

HOUSING BOARD

24th OCTOBER 2019

LGF PROJECT APPROVALS

Purpose of Report

In line with the Sheffield City Region Single Assurance Framework two projects seeking LGF funding as part of the Housing Fund have been considered by the Sheffield City Region Appraisal Panel and recommended for the Housing Board's approval (Bradwell 12), and endorsement of the recommendation to approve by the Mayoral Combined Authority (Rotherham Town Centre).

Thematic Priority

This report relates to the following Strategic Economic Plan priorities:

Secure investment in infrastructure where it will do most to support growth.

Freedom of Information

The paper will be available under the Combined Authority Publication Scheme.

Recommendations

The Board is asked to consider and approve:

1. Bradwell 12 to full approval and award of £270k grant to Peak District Rural Housing Association (PDRHA) from the Local Growth Fund subject to the conditions set out in the Appraisal Panel Summary Table attached at Appendix 1.
2. Delegated Authority to the Head of Paid of Service, in conjunction with the Section 73 and the Monitoring Officer, to enter into the contractual arrangements required as a result of the above approval.

The Board is asked to endorse:

3. Progression of Rotherham Town Centre to the MCA for a decision on the award of £3.917m grant. A summary of the assessment is set out in the Appraisal Panel Summary table attached at Appendix 2.

1. Introduction

1.1 In line with the Sheffield City Region Single Assurance Framework these projects have been through a process of technical Appraisal and consideration by a Panel of Officers representing the SCR Statutory Officers. The outcome of this process is the recommendation presented to the Housing Board for funding approval for the Bradwell 12 scheme under the Board's delegations, and endorsement of the recommendation for funding approval for the Rotherham Town Centre scheme by the MCA.

2. Proposal and justification

2.1 Bradwell 12

The Bradwell 12 scheme involves the purchase and refurbishment of 12 rented houses in Bradwell. The houses were built in the 1950s for workers at the neighbouring engineering works. Twelve local rental properties are available for purchase and the applicant aims to ensure that the stock remains affordable rented housing in perpetuity.

The homes are an important part of the affordable housing stock in Bradwell and the Peak District and are currently occupied. The tenants have all lived in the properties for over fourteen years; six of the households are economically active; and four have children in the local school which struggles for pupil numbers. It is likely that the current tenants would need to move out of the properties should they be sold and there is no alternative affordable accommodation in the village.

The application is for £270,000 LGF Housing Fund and is brought forward by the Peak District Rural Housing Association (PDRHA). Total project costs are £2,132,800 with match funding coming from a bank loan, Derbyshire Dales District Council and Homes England.

Assurance Framework

The technical Appraisal Team has scrutinised the business case documents submitted by the scheme promoter to ensure completeness and test the responses to each of the 5 cases (Strategic, Economic, Financial, Management and Commercial).

The Appraisal Panel Summary is set out in Appendix 1. The project will safeguard existing properties as affordable homes. This results in welfare benefits and distributional impacts which equates to a benefit cost ratio of 1.9. For a rural scheme of this nature, this is considered acceptable value for money.

The Appraisal Panel recommends the approval of the Housing Board's endorsement of 270k of LGF grant to RMBC subject to conditions set out in Appendix 1.

2.2 Rotherham Town Centre

This scheme is led by Rotherham Metropolitan Borough Council across three brownfield sites (Sheffield Road, Millfold house and Henley's Garage), which aim to deliver 171 high quality homes of mixed type and tenure (28% Market Sale, 18% Shared Ownership, 54% Affordable Rent). This initial scheme aims to kickstart the development of up to 2,000 new homes in Rotherham town centre as envisaged in the adopted Town Centre Masterplan.

Due to local market values, SCR gap funding is required to cover abnormal costs, including flood mitigation, non-standard foundations, site clearance and demolition. The SCR funding will deliver three remediated sites, removing physical barriers to development which will enable the building of the housing units.

Alongside the £3.917m from the LGF Housing Fund, the Council are investing £20.468m and £5.965m is requested from Homes England. Planning permissions and other funding is scheduled to be secured in October and November 2019.

Assurance Framework

The technical Appraisal Team has scrutinised the business case documents submitted by the scheme promoter to ensure completeness and test the responses to each of the 5 cases (Strategic, Economic, Financial, Management and Commercial).

The Assurance view is that the scheme has significant welfare benefits with 72% of the homes being affordable. The project has a BCR of 3.4 and so represents acceptable value for money.

The project has identified considerable delivery risks which includes securing match funding and obtaining planning approval. It is recommended that these are sought and obtained prior to contract execution.

The LEP are currently undertaking a review of all LGF projects with a view to project prioritisation. It should be noted that this project is still subject to a decision by the LEP on the 4th of November to include the Rotherham Town Centre project on the LGF pipeline for future funding. If selected at the LEP meeting on the 4th of November, the project will go forward for a funding award decision at the MCA on the 18th of November.

As the funding requested is over £2m, the approval needs to be determined by the MCA. The Housing Board is asked to endorse the Appraisal Panels' recommendation of approval for £3.917m of LGF grant to RMBC subject to conditions set out in Appendix 2.

3. Consideration of alternative approaches

- 3.1** Alternative approaches including do nothing and do less were considered as part of the options appraisal in the Economic Case of the FBC, all of which were not viable alternatives or would negatively impact the value for money of the project.

4. Implications

4.1 Financial

Financial implications have been fully considered by a representative of the s73 officer and included in the Appraisal Summaries agreed by the Appraisal Panel as presented in Appendices 1 and 2.

4.2 Legal

Legal implications have been fully considered by a representative of the Monitoring officer and are included in the Appraisal Summaries agreed by the Appraisal Panel as presented in Appendices 1 and 2.

4.3 Risk Management

Risk management is a key requirement of all submissions and is incorporated into the FBC submissions. Where weaknesses have been identified in the FBC in terms of risk management, further work to capture and mitigate these risks is included as suggested conditions in the Appraisal Panel summary sheets.

4.4 Equality, Diversity and Social Inclusion

None as a result of this report.

5. Communications

- 5.1** The business case for these LGF schemes presents opportunities for positive communications; officers from the SCR Executive Team will work with the relevant local authority officers on joint communications activity at the appropriate time.

6. Appendices/Annexes

6.1 Appendix 1: Appraisal Panel Summary Bradwell 12
Appendix 2: Appraisal Panel Summary Rotherham Town Centre

REPORT AUTHOR	Carl Howard
POST	Senior Programme Manager
Officer responsible	Ruth Adams
Organisation	Sheffield City Region
Email	Ruth.Adams@sheffieldcityregion.org.uk
Telephone	0114 2203442

Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

Other sources and references: