of Rotherham town centre to come forward.

In relation to the Renewal Action Plan, the scheme has the potential to counteract the market forces observed in urban centre operations in light of COVID-19, which has placed greater urgency for investment and regeneration in supporting their changing role. Public realm improvements in Rotherham have been identified as a shovel-ready infrastructure investment project that could support the town centre in modernising.

Value for Money

Given the nature of the projects being brought forward (principally demolition and public realm works), there are limited direct employment and GVA impacts that will be generated by the proposed project. However, without this project going ahead, future schemes, including the Rotherham Markets Complex redevelopment and the Forge Island development, would not be able to be brought forward as quickly as desired. The projects proposed in this application are fundamental in allowing the delivery of future schemes and it can be assumed that the completed schemes will generate significant employment and GVA benefits.

Aside from the economic benefits that might be generated in unlocking future schemes, there are a number of further economic benefits that will be generated through the projects included in this application:

- 20 safeguarded construction jobs
- 6,165sqm of new public realm (through the Town Centre Public Realm Scheme)
- 0.22ha brownfield land remediated

In addition to these benefits, the projects included in this application are expected to generate significant social and environmental impacts, which have not been accurately displayed by the applicant. Positive social value that could be generated includes an improved perception of the town and positive environmental benefits will also be generated by this project through an improved urban environment and an enhanced pedestrian environment which will encourage more town centre users to travel by public transport, cycle or walk.

Based on the evidence showed above, and the potential for the completed schemes (which would be unlocked through the proposed projects in this application) to generate significant economic benefits for Rotherham Town Centre, we recommend that overall, the project would represent strong value for money.

Risk

The risk register provided by the applicant provides a good overview of the potential risks associated with the project. A range of mitigation measures have been inserted into the risk register which, if followed, should mitigate any potential risks.

One of the key risks for the project is the need to acquire the long lease for the HE Hub. The applicant states that negotiations are already at an advanced stage, with a District valuer already instructed for the site. Failure to acquire this site would limit the potential for development in line with the Masterplan.

The projects have all been developed following the market analysis, which was undertaken as part of the masterplan's development and included stakeholder analysis, an independent 'market consultancy report' and a Retail & Leisure Study. All of these studies show the market demand for refocusing the town centre away from traditional retail uses to a blended approach. The two key schemes (Forge Island Development and the Rotherham Markets Complex redevelopment) show strong market demand, although these will have been dampened through COVID-19.

Delivery

There is already a clear project management plan detailed by the applicant, with the Town Centre Masterplan Project Board already established. A detailed project plan has been provided for the Riverside Precinct project (led by Muse Developments Ltd), although limited detail has been provided by the applicant relating to key milestones relating to each to the public realm improvements and the HE Hub development, particularly in relation to how this phase of work relates to the wider project.

For the HE Hub Acquisition & Demolition the Council are currently in final negotiations to agree the final purchase price for the current long lease and internal approval has already been secured for its acquisition and immediate demolition and remediation to prepare the site for the upcoming Markets Redevelopment.

For the Riverside Precinct the Council is still in negotiations with the single remaining unresolved lease in operation at the site, planning permission was granted for the wider Forge Island development in June 2020.

Legal

There are no State Aid concerns regarding this application, with all works set to be undertaken by Rotherham Metropolitan Borough Council, with contractors appointed through identified frameworks. All works are to take place on sites owned by the Council.

Recommendation and Conditions

Recommendation	Full 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. Detailed milestones which will be monitored against, and if not met, may result in funding being withdrawn or clawed back.

The following conditions must be satisfied before drawdown of funding.

2. Following the procurement of a contractor, RMBC to confirm the final tender price is in line with the FBC Financial Case.
3. 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 social and economic benefits and that these can be captured, monitored and reported. This should include monitoring the use of green spaces, any benefits generated by those users and any neighbouring commercial developments.

The following conditions must be included in the contract

4. The acquisition of the long lease for the HE Hub has been complete before any costs can be drawn down for this element.
5. The acquisition of lease for the riverside is complete before any costs can be drawn down for this element.

Record of Recommendation, Endorsement and Approval

Rotherham Town Centre Masterplan

Appraisal Panel Recommendation

Board Endorsement

MCA Approval

Date of Meeting

Date of Meeting

Date of Meeting

**Head of Paid Service
or Delegate**

Ruth Adams
Deputy CEX

**Endorsing Officer
(Board Chair)**

**Approving Officer
(Chair)**

Signature

Signature

Signature

Date

Date

Date

**S73 Officer or
Delegate**

Simon Tompkins
Finance Manager

Statutory Finance Officer Approval

Signature

Name:

Date

**Monitoring Officer or
Delegate**

Steve Davenport
SCR CA Solicitor

Signature:

Signature

Date

Date:

Appraisal Panel Summary

Scheme Details

Project Name	Century BIC Phase II		
Grant Recipient	Rotherham Metropolitan Borough Council		
SCR Executive Board	Infrastructure	SCR Funding	£2m
% SCR Allocation	56%	Total Scheme Cost	£3.6m

Appraisal Summary

Project Description
<p>Delivery of Century Business Centre Phase II - a second phase of the popular Century Business Park. This phase will create around 17,000 sq. ft. of new floor space for office and clean manufacturing “move on” space within B1 use class. This high quality, publicly owned and operated employment space will be made available to business within the local area, as well as to the wider Borough and City Region. Building on the first phase of the Century Business Park this project will allow current occupants and other businesses to move to larger premises as their business grows, alongside providing additional managed space suitable for new businesses as the Council looks to assist the economic recovery caused by the Covid pandemic.</p> <p>With land acquisition and construction works for Phase I £4m+ having taken place, considerable investment has already been made in the area. The site already benefits from excellent road infrastructure with capacity designed to be capable of accommodating the anticipated increase in vehicle movements associated with further plots coming forward. Landscaping and public realm works created a high-quality environment for the businesses based there which will be further enhanced as part of this scheme.</p> <p>SCR funds will be used to fund all elements of the development; excluding prelims, and site surveys that have already been paid for from the approved RMBC budget within the Councils Capital Programme.</p>
Strategic Case
<p>The project is strongly aligned to the current Strategic Economic Plan (2015-2025) for growing the economy through a larger private sector. Specifically, it will provide SCR businesses with the support to reach their growth potential by providing ‘grow-on’ space for expanding businesses; thereby freeing up smaller premises for business starts. It will also secure investment in infrastructure to support economic growth.</p> <p>There is an alignment to the Places priorities in the SCR Renewal Action Plan, as the project will expand on an existing business park and is a shovel-ready infrastructure investment scheme. It is less clear how the project will align with the people and employers priorities of the RAP.</p> <p>The project will broadly support SMEs in realising their growth ambitions, by providing the infrastructure needed to support business start-up, business expansion and employment growth. It is therefore well aligned with the Business Growth Board, whilst contributing to the Skills and Employment and Infrastructure Boards.</p> <p>Due to its location, the project is also aligned with Barnsley Council’s economic vision and ambitions for regeneration and job creation in the Dearne Valley, in addition to those of Rotherham Council as the scheme promoter.</p>
Value for Money
<p>The project is estimated to generate net additional GVA of approximately £21.8m over 10-year period for the SCR economy. This equates to a return of £11.66 for every £1 of SCR MCA funding.</p>

The project delivers 71 net additional jobs (81 gross additional) at a cost per job of £28,138. This provides acceptable value for money.

Vehicle movements to the site are anticipated to increase by 100 per day; however, the highway network has been assessed as capable of accommodating this additional traffic without significant detriment to the highway operation. Construction will have to adhere to the Council's Core Strategy CS28 'Sustainable Design'. The project is not expected to have any negative social impacts.

Risk

Key risks to the Economic Case are the realisation of benefits and the level of certainty as to the project costs. Benefits have been calculated using a recognised method of converting floorspace type/area into FTE's using HCA density guidelines, which is considered acceptable. There is the possibility that the project could displace FTE's from the existing Phase 1; however, this has been taken account of in the assessment of value for money by assuming displacement is 25%. There is also the possibility that COVID-19 may reduce employers' appetite to take on new employees and larger space; however, the applicant reports that the Council's business centre occupancy rate has only a slight decrease of 3%, highlighting the strong demand for these centres.

The applicant has specified cost certainty at only 60%. This is low for a project at FBC stage and likely reflects that the project is not yet at procurement stage. A contingency budget of 7% has been allocated in the project costs; however, given the level of cost certainty, this is on the low side. Furthermore, the applicant has not committed to covering cost overruns and has indicated within the business case that they would potentially look to reduce the scope of the project. Therefore, there is a risk that this could lead to a reduction in the estimated benefits the project delivers.

In para 4.6 of the FBC, RMBC state that without any other available funding, cost increases would be covered by RMBC via additional borrowing, The prudent assumptions made in the development appraisal on interest rates (prevailing rate at 18.9.2020 is 2.59% compared to 4.19% assumed in the development appraisal) means there is a degree of flexibility to absorb cost over-runs without impacting on the Council's target profitability and breakeven point.

Overall, the levels of risk seem acceptable. Risks have been identified which could be a result of COVID, such as cost overruns and delays to delivery. Robust costings and detailed up front investigations and plans has helped to mitigate these risks to an extent.

Delivery

A Project Team is established which is led by an appointed Project Manager. The Project Manager is responsible for day-to-day management of the project, working under PRINCE II guidelines. The Project Manager is currently in place working with the Investment & Economic Initiatives Team, in the Rotherham Investment & Development Office.

The scheme has laid out future milestones which appear realistic. It is encouraging that significant work has already been undertaken to advance the project to this stage.

Legal

The project has sought legal advice which has proposed that there is state aid, but that this can be covered by GBER. RMBC is proposing to use Article 56 to undertake the project. This restricts public grant to the difference between investment costs and operating profit.

Whilst an initial development appraisal has been carried out on the centre, RMBC have been asked to check and refine this so that it presents an accurate and up to date picture of the overall viability of the development. Grant funding should be restricted in a grant offer letter to the difference if this is less than the request for £2m.

Recommendation and Conditions

Recommendation	Full award of up to £2m subject to conditions
Payment Basis	Payment on defrayal
Conditions of Award (including clawback clauses)	
<p><i>The following conditions must be satisfied before contract execution.</i></p> <ol style="list-style-type: none">1. Detailed milestones which will be monitored against, and if not met, may result in funding being withdrawn or clawed back.2. RMBC to provide a development appraisal which demonstrated the difference between investment costs and operating profit to support compliance with State Aid. Maximum grant will be restricted to this difference, up to a maximum of £2m. The business case will need to be updated to reflect this change. <p><i>The following conditions must be satisfied before drawdown of funding.</i></p> <ol style="list-style-type: none">3. Following the procurement of a contractor, RMBC to confirm the final tender price is consistent with the FBC Financial Case4. 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 social and economic benefits and that these can be captured, monitored and reported.	

Record of Recommendation, Endorsement and Approval

Century BIC Phase II

Appraisal Panel Recommendation

Board Endorsement

MCA Approval

Date of Meeting

Date of Meeting

Date of Meeting

**Head of Paid Service
or Delegate**

Ruth Adams
Deputy CEX

**Endorsing Officer
(Board Chair)**

**Approving Officer
(Chair)**

Signature

Signature

Signature

Date

Date

Date

**S73 Officer or
Delegate**

Simon Tompkins
Finance Manager

Statutory Finance Officer Approval

Signature

Name:

Date

**Monitoring Officer or
Delegate**

Steve Davenport
SCR CA Solicitor

Signature:

Signature

Date

Date:

HOUSING AND INFRASTRUCTURE BOARD

22ND October 2020

ONE PUBLIC ESTATE UPDATE

Purpose of Report

To provide an update on the emerging proposals for One Public Estate (OPE) and Land Release Fund scheme submissions as part of the OPE 8 funding round invitation.

Thematic Priority

This report relates to the following Strategic Economic Plan priorities:

Secure investment in infrastructure where it will do most to support growth

Freedom of Information

The paper will be available under the Combined Authority Publication Scheme.

Recommendations

The Board is asked to:

1. note the contents of the report.
2. suggest a way forward on the leadership of the One Public Estate Programme in future years.
3. endorse the emerging project long list set out in Para 2.2 and agree for the MCA Executive to agree the final proposed bid submission in liaison with the Board Co-Chairs by the 12th November 2020 submission deadline.

1. Introduction

- 1.1 The One Public Estate (OPE) programme is a partnership between the Office of Government Property in the Cabinet Office, the Local Government Association (LGA) and the Ministry of Housing, Communities and Local Government (MHCLG). The fund is revenue based and aims to bring public sector bodies together, to create better places by using public assets more efficiently.
- 1.2 The Land Release Fund (LRF) provides capital funding to bring forward surplus Council assets for new housing delivery.
- 1.3 This is the 8th OPE funding round that has been launched, with £10 million revenue funding available. The LRF has £20 million capital funding available to support housing schemes. The Public Assets Development (PAD) Group agreed to develop a potential OPE/LRF programme of schemes to be submitted by the 12th November 2020 submission deadline.

An outline of the emerging package of schemes is set out below, which could form an OPE8 & LRF bid submission.

- 1.4 The report also raises the issues related to the continued resourcing of the OPE programme, and which body(s) are best placed to provide leadership for the programme.

2. Proposal and justification

OPE 8 Funding Submission

- 2.1 Through previous funding rounds the SCR OPE Partnership has successfully obtained a total of £902,000 in OPE revenue funding and £450,000 in Land Release Fund capital monies. To date the programme has facilitated the delivery of 71 new homes, £416,500 revenue savings to public bodies and £295,000 capital receipts, with a further £500,000 revenue and £650,000 capital receipts expected before the end of this financial year.
- 2.2 Discussions are ongoing with OPE partners such as Local Authorities, health service partners and the Police and Fire and Rescue Services, to consider appropriate schemes for both OPE8 and LRF funding. An indicative emerging long list of proposed schemes is set out below with a potential total funding request of £936,500; consisting of £645,000 grant and £291,500 sustainable grant. An additional £175,000 is asked of the LRF programme.

The potential emerging projects have been organised into 5 themes as follows:

1. **Masterplanning for urban district centres:** Wath, Dinnington & Maltby, Rotherham and Thorne, Rossington & Waterfront, Doncaster.
2. **Continued support for existing schemes:** Support for the completion of the Outline Business Case (OBC) for Midland Road & Ryegate Hospital.
3. **Integrated Care System Primary Care Hub Programme:** Support for the completion of OBC & Full Business Case for Rossington & Bentley, Doncaster
4. **Community Hubs:** Initial feasibility into the potential for community hubs at Wickersley & Munsborough, Rotherham
5. **Site preparation:** Specific sites on land in Kiveton & Herringthorpe, Rotherham

One LRF scheme has been proposed for the demolition of a former day care centre in Wath, Rotherham.

Programme Resources and Leadership

- 2.3 In previous rounds the MCA Executive has provided programme and project management support funded by the OPE programme. For this round the prospectus is clear that project management must be sustainable and funded by partnerships themselves. The guidance refers to financial support from OPE only being provided where local support is not possible. Discussions are taking place with partners through the PAD Group to explore options for continuing OPE programme management resources.
- 2.4 Related to this is the continuing leadership of the OPE Programme. The majority of OPE schemes involve one or more local authorities, identified as part of Local Reviews through the Local Estate Forums, to deliver collective solutions to both public service provision and options for the use of surplus and redundant local authority and other public sector land and properties. The Board's views are invited on whether a local authority on the PAD

Group would be best placed to oversee the OPE programme in future years on behalf of the Partnership.

3. Consideration of alternative approaches

- 3.1** Non-submission of a bid in this round has been considered by the PAD Group. The offer to bid for funding in Round 7 was not taken up by the SCR partnership as it was felt there were no suitable projects at the time. As set out above, a programme is developing for this funding round.

4. Implications

4.1 Financial

Previous funding rounds have not required any financial input from the public sector partners. However, funding for programme and project management support will no longer likely be provided by the OPE programme and, therefore, consideration is being given with PAD Group partners to exploring options to continue to fund OPE programme management.

Should programme management funding not be forthcoming, the MCA will consider whether it is appropriate for it to bid for this activity.

The proposals in this paper further include bids for 'sustainable grant'. In substance, sustainable grant is a loan instrument, with grant received being paid back to government in the future. The MCA will consider this issue in more detail to understand the financial risk associated with this instrument, and whether it is appropriate for the MCA to bid for funding of that nature.

4.2 Legal

Subject to the grant conditions being acceptable, arrangements to comply with the grant conditions will subsequently be put in place. The legal implications of acceptance of grant will be fully considered by the S73 Officer in conjunction with a representative of the Monitoring Officer. Any OPE and/or LRF funding offer will be reported to the MCA for consideration and approval.

Legal implications of individual projects brought forward through the OPE programme will be considered on a case by case basis by the S73 Officer in conjunction with a representative of the Monitoring Officer.

4.3 Risk Management

Risk management is built into the MCA's due diligence processes and project and programme risks are regularly reviewed, and mitigating actions taken if necessary.

Key risks in delivering the programme are:

- Schemes not being delivered within programme timescales, resulting in potentially losing scheme funding;
- Insufficient partner capacity to progress schemes;
- Insufficient capital funding to progress schemes to delivery;
- Lack of programme and project management support to continue to deliver the current and any future programme

4.4 Equality, Diversity and Social Inclusion

None arising from this report. The delivery of infrastructure and housing capital schemes will stimulate economic growth in SCR and therefore contribute to both the economic recovery and improve social inclusion.

5. Communications

- 5.1 The OPE funding announcement has already been publicised by the OPE central team. Further announcements may be required to publicise the programme more widely and there will be opportunities for positive communications as schemes are delivered.

6. Appendices/Annexes

- 6.1 None

REPORT AUTHOR	Lorna Vertigan
POST	Senior Programme Manager (OPE & Capital Projects)
Officer responsible	Mark Lynam
Organisation	MCA
Email	Mark.lynam@sheffieldcityregion.org.uk
Telephone	0114 2203442

Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

Other sources and references:

HOUSING AND INFRASTRUCTURE BOARD

22nd October 2020

FORWARD PLAN

Purpose of Report

This report proposes the the key areas of work for the Housing and Infrastructure Board.

Thematic Priority

Cross cutting

Freedom of Information

The paper will be available under the Combined Authority Publication Scheme

Recommendations

The Board is asked to note the key areas of focus for the Board and the proposed Forward Plan set out in Appendix 1.

1. Introduction

- 1.1** This paper summarises the main areas of work that the Board will be leading on over the next year. The Forward Plan (Appendix 1), which indicates when particular reports will be brought to this Board for consideration, will be a standing item on each Board meeting agenda.

2. Proposal and justification

2.1 Key areas of work

There are several ongoing areas of work which fall under the remit of the new Housing and Infrastructure Board, some of which will require investment decisions to be made. These areas are listed below along with a short update on the current status of the work.

2.2 Growth Area Economic Blueprints

A series of Economic Blueprints are proposed to be developed covering the nine Growth Areas identified in the draft SCR Strategic Economic Plan, which will set out a road map for the delivery of a shared vision and aspirations for each priority 'place,' including integrated packages of public interventions and infrastructure. It is intended to secure a shared commitment by the MCA, local authorities and potentially other Government agencies to unlocking opportunities in the Growth Areas in an integrated way. They will be brought to the Housing & Infrastructure Board and the MCA for consideration and approval once drafted. The first of the Blueprints, Gateway East, has already been

presented to the former Infrastructure Board with the others aiming to be prepared over the coming months. Some of the Growth Areas are also Town Deal investment areas.

2.3 Capital Project Delivery

Development of Strategic Business Cases for each Growth Area setting out the capital projects to be delivered over the next 5 years, linked with the delivery of other programmes such as Town Deal, Future High Street Fund and One Public Estate.

2.4 Getting Britain Building Fund

The GBB Fund programme will see the delivery of 14 infrastructure schemes over the next 18 months. £33.6m was recently secured from Government for a prioritised programme of Major Capital Infrastructure Schemes that are 'shovel ready'. The schemes cover a range of employment, skills, digital, public realm, regeneration, and active travel infrastructure schemes, with all but one located within the SEP Growth Areas. Relevant FBCs will be coming to the Board for approval or for recommendation for approval to the MCA.

2.5 Digital Infrastructure

Consultants were commissioned in July to support the preparation of the SCR Digital Infrastructure Strategy. A first phase of the work is nearing completion. The Strategy will, through engagement with the industry, local authorities and other partners, identify the gaps in digital infrastructure provision which will impede the roll-out of full fibre and 5G across the SCR. Importantly, it will help identify where public intervention and investment may be required to support this roll-out, which will be critical to supporting economic growth and social inclusion in a post Covid-19 future.

2.6 Flood Programme

Work is ongoing with the Environment Agency (EA), Local Authorities and Internal Drainage Boards to secure the £271m funding required to deliver the SCR prioritised Business and Infrastructure Resilience Flood Programme, including embedding the priority schemes within the EAs Medium Term Plan. The Government recently announced an additional £16m for two schemes in the prioritised programme in the upper Don Valley which will now move to the delivery stage. One scheme is in the Kelham / Neepsend area of Sheffield with the other in the Upper Don catchment area comprising of Natural Flood Management measures such as tree planting, peat restoration and other natural measures to slow the flow and contain water in times of floods. The schemes are now moving into delivery.

2.7 Decarbonisation

The SCR Energy Strategy was approved by the MCA and is now in the delivery phase. More widely, the MCAs Net Zero Programme is under development which will set out the short, medium and long-term areas of focus for South Yorkshire to become a net zero economy by 2040. A pipeline of investable schemes is being developed in liaison with partners which will be brought forward for consideration; such schemes will include; renewable electricity generation, EV charging infrastructure, heat network development and expansion, energy efficiency of existing buildings. Some of these schemes will be brought to the Board for funding decisions with others presented to the Transport and Environment Board for decision.

2.8 Brownfield Housing Fund

A brownfield funding allocation of £40m has been recently devolved from Government to unlock between 2,500-3,500 new homes in South Yorkshire over the next 5 years; with a revenue allocation to accelerate schemes in the first two years of the programme. Work is ongoing with local authorities, Homes England and other partners to both identify the early deliverable and medium-term schemes.

2.9 SCR Housing Fund

The Housing Fund, which has been operating for over two years now, also allows for housing schemes which are not on brownfield land. In developing the housing pipeline of schemes for delivery over the next 5 years, consideration will also be given to other potential schemes that could contribute to housing growth across the SCR.

2.10 Housing Retrofit

The Government announced in the Budget £2.5bn for improving the energy efficiency of existing homes to not only improve the quality and warmth of homes, but also to contribute to the net zero carbon ambitions. The majority of this programme will be run through a voucher scheme operated nationally. However, £300m is being directed through the Energy Hubs (we are part of the Yorkshire and North East Energy Hub) to MCAs / local authorities to more effectively target and improve the homes of low-income households. Discussions are ongoing with Local Authorities to explore the most effective way to deliver a domestic energy efficiency and decarbonisation investment programme to improve low income households across South Yorkshire.

2.11 Modern Methods of Construction

A major study of the opportunities to take advantage of the MMC potential in terms of both supporting business growth and building more homes across the SCR is nearly completed. A draft has previously been considered by the Housing Board and the final report will be reported to the next Board meeting

2.12 A Forward Plan for the Board is attached at appendix 1. This will be continually updated and be a standing item on future agendas.

3. Consideration of alternative approaches

3.1 It is recognised that the areas of work outlined in this report will need to evolve over time and may need to be reviewed in light of changes in MCA policies and priorities. Alternative options are considered for all revenue and capital projects.

4. Implications

4.1 Financial

There are no immediate financial implications. All schemes currently being progressed to FBC have secured funding, and other projects / activities are either funded within existing resources or funding opportunities are being explored.

4.2 Legal

There are no direct legal implications arising from this report.

4.3 Risk Management

A full risk analysis of the deliverability of current Housing and Infrastructure programmes and schemes will be undertaken and reported to a future meeting.

Risk assessments will be undertaken for proposed housing or infrastructure programmes or schemes as required and will be reported alongside other information to inform decision making.

4.4 Equality, Diversity and Social Inclusion

None arising directly from this report.

5. Communications

- 5.1 Board papers and decisions are publicly available except where information is exempt under Schedule 12A of the Local Government Act 1972.

All schemes are publicised on the authority's website.

6. Appendices/Annexes

- 6.1 Appendix 1 – Forward Plan

REPORT AUTHOR	Garreth Bruff
POST	Senior Programme Manager
Director responsible	Mark Lynam
Email	Mark.lynam@sheffieldcityregion.org
Telephone	0114 2203442

Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

Other sources and references:

Housing and Infrastructure Board Forward Plan

Meeting Date	Suggested Agenda items
Thursday 1pm 7th January 2021	<ul style="list-style-type: none"> • Growth Area Economic Blueprints • Renewal Action Plan - Housing Activity Implementation Update • SCR Draft Digital Infrastructure Strategy • Modern Methods of Construction - Final Report • Brownfield Housing Fund – Full Business Cases • Major Capital Schemes – Full Business Cases • Housing Energy Efficiency and Decarbonisation Retrofit Delivery • SCR Housing Review - Next Stage Activities • Minewater Commissions' reports • OPE 8 Update
Thursday 1pm 4th March 2021	<ul style="list-style-type: none"> • Report from Housing Providers Forum • Housing Space Standards Draft Report • Land and Assets Commission – Initial Outputs • PAS Planning Review outputs • Decarbonisation Infrastructure Programme • Statement of Common Ground renewal • Flooding MTP / Catchment Plan • Brownfield Housing Fund – Full Business Cases • Major Capital Schemes – Full Business Cases • Performance Dashboard and Forward Plan

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