

Housing and Infrastructure Board

15 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

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Executive Summary

This report requests that the Board recommend one Brownfield Housing Fund (BHF) project to the MCA Board for full approval. Two projects whose Strategic Business Cases (SBC) were approved during 2021 also request a decision from Board to release grant to assist with continued development of the projects.

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 investment proposals which will support the Mayoral Combined Authority's (MCA's) aspirations.

Recommendations

The Board consider and approve:

1. Progression of "Attercliffe Waterside" project to the MCA for full approval of £4.08m Brownfield Housing Funding to Sheffield City Council (SCC) subject to the conditions set out in the Assurance Summary attached at Appendix A; and,
2. Approval of £0.06m Gainshare Funding for development costs of the "Doncaster Natural Flood Management" project from Doncaster Metropolitan Borough Council (DMBC).

3. Approval of £0.06m Gainshare Funding for development costs of the “Doncaster Surface Water Mitigation” project from DMBC.
4. 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 numbers two and three above.

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

Assurance Panel

28 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, £40.30m 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. A further allocation of £13.45m is expected to be offered and is proposed for contingent acceptance at the Mayoral Combined Authority (MCA) in March 2022. This report seeks Full Business Case (FBC) progression for one BHF project which would take total approvals made to £17.6m.
- 1.2 Two Flood projects which are developing Gainshare applications have also requested £0.06m funding each to continue to develop their proposals. This report recommends approval of these requests.

2. Proposals and Justification

2.1 Full Business Case (FBC) Approval

Attercliffe Waterside Project Summary

Attercliffe Waterside sits within the Advanced Manufacturing Innovation District (AMID) between Sheffield City Centre and the M1 motorway. The vision for the site is to create a new neighbourhood of low-carbon new homes aimed at skilled young workers and families. The project aims to:

- Deliver 902 innovative, high quality, ultra-low carbon and energy efficient ‘eco homes’ within a high-quality environment with landscaped and communal areas using Modern Methods of Construction (MMC) with homes constructed off site.
- Refurbish character buildings on the canal side.
- Create or refurbish 40,000 square foot of employment floorspace.
- Create 26,200 square meters of new and improved public realm/open space together with 14,750 square metres of amenity space in the retention of existing wooded areas.

- 2.2 The project is requesting £4.08m grant funding which contributes towards the viability gap on the scheme. The grant requested has increased from £1.87m which was included within the OBC due to the widening funding gap. The grant will be used towards the site acquisition, foundation work and some refurbishment costs.

2.3 **Assessment**

The assessment considers that the project provides a good strategic fit with the objectives and outcomes of the Strategic Economic Plan (SEP). The project is judged to provide £2.38 of benefits for every £1 of MCA investment and on this basis is estimated to provide value for money. The timetable for delivery is considered reasonable with early land acquisition taking place in March 22 and design and planning permission planned for the Summer. Phase 1 works, which will deliver the first 448 homes, is due to commence in 2023 and completes in 2026. The project has identified potential risks such as worsening commercial viability, Covid 19 impacts, higher than expected abnormal costs and landowners not agreeing to sell the land. These have been appropriately mitigated. The assessment has identified that a more detailed development appraisal should be provided and this is therefore included as a condition of funding. Other conditions include finalising the development agreement between the Council and the developer and securing match funding to undertake the scheme.

2.4 **Recommendation**

The project is seeking a recommendation from Board which will be presented to the MCA for a final decision on funding. The Board are asked to recommend the scheme for approval. 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 A.

2.5 **Application to Release Development Costs Funding for Two Gainshare Schemes**

Gainshare: Doncaster Natural Flood Management and Surface Water Mitigation Schemes

The Doncaster Natural Flood Management and Surface Water Mitigation Schemes form part of the South Yorkshire Flood Risk Priority Programme; projects identified as regional priorities following the November 2019 floods. Following approval of the Strategic Business Cases work is underway to develop the schemes to Business Justification Case stage requesting Gainshare funding.

A request to draw down development funding has been received, to support development of the schemes and progress the business cases. For each scheme, development funding is sought of up to £56k (14% of the £400,000 Gainshare funding allocated to each scheme). Development grant is requested on the schemes to support activities such as:

- Further development of both the Business Justification Case and the Grant in Aid Business Case.
- Further engagement with key stakeholders, including landowners.
- Further design of the scheme, including the proposed Natural Flood Management features.
- Consulting the Local Planning Authority to ascertain whether Natural Flood Management features will require planning consent.
- Modelling, investigation and scheme design.
- Seeking planning approval / relevant consents.
- The procurement process.

Outputs and timescales in relation to the above have been identified and are considered appropriate, including submission of Business Justification Cases for each scheme in September 2022. On this basis, it is recommended that the release of up to £56k of development funding is approved for the Doncaster Natural Flood Management Scheme and that the release of up to £56k of development funding is approved for the Doncaster Surface Water Mitigation Scheme.

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 The proposed investments presented in this report are all fully-funded and within budget.
- 6.2 Challenging financial targets are set for the Brownfield Housing Fund. Approving the projects contained within this paper will move the Brownfield Housing Fund onto £17.6m approved commitments against a £20m expenditure target.

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 ultra low carbon and energy efficient 'eco homes' planned for the Attercliffe development are fully in line with the City Council's planning policy and will support the Council's aims of reaching zero carbon by 2040.

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 – Attercliffe Waterside

Background Papers

None