

Housing and Infrastructure Board

Wednesday, 08 February 2023

Programme Approvals

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| Is the paper exempt from the press and public? | No |
| Reason why exempt: | Not applicable |
| Purpose of this report: | Funding Decision |
| Is this a Key Decision? | Yes |
| Has it been included on the Forward Plan of Key Decisions? | Yes |

Director Approving Submission of the Report:

Gareth Sutton, Chief Finance Officer/s73 Officer.

Report Author(s):

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Executive Summary

This report requests approval for two schemes progression from SBC (Strategic Business Case) to continue developing their business case. It also includes two projects requesting approval for funding and to enter into contract/delivery.

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

This report is seeking approval to progress business cases for four investment proposals which will support the MCA's aspirations.

Recommendations

The Board consider and approve:

1. Progression of "Manchester Road Community Hub project and Manchester Road Placemaking" project from SBC to OBC/FBC (Outline/Full Business Case) for Sheffield City Council (SCC).

2. Progression of “Goldthorpe Housing Project” from SBC to OBC/FBC for Barnsley Metropolitan Borough Council (BMBC)
3. Approval of £0.62m Gainshare grant award to Grimm & Co Ltd for the “Grimm & Co” project.
4. Approval of £1.26m grant award to Barnsley Metropolitan Borough Council (BMBC) for the “Barnsley Civic” project.
5. Consider and endorse the approach for projects detailed in 2.5 which may be ready to take up additional Government funding and are proposed to go directly to the MCA for a decision on funding on the 6th of March 2023.
6. Approval for delegated authority to be granted to the Head of Paid service in consultation with the Section 73 Officer and the Monitoring Officer to enter into legal agreement for the Barnsley Civic and Grimm & Co schemes above.

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

Assurance Panel

19 December 2022

1. Background

1.1 This report seeks approval for two projects to progress development of their business cases from strategic stage to development of a full business case. The report also requests approval of £1.26m grant for the Barnsley Civic project and £0.62m grant for the Grimm and Co project. The projects have been subject to a rigorous assessment in line with the Assurance Framework.

1.2 **Brownfield Housing Fund (BHF)**

In Summer 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, a total of £53.79m of capital funding was allocated to the South Yorkshire Mayoral Combined Authority (SYMCA) for supporting the development of housing schemes on brownfield land over 5 years. The Goldthorpe Housing Project comes forward as part of this Brownfield Housing Fund.

1.3 **Gainshare**

The landmark Devolution Deal was agreed in July 2020 which negotiated a new deal between local council leaders and central Government. The Deal offered new powers relating to economic development and an additional £30m of funding a year for the benefit of South Yorkshire, to improve infrastructure, transport, skills and housing. The Barnsley Civic, Stocksbridge and Grimm and Co project come forward as part of the planned town centre investments as part of the Devolution deal.

2. Key Issues

2.1 **Manchester Road Community Hub project and Manchester Road Placemaking – SCC - SBC to OBC**

The applicant is seeking approval for the project to progress to OBC/FBC. The project plans to build a community hub and rejuvenate the high street with the aim to make Stocksbridge a strong and vibrant town.

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 aims to be a signal of regeneration for the Town which will benefit the Town economy. Sustainable credentials include 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 on Manchester Road. This is through upgrading the local car parking and improving accessibility. 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.

The Board are asked to recommend that the project progress to develop an FBC for further consideration of grant award. Work is requested on value for money during further development to finalise the overall Benefit Cost ratio (BCR) for the project and to also check that the delivery plan is realistic.

2.2

Goldthorpe Pre-1919

The Goldthorpe Housing Project plans the demolition of approximately 40 properties and delivery of 11 new build, low carbon affordable homes for social rent. These will be built to Barnsley's Low Carbon Standard (subject to funding and planning permission) which includes incorporation of air source heat pumps (no gas development), solar PV, EV charging points, PV battery storage and triple glazing. Some of the works that BHF monies will be spent on include demolition, shared space works, improvement to highways and property acquisition.

The Board are asked to recommend that the project progress to develop an FBC for further consideration of grant award. The SBC assurance of the project has highlighted that there are a number of viable options of how the scheme could develop, some with potentially improved BCR's. Further work should be done during development to justify the preferred option. Other areas to work on during development include queries around scheme costs, any potential contribution to greenhouse gas targets and delivery plans.

2.3

Grimm and Co – BJC for funding decision

Funding of £0.62m is requested to contribute to the renovation of a Grade II listed church in Rotherham Town Centre. The funding is specifically for the internal fitout. A tender exercise for the internal fitout works was completed in June 22 where costs came back significantly higher than expected. This Gainshare funding, alongside £110k provided by Key Fund, will cover the cost increases and allow the project to go ahead.

This scheme will provide a 'hub' for Grimm & Co (a registered charity) to support under-resourced children and young people aged 0 - 18 with their confidence and skills around creativity and writing. Examples of programmes planned to be delivered in the new 'hub' by Grimm & Co include: workshops to school children focusing on creative writing; sessions aimed at engaging teachers in professional

development; production of digital resources to encourage writing; and a 'festival of stories'.

The assessment concludes that the scheme represents acceptable value for money. Benefits include 11,500 hours of volunteering time provided to support local communities and between 21 and 48 direct employees hired/retained over the life of the investment. They conclude that the current delivery plan is achievable with work due to start on site in February. The assurance considerations are detailed in Appendix C. The Board are asked to approve the 'Grimm and Co' project to award £0.62m Gainshare funding.

2.4

Barnsley Civic Eldon Street Capital Development – BMBC – FBC for funding decision

The applicant requests approval of £1.26m grant funding towards a total scheme cost of £2.60m. The project plans to redevelop the Civic building, attract more people to become involved in cultural activities and accelerate the renewal of Barnsley town centre.

The development plans to deliver a renewed frontage onto the busy Eldon Street, facing onto the Glass Works development and opposite the transport interchange.

A bar, restaurant and coffee shop will take the ground and first floors, the second floor will see quality office provision and the third floor will become a creative space for the community. These developments plan to attract new audiences and participants into the Civic and bring new income into the operation.

The assessment concludes that the scheme represents acceptable value for money with £2.64 return for every £1 of SYMCA invested. They conclude that the current delivery plan is achievable with planning permission already secured and a contractor on board. The assurance considerations are detailed in Appendix D. The Board are asked to approve the 'Barnsley Civic Eldon Street Capital Development' project to award £1.26m Gainshare grant.

2.5

Late funding availability - Additional Projects Assurance and Decision

Government has provided late notice at the end of January that additional levelling up funds may be available for further schemes to deliver regeneration activity. In order to take up this potential allocation, SYMCA plans to accelerate any current Gainshare projects which are 'delivery ready' for a funding decision to the MCA on the 6th of March 2023. The projects that could potentially go forward to the MCA for a decision are:

West Bar (SCC - £3m grant funding)

The scheme in central Sheffield aims to provide 52,500 m² (square metres) of office space, 525 apartments and between 6,000 and 8,000 jobs. Funding is requested for public realm works to ensure high quality which is considered vital to maintaining demand and securing occupiers in the face of current economic headwinds.

Rotherham Libraries and Markets (RMBC - £3.4m grant funding)

The scheme in central Rotherham plans to enhance existing facilities to create a key hub and flexible space for the local community. The funding is used to address a viability gap on the overall project. The project involves 6,235 m² of improved public realm, new library facilities and 635 m² of new and refurbished office space.

Market Gate Bridge (BMBC - £2.5 grant funding)

The scheme is constructing a pedestrian bridge over the main Sheffield to Leeds railway line in Barnsley town centre. The new connection is important for the long term plans for the town centre, providing an active travel link into the recently completed Glass Works development. Increasing costs have left a shortfall in funding to complete the scheme.

Waterfront (DMBC - £6.5m grant funding)

The scheme is for £6.5m grant funding to cover remediation and inflationary pressures on a key strategic Council owned plot on the outskirts of the city centre. £18.6m Levelling up Fund is already awarded for the city centre which is partly being used to transform the waterfront into a destination which includes a hospital, green space and commercial uses.

Project development and assurance is currently being undertaken on the projects and therefore, subject to the projects ability to satisfactorily answer any assessment queries, a recommendation for a funding decision is planned to be presented at the MCA Board in March.

The Housing and Infrastructure Board are asked to endorse an approach where the decisions for approval of funding will go directly to the MCA for a funding decision in March 2023.

3. Options Considered and Recommended Proposal

3.1 Option 1

Reject one or more projects from progressing.

3.2 Option 1 Risks and Mitigations

Rejection of some, or all, of the recommendations in this report would mean the region foregoing the forecast benefits arising from the investment.

3.3 Option 2

Approve all recommendations

3.4 Option 2 Risks and Mitigations

Approval of the schemes would require a commitment being made against the MCA's gainshare allocation.

3.5 Recommended Option

Option 2

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 as part of the project development and delivery.

5. Timetable and Accountability for Implementing this Decision

- 5.1 The promoter is responsible for the further development of projects that have gateway approval to the next stage of the MCA Assurance process.

6. Financial and Procurement Implications and Advice

- 6.1 The proposed investments presented in this report are all fully funded and within budget.

7. Legal Implications and Advice

- 7.1 The legal implications of the projects are fully considered by a representative of the Monitoring Officer and included in the recommendations agreed within the Assurance Summaries.

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 schemes include new and/or enhanced improvements to public and community infrastructure. This aims to deliver benefits for health and the prosperity of towns and cities, positively contributing to the SYMCA's climate change aspirations.

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, 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

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| A | Assurance Panel Summary: Manchester Road Community Hub project and Manchester Road Placemaking |
| B | Assurance Panel Summary: Goldthorpe Housing Project |
| C | Assurance Panel Summary: Grimm and Co |
| D | Assurance Panel Summary: Barnsley Civic Eldon Street Capital Development |

Background Papers

N/A