

Assurance Summary (SBC)

VERSION 1 24.11.2021



1 – SCHEME DETAILS

Project Name	Manchester Road Community Hub project and Manchester Road Placemaking project (Stocksbridge Towns Fund Programme)	Type of funding	Grant
Grant Recipient	Sheffield City Council	Total Scheme Cost	£17.29m
MCA Executive Board	Housing and Infrastructure	MCA Funding	£3m
Programme name	Gainshare	% MCA Allocation	23%
Current Gateway Stage	SBC	MCA Development costs	n/a
		% of total MCA allocation	n/a

2 – PROJECT DESCRIPTION

The Community Hub has the aim of providing community-based library functions, community spaces, educational areas and CAT A Office spaces to provide a bespoke sustainable Community Hub for Stocksbridge. This purpose-built Hub will be a signal of regeneration for the Town and with the new skills and high standard office space shall benefit the Town economy. Sustainable credentials will consist of a resilient service provision within the building and a drive towards net zero carbon, in support of the Council's ambitions, through a fabric first approach to building design and the use of new technologies to embed a low carbon approach in the servicing and use of the building.

The Placemaking project's goal is to rejuvenate the high street – Manchester Road. The project aims to approach this in several ways: Through upgrading the sub-standard local car parking and improving accessibility the project facilitates people who wish to visit the high street. By revitalising the shop frontages through grants, the project aims to draw in those within Fox Valley or passing through as well as improve the perceptions of the Town by all (residents, businesses, and visitors) and increase the value of the land at Stocksbridge.

The Stocksbridge Town Fund programme consists of various projects with a total cost of £27.18m. This application is for two of those projects, with a total cost of £17.29m and is seeking £3m of MCA funding:

1. Manchester Road Community Hub project (Total cost: £9.95m capital and £0.59m revenue. MCA contribution: £1m)
2. Manchester Road Placemaking project (Total cost: £6.75m / MCA contribution: £2m)

Other funding for the overall programme consists of £24.1m from DLUHC Town Fund and £80k of Public Health funding. It is noted that the applicant is not contributing any of their own funds to the project.

MCA funding will be used for investment of ancillary infrastructure, construction of Stocksbridge Community Hub with library, community spaces and offices, public realm works and associated amenity facilities.

3. STRATEGIC CASE

<i>Project rationale</i>	The project is ultimately aimed at stimulating regeneration of the Stocksbridge area. Therefore, in terms of market failures, the project represents a public good and addresses negative externalities. This provides clear justification for public sector intervention. However, on the basis that the applicant is not contributing any of their own funding to the project (or the larger programme) and has provided no explanation for why this is the case (either in the business case or subsequent clarification questions), evidence of need has not been demonstrated. Therefore, currently justification for the £3m funding request of the MCA is unclear and should be clarified at FBC.
<i>Strategic fit</i>	The project aligns well with the 'Stronger' and 'Fairer' strategic objectives of the SEP, in that it will deliver office space to support job creation and an educational/community that will support adult learners and provide a dedicated post-16 education service and library. The project also has the potential to contribute to the SEP's 'Greener' objective, in that the SBC states the projects intention to deliver a carbon net zero building and provide a biodiversity net gain. However, the SBC lacks detail on how this will be achieved and to what level of commitment (i.e. are these firm commitments or aspirational).

4. VALUE FOR MONEY

The options assessment as currently presented in the business case is limited and does not demonstrate that a wide range of realistic or possible alternatives have been considered. At the next stage of business case development, the applicant should clearly set out and quantify how the considered options compare in terms of outputs, outcomes, their ability to meet the SMART objectives and value for money (BCR) to demonstrate why the Preferred Option has been chosen.

A high-level assessment of the Economic benefits of the project has been undertaken by AMION and is presented in the SBC as four separate BCR's, as below:

- Manchester Road Phase 1 - Medium level of 1.79:1
- Education and Skills Hub – Very high level of 5.38:1
- Placemaking – Medium level of 1.57:1
- Accessibility – High level of 2.25:1

As part of clarification questions, the applicant was asked to provide a single BCR that was representative of the project as defined by this business case submission, which has been given as BCR = 1.68. This represents low value for money for a project of this nature, where normally a BCR of 2 would be expected. At FBC details of how this combined BCR has been calculated will need to be clarified. It is noted that within the business case it states the project is still in development and the BCR therefore subject to change.

The applicant has also provided technical notes accompanying each of the BCR's above. A high level review of these documents suggests that an appropriate methodology has been used in the calculation of these benefits; however, given the wide range of benefits that have been considered and that BCR's have been calculated for individual elements and not the project as a whole, at FBC the assessors will be required to look at these in detail to confirm that the assumptions are reasonable, have been applied proportionately and that there is no double counting of benefits.

A Market Demand Analysis report has been undertaken by Eddisons that accompanies the business case. This concludes there is already evidence of demand for managed workspace within Stocksbridge, highlighting existing office space within the area is already fully let. The report identifies the proposed office floorspace would most likely be attractive to a local operator or managed workspace operator. Also, the report concludes there is no modern managed co-working office space of Grade A standard in Stocksbridge and based on findings, a scheme of this nature should be attractive to the market.

In terms of demand for the Educational Hub, this has been quantified as 450 learners per year requiring 6 FTE's. The assumptions underpinning these numbers are not provided within the business case and were not provided when requested through clarification questions. The basis of these figures will need to be clarified at SBC.

5. RISK

Key risks highlighted within the SBC include:

1. Cost increases/inflation (Likelihood: Med / Impact: High)
2. DLUHC approval (Likelihood: Low / Impact: High)
3. Planning approval (Likelihood: Low / Impact: High)
4. Phasing of concurrent projects (Likelihood: High / Impact: High)
5. Impact on local business/community (during construction) (Likelihood: Med / Impact: Med)

Appropriate mitigation measures appear to be in place. It is noted that some of these risks may no longer be relevant (e.g. DLUHC funding approval) or through mitigation measures will have progressed such that the likelihood and impact rating will have changed. An updated reflection of risks/mitigations should be provided at FBC.

6. DELIVERY

Timescales for delivery appear reasonable. A pre-application has been submitted for early involvement with the planning department and it is anticipated that planning approval will be secured August 2023. Start on site is currently scheduled for September 2023 and project completion by the end of 2024. Full design will be completed by March 2023 and submission of the FBC to the MCA will be in June 2023. Submission of the SBC to the MCA is incorrectly stated in the SBC as August 2022 but was not submitted until December 2022. Consideration should be given by the applicant as to whether this delay represents a knock on effect to the other key milestones and if so, these should be updated accordingly at FBC.

Annex 1 – Strategic Policy Fit

To what extent does the project meet the MCA’s strategic objectives as set out in the of the MCA Corporate Plan 2021-22?

Outcome	Strategic Objective	R/A/G Rating	Comments
Stronger Achieve sustained good growth, underpinned by productivity gains that exceed the UK average	Leading an economic transformation by: 1. creating not just a bigger economy but a better one: higher-tech, higher skill, and higher-value - backing wealth and job creators	A	
	2. enabling businesses to survive, adapt and thrive and be more innovative and resilient as we come out of the pandemic and resulting economic downturn	G	
	3. stimulating local economies by investing in the infrastructure, transport and digital capabilities to create jobs and transform places	G	
Greener Drive forward environmental sustainability to achieve our net-zero carbon target by 2040	Leading a green transformation by: 4. decarbonising our economy, regenerating the natural environment and accelerating Net Zero Carbon transition	A	
	5. capitalising on technological and scientific capabilities to improve the resilience and quantum of clean energy supply, storage, distribution and usage	A	
	6. revolutionising transport, getting South Yorkshire moving by foot, bike, bus, tram and train	A	
Fairer Unlock prosperity by eliminating the wage gap and health inequalities between South	Leading a wellbeing and inclusion transformation by: 7. raising quality of life, reducing inequality, and widening opportunity for South Yorkshire people	G	
	8. equipping people to contribute to and benefit from economic prosperity	G	

Yorkshire and the national average	9. supporting people to improve their skills, get back to work, remain in or progress in work, or set up in business and thereby accelerate social mobility	G	
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8. RECOMMENDATION AND CONDITIONS	
Recommendation	Proceed to FBC
Payment Basis	
Conditions of Award (including clawback clauses)	
<ul style="list-style-type: none"> • Submission of the SBC to the MCA is incorrectly stated in the SBC as August 2022 but was not submitted until December 2022. Consideration should be given by the applicant as to whether this delay represents a knock on effect to the other key milestones and if so, these should be updated accordingly at FBC. 	