

Housing and Infrastructure Board

01 March 2022

Programme Approvals

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

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

Report Author(s):
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Executive Summary

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

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

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

Recommendations

The Board consider and approve:

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

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

Assurance Panel
Assurance Panel

31 January 2022
17 February 2022

1. Background

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

2. Proposals and Justification

2.1 Full Business Case (FBC) Approvals

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

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

2.3 Outline Business Case Approvals

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

2.4 Approval of One Change Request

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

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

3. Options Considered and Recommended Proposal

3.1 Do not approve the recommendations in this report.

3.2 Option 1 Risks and Mitigations

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

3.3 Option 2

Award projects a smaller amount of grant funding.

3.4 Option 2 Risks and Mitigations

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

3.5 Option 3

Approve all recommendations

3.6 Option 3 Risks and Mitigations

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

3.7 Recommended Option

Option 3

4. Consultation on Proposal

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

5. Timetable and Accountability for Implementing this Decision

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

6. Financial and Procurement Implications and Advice

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

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

7. Legal Implications and Advice

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

8. Human Resources Implications and Advice

- 8.1 N/A

9. Equality and Diversity Implications and Advice

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

10. Climate Change Implications and Advice

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

11. Information and Communication Technology Implications and Advice

- 11.1 N/A

12. Communications and Marketing Implications and Advice

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

List of Appendices Included*

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

Background Papers

None