

Mayoral Combined Authority Board

12 September 2023

Programme Approvals

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?	Yes

Director Approving Submission of the Report:

Gareth Sutton, Executive Director Resources & Investment/s73 Officer

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Executive Summary

This report requests:

1. Progression of seven investment schemes subject to conditions set out in the Assurance Summaries;
2. Acceptance of a Department of Transport Grant and onward award and acceptance of a Department of Environment, Food and Rural Affairs grant,
3. Approval to submit a funding application to the Department of Culture, Media and Sport.

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 a number of investment proposals which will support the MCA's aspirations.

Recommendations

This report recommends that the Board approves:

Brownfield Housing Programme and Infrastructure schemes:

- a. Progression of “Cannon Brewery (B46)” from Outline Business Case (OBC) to Full Business Case (FBC) and in-principle approval to award of £11.7m grant to Capital & Centric (505) Limited subject to the conditions set out in Assurance Summary A
- b. Progression of “Plot 2 Olive Lane, Waverley” from Business Justification Case (BJC) to full approval and award of £0.89m to Forge New Homes LLP subject to the conditions set out in Assurance Summary B
- c. Progression of “Gigabit Broadband Voucher Scheme (GBVS) Local Top-up” from Business Justification Case (BJC) to full approval and award of £0.51m to South Yorkshire Mayoral Combined Authority (SYMCA) subject to the conditions set out in Assurance Summary C

Gainshare Programme Approvals:

- d. Progression of “Housing Retrofit (D22)” from FBC to full approval and award of £2.7m grant to City of Doncaster Council (CDC) subject to the conditions set out in Assurance Summary D
- e. Progression of “Business Growth Advisors Service 23-25” from FBC to full approval and investment of up-to £1.6m by South Yorkshire Mayoral Combined Authority (SYMCA) subject to the conditions set out in Assurance Summary E

Gainshare Programme Delegations:

- f. Delegate authority to the Head of Paid Service in consultation with Mayor Coppard - in his position as the Portfolio Lead for the Economy and Portfolio Lead for Health - for consideration of the following:
 - a. The progression of scheme ‘D0063’ to post-OBC in-principle approval for up-to £36m capital and £27m revenue grant support and progression to a two-stage FBC process

Transport Programme Scheme

- g. Progression of “Magna-Tinsley Phase 1 (T8/2-1)” from FBC to full approval and award of £0.76m grant to Sheffield City Council (SCC) subject to the conditions set out in Assurance Summary F

Grant Acceptance

- h. Acceptance of £0.67m “Local Electric Vehicle Infrastructure (LEVI) Capability Fund” grant from the Department of Transport (DfT) and onward award.
- i. Acceptance of £0.24m “Local Nature Reserve Strategy (LNRS)” grant from Department of Environment, Food and Rural Affairs (Defra)
- j. Delegate authority to the Head of Paid Service in consultation with the Section 73 and Monitoring Officer to enter into legal agreements for the schemes above.

Funding Application

- k. Endorse submission of a full application for the Creative Growth Programme (CGP) to the Department of Culture, Media and Sport (DCMS).

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

Assurance Panel

03 August 2023

Assurance Panel

23 August 2023

1. Background

- 1.1 This report seeks approval from the MCA Board for
 - a. Progression of six schemes.
 - b. Acceptance of DfT and Defra Grants

c. Approval of a funding bid for the CGP to DCMS

- 1.2 The report further recommends that the Board delegate authority to consider the in-principle approval of one scheme, subject to the satisfactory conclusion of assurance processes, to the Head of Paid Service in consultation with Mayor Coppard in his capacity as the Portfolio Lead for the Economy and Portfolio Lead for Health. This request reflects a time-critical opportunity.
- 1.3 Further details are provided on these proposals in the main body of the report and within the appended assurance documents.

Brownfield Housing Programme Approvals

1.4 **Capital & Centric (505) Limited
Cannon Brewery
Progression to FBC and In-Principle Approval of Funding**

Capital & Centric are seeking £11.7m capital grant to contribute towards a total scheme cost of £131.35m at an intervention rate of 11%.

Cannon Brewery is a large privately owned brownfield site in the heart of one of Sheffield's key strategic regeneration areas that has remained vacant for a quarter of a century. Attempts have been made previously to unlock the sites potential but so far have been unsuccessful.

Capital & Centric have now secured a purchase agreement to acquire the site and develop it for housing. The plans will include c.550 homes, all for private rent and 40,000 sq.ft. of commercial space as well as a large publicly accessible central park/courtyard.

The project will be delivered in two phases:

Phase 1

The first phase will deliver c.300 high quality homes by re-purposing as much of the original brewery site as possible, offsetting a significant amount of embodied carbon, with a focus on a new vibrant publicly accessible park in the centre of the scheme offering much needed outdoor space for social events and recreation to the new and existing communities of Kelham and Neepsend.

The existing brewery building to the corner of Boyland Street and Bardwell Road will become c.8,000 sq.ft of new co-working facilities for new businesses acting as an incubator scheme for entrepreneurs through the provision of quality housing, modern workspaces and a range of amenity for its residents. The space will be available to the general public, bringing new people to the area, raising its profile and creating further value in the surrounding area.

There will also be a further c.25,000 sqft of commercial and amenity spaces to the ground floor, providing a much-needed social destination to the area, to cater for the new population that will grow from the wider regeneration of the area.

Phase 2

The second phase will deliver c.230-250 homes with a focus more on amenity for the residents with quieter, more contemplative outdoor space. There will also be a further circa 7,000 sqft of commercial space centred around a main reception and arrival square located on Boyland Street.

Appendix A provides a summary of the project assurance and any suggested conditions of award.

1.5 **Forge New Homes LLP**
Plot 2 Olive Lane, Waverley
Progression to Full Award

Forge New Homes LLP are seeking £0.89m capital grant to contribute towards a total scheme cost of £8.08m at an intervention rate of 11%.

The project looks to deliver 32, 2 / 3-bed properties designed to exceed building regulation requirements, with gardens on a 10-acre brownfield site located adjacent to the Highfield Commercial area of the Waverley Regeneration Scheme.

Benefits and Outcomes:

- 0.47 Remediation of brownfield land
- 32 Housing Units
- 52 Car parking spaces (32 EV chargers)
- 32 Cycle parking spaces - All plots have dedicated cycle storage within the curtilage
- 7 Bird Boxes incorporated into dwellings
- 0.03ha Central green street – & public space
- All electric scheme - All plots gas free heating
- 157 Construction Jobs

Appendix B provides a summary of the project assurance and any suggested conditions of award.

1.6 **South Yorkshire Mayoral Combined Authority**
Gigabit Broadband Voucher Scheme (GBVS) Local Top-up
Progression to Full Award

The Government is providing up to £210m worth of voucher funding as immediate help for people experiencing slow broadband speeds in rural areas as part of its Project Gigabit - Broadband Voucher Scheme. The voucher is a subsidy covered by government worth £4,500 to help cover the costs of installing gigabit broadband to premises, both residential and SME businesses, in these areas. There is a minimum requirement of 2 premises receiving a broadband connection speed of at least 1,000 megabits per second (Mbps) per voucher.

The MCA is being asked to fund £0.51k grant as part of a local top up scheme to the Government's national voucher scheme. This is the minimum local funding contribution required to establish a local gigabit voucher top up scheme, set by Building Digital UK (BDUK), who administer both nation and local schemes.

A maximum voucher value of £7,000 is proposed meaning a maximum MCA local contribution per voucher of £2,500 (£4,500 coming from central government). This therefore would fund a minimum of 200 vouchers, or 400 premises, leveraging in £900,000 of government funding. However, as this represents the minimum number of premises per voucher benefitting if the full funding is utilised, it is hoped that the actual number will be greater.

Benefits and Outcomes:

- An estimated 400 individual resident and SME connections completed in hard-to-reach areas.
- 95% availability of Gigabit Broadband in South Yorkshire by 2025 (South Yorkshire Digital Infrastructure Strategy target) – baseline as of 29/3/2023 is 74.19%

Appendix C provides a summary of the project assurance and any suggested conditions of award.

Gainshare Programme Approvals

1.7

City of Doncaster Council Housing Retrofit Progression to Full Award

City of Doncaster Council are seeking £2.7m capital grant to contribute towards a total scheme cost of £6.065m at an intervention rate of 44.5%.

The project aims to deliver a 'whole house' retrofit pilot to 21 homes in a social housing setting. A range of tenancies and property archetypes will be selected to provide real data which will help understand how a return on investment can be attained for social or private finance.

The project will also deliver home insulation measures, both part funding external wall insulation to 250 Council homes and 50 privately owned homes.

Funding will be used to match capital works to properties and revenue costs for project management, monitoring and evaluation.

Benefits and Outcomes:

- 250 Council owned properties to receive external wall insulation.
- 50 privately owned homes to receive external wall Insulation.
- Grants paying for 50% of the cost of external wall insulation to 50 privately owned homes in low-income communities.
- 21 Council homes to receive 'whole house' retrofit works

The work will include:

- External wall insulation
- Loft Insulation
- Floor Insulation
- Windows and doors
- Air Source Heat Pump
- Solar PV and battery storage

Resource is available to CDC from Gainshare funding earmarked to this scheme in the original commitments made in March 2021.

Appendix D provides a summary of the project assurance and any suggested conditions of award

1.8

Barnsley Metropolitan Borough Council

D0063 – Place Plan Investment

Delegations to Consider Progression from OBC to In-Principle Approval

This project represents a central pillar of BMBC's Place Plan, previously endorsed by the MCA Board in June 2023. The project supports core MCA's aspirations, in particular addressing health inequalities in South Yorkshire and supporting the regeneration of urban centres, helping restore pride and prosperity in our region.

This report proposes that delegation is granted to the Head of Paid Service, in consultation with the Mayor (as the Portfolio Holder for the Economy and Portfolio Holder for Health) to consider providing an approval of the scheme's OBC and an in-principle approval of funding, subject to the usual assurance processes.

Assurance processes are well underway, but at the time of writing, and despite best efforts, the independent assessment had not been completed in time to be included on this agenda.

Delegations in this manner are sought to support a decision ahead of the next MCA meeting in November, allowing risk to be mitigated around a time-sensitive acquisition opportunity.

BMBC have prepared the OBC appended to this report for the total funding requirement (capital and revenue) with the intention that it is committed sequentially for phases 1 and 2, subject to completion of assurance of separate FBC for each phased element.

Analysis of the timeline between the need to take a decision on funding, assurance processes, and the next MCA Board in November, suggests that a delegation offers the best opportunity for the MCA to manage governance processes whilst meeting other project-critical deadlines.

In exercising this delegation, consideration will need to be given to the outcomes of the assurance exercise that is currently well-progressed but as yet incomplete.

Whilst work around the total value of funding required is ongoing, it is estimated that cumulative capital and revenue costs could be up to £63m. This value represents the upper-end of forecast cost and will, as usual, be refined through the two-stage FBC process.

Funding for this project would be drawn from the long-term Gainshare resource earmarked to the delivery of BMBC's Place Investment Plan. BMBC would commit to financing the up-front costs of the project with the MCA releasing Gainshare funding on an annual basis over the life of the devolution deal.

Details of this project are shared in the business case appended to this document. This business case is not published in the public domain noting the commercial sensitivity.

1.9 **South Yorkshire Mayoral Combined Authority Business Growth Advisors Service 23-25 Progression to Full Award**

In 2022, SYMCA committed £810k to fund the Business Growth Advisors service for a period of 12 months, contracting with a network of 16 Business Growth Advisors, to provide high quality advice and guidance to local businesses.

In March 2023 the Business Growth and Recovery Board approved a package of investments funded from the earmarked Renewal Action Plan revenue funding. This included a continued investment in the Business Growth Advisors service, for a period of 2 years, to help even more local businesses in South Yorkshire to benefit from the expertise and specialist help that has already helped many SMEs to grow and become more resilient.

The MCA's investment in the Business Growth Advisor service will fund a network of specialist Business Growth Advisors, who will each provide up to 8 days (per month) of advice, guidance, and intensive support to local businesses, for a period of 24 months to March 2025.

Consultation with local authority partners has helped to identify the specialisms that local businesses require support with, which have been listed below:

- Digital/technology deployment
- Manufacturing processes (lean and digitisation)
- Retail sector diversification
- Access to finance
- Procurement and tendering
- Net zero and environmental adaptations
- Culture and creative sector support
- Business strategies to drive growth, resilience and recovery.
- Exporting and accessing international markets
- Workforce skills and culture development.

The network of Advisors will be enhanced, to include up to 20 specialists, reflecting the growing need for specialist support required by businesses in South Yorkshire. In addition, the operating model will become more flexible, deploying Advisors to work across the region, in other local authority areas where there is a need /demand for their specialist advice or expertise.

The table below shows the breakdown of funding provided over the period of the project:

Local Authority area Advisor funding (over 2 years)	Total Allocation
Barnsley	£375,000
Doncaster	£375,000
Rotherham	£375,000

Sheffield	£375,000
Professional fees	£100,000

These costs are funded in their entirety from the Gainshare funding earmarked for Business Renewal Action Plan activity in March 2021.

Appendix E provides a summary of the project assurance and any suggested conditions of award

Transforming Cities Fund Programme Approvals

1.10 **Sheffield City Council Magna Tinsley Progression to Full Award**

Sheffield City Council are seeking £0.76m capital grant to contribute towards Phase 1 of the Maga-Tinsley project and development cost funding for Phase 2. The scheme cost is £1.6m of which £0.84m development cost funding has previously been approved.

Phase 1 is focussed on a new toucan crossing at the Sheffield Road/Raby Street junction to provide a safe crossing point from the Tinsley Village across Sheffield Road. Phase 1 also includes the rationalisation and resurfacing of parking bays within Cooper & Turner's premises alongside Sheffield Road which is required to deliver the Phase 2 project.

A new gated access for Cooper & Turner onto Sheffield Road will also be provided, removing a potential safety concern for active travel users and vehicles based on the poor visibility from the current access. This needs to be funded as part of the project as the removal of several of Cooper & Turner's parking bays is required to deliver LTN 1/20 compliant active travel infrastructure on Sheffield Road.

This phase will address key issues in terms of Safety, Severance, Accessibility and congestion. The rationale for the inclusion of the Cooper & Turner works as part of this phase 1 works is included to facilitate and de-risk the wider scheme delivery with the resultant Active Travel benefits.

Appendix F provides a summary of the project assurance and any suggested conditions of award

Grant Acceptance

1.11 **Department of Transport (DfT) Local Electric Vehicle Infrastructure (LEVI) Capability Fund. Allocation - £0.67m**

On 30th March 2023 DfT confirmed £0.67m funding for SYMCA as part of the LEVI Capability fund. This funding is released now in anticipation of capital funding being released by Government in the next financial year to support roll out of charging infrastructure across the country.

The LEVI Capability Fund has been provided to achieve the following objectives:

- To increase the capacity and effectiveness of local authorities to produce and deliver on a chargepoint strategy for their areas.
- To ensure local authorities are equipped to access and deliver value for money for public capital funding and maximise private sector funding - delivering business models and technologies that meet the changing needs of local residents.
- To help establish a lasting legacy of capacity and effectiveness within local authorities across England, to ensure local charging needs are considered and met in the context of the 2030 phase out of petrol and diesel cars and vans, and wider net-zero needs.

This paper seeks approval to accept the grant and disburse the funding as follows:

District	Amount
BMBC	£0.12m
CDC	£0.12m
RMBC	£0.12m
SCC	£0.12m
SYMCA	£0.03m

The remaining funds will be used for procurement and further development costs.

LEVI activity will be overseen through the Housing and Infrastructure Portfolio.

1.12 **Department of Environment, Food and Rural Affairs (Defra) Local Nature Reserve Strategy Allocation - £0.24m**

On 31st July 2023 Defra confirmed £0.24m funding for SYMCA as part of the LNRS fund. Local Nature Recovery Strategies (LNRSs) are a new system of spatial planning for nature that will help to recover nature and deliver wider environment benefits across England. They will inform nature recovery efforts and actions on the ground, including supporting the delivery of mandatory biodiversity net gain as well as other environmental investments. They will also provide a focus for a strengthened duty on public bodies to conserve and enhance biodiversity (Section 40, Natural Environment and Rural Communities Act 2006). LNRSs will divide England into 48 strategy areas, with no gaps or overlaps, each led by a responsible authority.

SYMCA has been appointed as the responsible authority and the grant is intended to help prepare a LNRS in line with regulations and statutory guidance. This grant covers a two year period.

1.13 **Endorse Full Application**

**Department of Culture, Media and Sport (DCMS)
Create Growth Programme (CGP)
Bid Value - £0.52m**

Following endorsement from the Business Recovery and Growth Board on 30th June 2022, on 7th July 2022 SYMCA expressed interest in the Department of Culture, Media and Sport's (DCMS) Create Growth Programme (CGP).

The CGP is a partnership programme to address gaps in support for creative businesses, with the objective to attract new private sector investment by de-risking both perception and reality of the creative sector. The CPG will:

- Develop creative businesses' ability to plan for growth in capacity and employment as a precursor to attracting investment
- Raise creative employers' awareness of creative talent available locally
- Signal employment opportunities at early and mid-career (2-10 years from graduation) to reduce drain of talent to Manchester, Leeds and London.

SYMCA was not shortlisted to submit a full application during 2022. However, DCMS opened up another round of funding for the same programme worth £520k and SYMCA submitted an Expression of Interest on 9th August 2023. Notification of shortlisting will be received on 23rd August 2023. If shortlisted SYMCA will be invited to submit a full application with a deadline for submission of 19th September 2023.

This paper seeks to provide a progress update and requests that the Board endorse the submission of a funding application to DCMS.

2. Options Considered and Recommended Proposal

2.1 Option 1

Approve all recommendations.

2.2 Option 1 Risks and Mitigations

Approval of the progression of the investment propositions will result in a commitment being made against existing programme budgets.

2.3 Option 2

Reject some, or all, of the recommendations.

2.4 Option 2 Risks and Mitigations

Rejection of the recommendations in this report would mean the region foregoing the forecast benefits arising from the investment and the delivery of the projects at risk.

2.5 Recommended Option

Option 1

3. Consultation on Proposal

3.1 Discussions for these projects has continued with the thematic boards during project development.

4. Timetable and Accountability for Implementing this Decision

4.1 Subject to the approval of the recommendations and approval by the MCA, the Head of Paid Service in consultation with the Section 73 Officer and Monitoring Officer will progress to enter into a legal agreement with the promoters.

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

5. Financial and Procurement Implications and Advice

5.1 A number of capital investment projects are recommended for approval or progression in this report. All projects are presented with a proposed funding source.

6. Legal Implications and Advice

6.1 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. Human Resources Implications and Advice

7.1 None.

8. Equality and Diversity Implications and Advice

8.1 Equality and diversity implications are taken into account as part of the assurance of the project business cases.

9. Climate Change Implications and Advice

9.1 Climate change implications are considered as part of the assurance of the project application process.

9.2 Some of the projects detailed in this report include new and/or enhanced active travel initiatives thereby shifting private vehicle use to more sustainable modes of transport. This aims to deliver health benefits and positively contribute to the SYMCA's climate change aspirations.

10. Information and Communication Technology Implications and Advice

10.1 None

11. Communications and Marketing Implications and Advice

11.1 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 – Cannon Brewery
- B Assurance Summary –Plot 2 Olive Lane, Waverley
- C Assurance Summary – Gigabit Broadband Voucher Scheme (GBVS) Local Top-up

- D Assurance Summary – Housing Retrofit
- E Assurance Summary – Business Growth Advisors Service 23-25
- F Assurance Summary – Magna Tinsley Phase 1

Background Papers

None.