

Overview and Scrutiny Committee

Thursday, 23 March 2023

Brownfield Housing Fund Programme Update

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

Director Approving Submission of the Report:

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Executive Summary

To review the progress of the Brownfield Housing Fund Programme.

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

The Brownfield Housing Fund will deliver new housing and the regeneration and reuse of brownfield sites in support of the Strategic Economic Plan and Recovery Action Plan objectives. It will enable thousands of new homes to be provided that would otherwise not be built due to viability gaps, supporting both economic growth and jobs, and new affordable homes for South Yorkshire residents.

Recommendations

The Board is asked to:

- note the update on the Brownfield Housing Fund Programme.

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

N/A

1. Background

- 1.1 The South Yorkshire Mayoral Combined Authority (SYMCA) has been allocated £53.3M from Government to support the development of housing schemes on brownfield land, to unlock the development of at least 3,300 new homes by the end of March 2025. There was also £0.84m revenue funding which was received, and which helped support the development of the initial programme schemes.
- 1.2 The South Yorkshire Brownfield Housing Fund (BHF) Programme involves three Phases of pipeline schemes, which are set out in the BHF Programme Business Case (PBC). Phases 1 and 2 comprise of schemes that have already been developed; funding has been approved by SYMCA; and the schemes are now in the contract / delivery phase. Phase 3 schemes are those that have been formally accepted onto the BHF Programme pipeline, some of which were identified through an Open Call undertaken in Autumn 2022.
- 1.3 The strategy for developing the BHF is set out in PBC, approved by the Housing and Infrastructure Board (HIB) in June 2022 and updated with BHF Open Call schemes in December 2022.
- 1.4 A BHF update was previously reported to this Committee on 22 March 2022 and this report provides a further update of progress over the past 12 months in delivering the BHF Programme.

2. Key Issues

- 2.1 Phases 1 and 2 of the BHF pipeline, consisted of 12 schemes in total, which were approved in the years 2020/21 and 2021/22. The total value of these approved schemes was £17.28M. In total, it is expected that 1,505 units will be unlocked from these Phase 1 and 2 schemes.
- 2.2 Phase 3 of the BHF pipeline currently has 24 schemes with a total funding ask of £39.39M, with the potential to unlock a further 2,428 new homes. SYMCA Executive is working with scheme sponsors to progress these schemes, which are currently at different stages in the business case development process; for example two schemes requesting a total of £2.09M are being considered by the HIB for final funding approval in March 2023; and seven schemes with a funding ask of £20.33M have submitted Strategic Business Cases which are currently being appraised through SYMCA's Assurance Process.

Brownfield Housing Fund – Overview

- 2.3 The current overview of the BHF pipeline Phases 1-3 is summarised in the table below.

Phase 1 20/21	District	Funding ask		Units	
	Sheffield	£3,124,051		762	
	Rotherham	£433,950		27	
			£3,558,001		789

Phase 2 21/22	Sheffield	£9,690,155		572	
	Rotherham				
	Barnsley	£225,000		9	
	Doncaster	£4,155,000		159	
			£14,070,155		740
Phase 3 22-25					
	Sheffield	£24,397,031		1657	
	Rotherham	£9,804,000		522	
	Barnsley	£2,940,000		147	
	Doncaster	£2,250,000		102	
			£39,391,031		2,428
Totals			£57,019,187		3,957
BHF Total			£53,410,000		
Over Programmed			£3,609,187		657

2.4 Of the potential 3,957 new homes that could be delivered through the BHF Programme, currently 1420 of these would be social and affordable homes. This figure excludes a couple of schemes where the detailed housing mix is still to be determined.

2.5 The current overprogrammed position of circa 7% of the programme funding will allow for some projects to be taken out of the pipeline should they fail to meet programme criteria; for example, as a result of delays.

Open Call

2.6 The South Yorkshire Mayoral Combined Authority Board gave approval in July 2022 to undertake the Open Call for new schemes due to a remaining unallocated budget of £21.7M in the BHF Programme. The Open Call was held between the 5th September and 28th October 2022, and a wide ranging communication and awareness campaign was undertaken including press and social media releases and a series of in-person and online questions and answer events. Individual discussions were also undertaken with prospective applicants.

2.7 This campaign resulted in 39 Expressions of Interest with a total funding ask of £82m; nearly four times the available funding. The breakdown of submitted schemes per district is as follows:

Expression of Interest Submissions by Geography			
LA Totals	Value	Units	Number of Schemes
Barnsley	£11,350,000	686	3
Doncaster	£6,250,000	230	5
Rotherham	£13,606,000	863	7
Sheffield	£51,605,000	2,903	24
	£82,811,000	4,682	
		Total Schemes	39

2.8 All Expressions of Interest were assessed based on the strategic criteria set out in the published Open Call Prospectus document including affordable housing provision; low carbon standards; whether located in a Strategic Economic Plan (SEP) Growth Area; and deliverability with starts on site by end March 2025. The preferred schemes were added to the Phase 3 Pipeline.

2.9 A summary of the Phase 3 pipeline is below:

Phase 3 - 2022-25					
Scheme Name	District	2022 - 2025			
		Capital £		Units	
SCC SIP* Newstead OPIL	Sheffield	£2,396,000		141	
SCC SIP Newstead General Needs	Sheffield	£1,848,000		77	
SCC SIP Bole Hill View	Sheffield	£279,000		36	
SCC SIP Viking Lea	Sheffield	£1,615,000		90	
SCC SIP Algar	Sheffield	£895,000		50	
SCC SIP Gaunt Road	Sheffield	£480,000		30	
SCC SIP Temp Accommodation	Sheffield	£1,500,000		90	
SCC SIP Hemsworth OPIL	Sheffield	£894,000		81	
Park Hill P5	Sheffield	*1,792,000		112	
Cannon Brewery	Sheffield	6,696,031		300	
Attercliffe Waterfront	Sheffield	4,130,000		552	
Devonshire Quarter	Sheffield	790,000		60	
Sheffield Community Land Trust	Sheffield	185,000		0	
Langsett Road	Sheffield	552,000		23	
St Elizabeth Close	Sheffield	345,000		15	
SCC Totals			24,397,031		1,657
Eastwood	Rotherham	£1,749,000		36	
Blue Mans Way	Rotherham	1,300,000		76	
Waverley Phase 2	Rotherham	1,300,000		106	
Waverley Parcel 4C	Rotherham	1,470,000		87	
Waverley Parcel 4D	Rotherham	3,100,000		185	
Olive Lane, Waverley	Rotherham	885,000		32	
RMBC Totals			9,804,000		522
Goldthorpe Pre-1919 redevelopment	Barnsley	440,000		11	
The Seam	Barnsley	2,500,000		136	
BMBC Totals			2,940,000		147
Unity Housing West	Doncaster	2,250,000		102	
DMBC Totals			2,250,000		102

	2022 - 2025 Totals	39,391,031		2,428
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** SCC SIP refers to Sheffield City Council's Stock Increase Programme*

- 2.10 The HIB also agreed a Reserve Pipeline following the Open Call comprising of seven schemes with a funding ask of £11.4M. Subject to further clarity on scheme details and development of complaint business cases, these could also provide further schemes to add into the Phase 3 Pipeline should funding headroom become available.

Scheme	District	Funding Ask	Housing Units
Charnwood Street, Swinton	Rotherham	480,000	49
Rotherham Housing Development Programme	Rotherham	4,365,000	291
Bankwood Lane/ New Rossington	Doncaster	500,000	27
Gateway East	Doncaster	250,000	18
Claywood	Sheffield	1,200,000	50
Basford Way	Sheffield	405,000	17
Laurel Works	Sheffield	4,200,000	268
Total		£11,400,000	720

- 2.11 The target for the BHF programme is to unlock / start on site a minimum of 3,300 new homes on brownfield land by the end of March 2025, and this still looks to be achievable, but it is very challenging. The impact of the Covid19 Lockdown on the construction sector has affected the delivery of new homes, and other factors over the past 12 months such as material and labour cost escalation, higher inflation and costs of borrowing, and local authority capacity has compounded the development and delivery of brownfield housing schemes.
- 2.12 This challenging situation is reflected in the actual current programme spend. Although SYMCA has approved £17.28m for twelve schemes in 2020/21 and 2021/22, only £2.44M of revenue and capital funding has been contracted and spent to date. The pace of delivery is 'picking up' but the experience so far shows how important it will be to seek to ensure as many of the Phase 3 Pipeline schemes are progressed to development readiness and secure funding approval as early as possible, to enable sufficient time for delivery and spend by the end of March 2025 programme deadline.
- 2.13 There are reputational risks to under-delivery on this programme such as the possibility of funding in the final years of the programme being reduced or withdrawn by Government, and/or negatively impacting on any future devolution of brownfield housing funding to the region.

3. Options Considered and Recommended Proposal

3.1 Option 1

To note the progress in delivering the BHF programme.

3.2 **Option 1 Risks and Mitigations**

There remain a number of risks related to delivering the proposed new Phase 3 Pipeline schemes.

- Delays in finalising business cases for the Phase 3 Pipeline schemes such as due to capacity constraints of scheme sponsors and/or fluctuating economic conditions and cost escalations resulting in schemes not meeting programme criteria or the end of March 2025 deadline.
- Committing to funding schemes which may be delayed in delivery and therefore not contribute to 'unlocking' homes by the end of March 2025.

To mitigate these risks the Pipeline will be kept under continual review and schemes removed from the pipeline if it appears they cannot meet the delivery deadline. The over programming position will be helpful in this regard.

SYMCA Executive officers will also continue to support scheme sponsors of both the Phase 3 Pipeline and Reserve Pipeline schemes to seek to bring forward sufficient schemes by the end of March 2025 to meet both programme spend and housing output targets.

3.3 **Option 2**

N/A

3.4 **Option 2 Risks and Mitigations**

N/A

3.5 **Recommended Option**

Option 1

4. **Consultation on Proposal**

- 4.1 The Housing and Infrastructure Board has overseen the development and delivery of the BHF Programme. Local Authority Housing Directors have been involved at every stage in helping develop the ambitions of the BHF Prospectus and programme, as well as Housing Associations and Homes England.

5. **Timetable and Accountability for Implementing this Decision**

- 5.1 There is two years until the end of March 2025 BHF deadline, so it is critical that schemes are developed and delivered to meet this deadline.

6. **Financial and Procurement Implications and Advice**

- 6.1 There is £36.02M of BHF funding yet to be approved and the programme is currently overprogrammed by c£3.61M (7%). Monitoring will be important to ensure that this position is managed, and sufficient funding headroom is available for all schemes and/or alternative schemes are identified and brought forward for development to fill any funding headroom for spend by the end of March 2025.

7. **Legal Implications and Advice**

- 7.1 There are no direct implications of this report. All schemes funded from the BHF are approved in compliance with SYMCAs agreed processes and will have appropriate contracts agreed between SYMCA and scheme promoters.

8. Human Resources Implications and Advice

- 8.1 The SYMCA Executive will continue to support scheme promoters to develop the schemes expediently.

9. Equality and Diversity Implications and Advice

- 9.1 Appropriate equality and diversity considerations are considered as part of the SYMCA scheme design and development process.

10. Climate Change Implications and Advice

- 10.1 The carbon impacts of projects form part of the scheme development and scheme approval process.

11. Information and Communication Technology Implications and Advice

- 11.1 None as a direct result of this report.

12. Communications and Marketing Implications and Advice

- 12.1 There will be opportunities for publicity and marketing at both the SYMCA funding approval and scheme delivery stages.

List of Appendices Included:

- A none

Background Papers

None