

Project Mandate

VERSION 2 24.11.2021



1 - PROJECT DETAILS	
1.1 - PROJECT INFORMATION	
Project Name:	Sheffield City Council Stock Increase Programme- Newstead OPIL
Project Location/ Address, including Post Code and Local Authority Area:	Newstead Drive, Sheffield, S12 3 BA
Organisation Name, Size & Company Registration Number (if applicable):	Sheffield City Council, Town Hall, Pinstone Street, Sheffield, S1 2HH
Is your organisation an SME? If so, state size of organisation (Micro, Small or Medium)	N/A
Contact Name and Role:	Andrew Osborn Project Manager Housing Growth Delivery Service
Address:	As above
Email:	andrew.osborn@sheffield.gov.uk
Telephone:	07501093113
Other Delivery Partners and Roles:	Sheffield City Council – Capital Delivery Service Home England Contractors – various tbc
Estimated total project cost	Estimated Total Project Cost – £29.670m Indicative funding of £18.373m from Sheffield City Council's approved Stock Increase Programme. Unsecured Funding Gap - c£11.297m Possible gap funding for unlocking 141 units. <ul style="list-style-type: none">• £8.901m- Homes England• £2.396m- SYMCA BHF @ c£17k per unit

2 – PROJECT SUMMARY

2.1 – Tell us about the project

Please provide a summary description of your project and what you intend to achieve. Why are you looking to embark on this project? What do you want to achieve? What is the problem you want to address or what is the opportunity? What is the project about?

The SCC SIP Hemsworth project will deliver 141 new affordable homes as part of the SCC's stock increase programme (SIP), specifically delivering the 141 homes as specialist older persons independent living accommodation (OPIL).

The SIP aims to grow the number of affordable homes in the city by a total of 3,100 units by 2029 – of which 1,600 units are projected to come from a new build programme. The SIP aims to reduce the affordable housing shortfall of 902* units per year in the city.

Funding for the SIP as a whole is modelled using a mix of these funding sources.

HRA Borrowing (in line with agreed affordability parameters)

Non HRA Investments (with specific rules on how the money can be used)

- Section 106 contributions
- Capital Receipts – Land
- RTB 1 for 1 Replacement receipts
- Shared Ownership Receipts

External Public Sector Investment (subject to funding programme criteria and bidding cycles)

- Homes England grant
- Housing Infrastructure Fund (one specific project)

The SIP undergoes continuous financial sensitivity monitoring and risk review to test modelling assumptions, and this has identified financial risks to the overall programme in which the Newstead OPIL project sits.

Specifically relevant to this bid the scheme is challenged by abnormal costs linked to the topography of the site and its former housing use.

The site has very steep sloping topography leading to large level changes across the site. This requires complex engineering solutions to provide the required development platforms. Contamination from asbestos pipes is also present on the site, a legacy of the 139 prefabricated Vic Hallam Homes that were previously demolished on the site. An existing substation and existing utilities penetrate the site through a network which follows the previous 1960's estate layout. These require diversion in certain locations.

To reduce the risks to the main construction contract enabling works have been split out into a separate contract which has commenced on site. The benefits of splitting out this project is that it mitigates against risk of delays due to unforeseen ground conditions which will provide greater cost certainty of the main contract to deliver the accommodation units and less risk exposure. The secondary benefit of this risk reduction has been a more competitive tendering process to select the main construction contractor.

By bridging the unsecured funding gap on the Newstead OPIL scheme, it will enable SCC to deliver the entirety of the remaining SIP programme.

** Shortfall identified via the Sheffield City Council Strategic Housing Market Assessment (SHMAA)*

What do you hope to achieve by delivering the project?

The project aims to deliver the following OUTPUTS;

- **Construction of 141 new build energy efficient residential properties**

The project aims to deliver the following OUTCOMES:

- New affordable homes to meet the councils identified affordable housing need
- The creation of specialist Older Persons Independent Living accommodation to better meet the needs of individuals currently in unsuitable homes, enabling the option to downsize and freeing up much needed family homes
- Creation of a specialist needs block within the scheme
- Maintenance of a financially viable SCC SIP programme which will allow for all programmed AH homes to be brought forward by 2029
- Reduction of 'in-use' carbon for occupiers of the new built properties
- Generation of local jobs during the construction phase and longer-term maintenance roles
- The development includes a café which serves the residents and the wider community

3 – STRATEGIC ALIGNMENT

3.1 - How will your project contribute to the delivery of the MCA's Policy Objectives and to the outcomes of the Strategic Economic Plan?

For details of Strategic Economic Plan (SEP)

<https://sheffieldcityregion.org.uk/wp-content/uploads/2020/08/SCR-SEP-Final.pdf>

As described in section 2.1, the project aligns with the SEP priorities and specifically addressed the Greener, Fairer, Stronger principles in the following ways;

- Greener - The new build properties will be constructed to a high energy efficiency standard - adopting a fabric first approach which builds homes which deliver 77% lower CO2 emissions than current required standards/ future proofed for photovoltaic cells and other electrification systems. A series of mature trees are distributed across the site which offer an opportunity to support biodiversity.
- Fairer – The provision of new affordable homes built to incorporate Lifetime home principals to help tackle health inequalities. Freeing up other homes for families and individuals in need of such accommodation
- Stronger – The proposed development will create jobs in the local economy during the construction. The scheme will use council's new ethical procurement policy to increase the potential growth of the Sheffield '£' and ask contractors to demonstrate the use of local Sheffield suppliers. It also includes 2 mandatory new tests to evaluate local economic impact of a contract being awarded

(guidance or table on Core Indicators to be inserted here – from Policy??)

Is the SYMCA acting as a 'Change Agent'?

No - the SYMCA's contribution to this scheme will provide gap funding on a specific project which will maintain the modelled financial position of the wider SCC'S SIP programme - SYMCA will not be acting as a Change Agent

Is this scheme delivering 'Transformational Change'?

No – the overall SCC SIP programme does represent a big change in the council's approach to the delivery of AH in Sheffield, but the project doesn't deliver transformational change.

4 – SYMCA SUPPORT REQUIRED

4.1 How can the South Yorkshire MCA support the delivery of the project?

If you know what support you need from the MCA, please state this here. This includes any financial or in-kind support and when you will need this. For financial support, a range estimate will suffice at this stage.

Please note that the MCA will seek a financial return for our investment, wherever this is appropriate. Applicants are required to discuss and agree the broad outline of any financial investment you may be seeking with the relevant MCA Executive Officer, prior to submitting this form.

Financial – (Grant – No ROI) – c£2.396m

The gap for the abnormal costs identified through detailed costings developed at the Council's outline business case stage has been identified at £2.936m. It is expected that SCC can apply for Homes England SOAHP to secure c£8.901m in affordable housing funding – this will be explored.

The SYMCA grant funding would contribute to the overall viability of the scheme addressing the cost of the site abnormalities. The financial profiling has identified that the funds would be required in 22/23.

Business Case Support – via BHF Critical Friend

If accepted onto the BHF pipeline (or reserved pipeline), the scheme would like BHF critical business case support to help develop the economic case on this project.

Are SYMCA the 'Funder of Last Resort'?

Yes – After Homes England funding is maximised, which will be done on a project-by-project basis. To deliver the full SCC SIP programme, BHF is the funder of last resort.

5 - CONSULTATION

5.1 – Who have you consulted with about the project idea?

South Yorkshire MCA	Yes
Local Authority	Project Sponsor is SCC
Other consultees, for example:	
Local community	Via planning
Relevant businesses	Via planning
Environment Agency	Via planning
Highway Authority	Via planning
Planning Authority	The scheme secured a planning approval in November 2021

7 – TIMESCALES FOR DELIVERY

7.1 – What is the earliest date that the project can commence delivery?

[Please advise the date and any dependencies]

The Project is projected to start in January 2023 The SYMCA assurance process as it stands would requires the following stages and timeframes.

- **Project Mandate Form**
 - Agreed with Programme Development **no later than 23/05/2022** for June HIB
- **BJC**
 - Submitted to Programme Development **no later than 10/10/2022** for the December HIB (when final costs are established)

The overall deliverability of the scheme is v.good - the project on Council land and part of the SCC SIP with considerable LA resources focused on it.

Risk = LOW

The risk at the time that the BJC will go through assurance is likely to be LOW – The Homes England contribution will be known, and the tender process will be complete. The scheme will need to transfer risk to contractors and hold a sufficient contingency.

The Homes England contribution will be known by November 2022 although there is ongoing dialogue with Homes England about the SIP pipeline.

7.2 – Please outline the key milestones required to deliver the project and provide forecast dates for achievement.

[e.g., complete outline design, secure all funding, procurement complete, statutory processes complete]

Planning	Permission granted November 2021
RIBA Stage 2 + cost estimates	Complete
Acceptance onto SYMCA pipeline	June 2022 (PM Form deadline 25/05/2022)
Appointment of Contractor	July 2022
Contractor Stage 2 design complete	November 2022
Decision on Homes England Grant	November 2022
SCC final business case approval	December 2022
SYMCA BJC	December 2022 (PM Form deadline 10/10/2022)
SOS	January 2023
Handover	January 2025

8 – DEPENDENCIES

8.1 – Is the project linked to or dependent on any other project or activity, especially one the MCA may be involved in?

[Please advise if the delivery or success of the project is dependent on any other project or activity taking place]

All SCC SIP projects are financially linked but as this project is earlier in the programme it is not yet dependent on the final costs of other projects.

8.2 – Are there any statutory processes required for you to deliver the project?

[Please advise if the project will require planning permission or other statutory approvals prior to commencement. If so, please provide more detail on progress and the forecast timescales for achievement?]

Yes – Discharge of planning conditions in relation to the secured planning approval