

27th January 2020

LGF CAPITAL PROGRAMME APPROVALS

Purpose of Report

The paper seeks approval of three schemes with a total value over all years of £12.61m Local Growth Fund (LGF) and seeks delegated authority to the Head of Paid Service in consultation with the S73 and Monitoring Officer to enter into legal agreements for the schemes.

Thematic Priority

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

Freedom of Information and Schedule 12A of the Local Government Act 1972

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

Recommendations

The SCR MCA consider and approve:

1. Progression of Doncaster Sheffield Airport Passenger Capacity Expansion to full approval and award of £5.02m loan to Doncaster Sheffield Airport Limited subject to the conditions set out in the Appraisal Panel Summary Table attached at **Appendix A**
2. Progression of A630: Westmoor Link Road to full approval and award of up to £5m grant to Doncaster Metropolitan Borough Council subject to the conditions set out in the Appraisal Panel Summary Table attached at **Appendix B**
3. Progression of Digital Innovation Hub to full approval and award of up to £2.59m grant to Barnsley College subject to the conditions set out in the Appraisal Panel Summary Table attached at **Appendix C**
4. Delegated authority be given to the Head of Paid Service in consultation with the s73 and Monitoring Officer to enter into legal agreements for the schemes covered in 1-3 above.

1. Introduction

- 1.1** This paper requests approval for three schemes with a total value over all years of £12.61m. This includes £8.24m of expenditure which is profiled to contribute towards the 2019/20 LGF annual spend target.

2. Proposal and justification

2.1 Doncaster Sheffield Airport Passenger Capacity Expansion
(Infrastructure/Transport Scheme)

Appendix A provides a summary of the scheme appraisal and the suggested conditions of award.

2.1.1 Background - The DSA (Doncaster Sheffield Airport) Partnership Board identified that driving growth in passenger numbers is critical to the long-term success of the airport, and to enable it to contribute towards the SCR's long-term economic strategy.

2.1.2 The Project – This investment is for a £5.02m loan with interest charged at market rates, fully repaid after 5 years. The SCR loan will be backed by a guarantee from DSAL's parent company.

The loan will enable increased passenger capacity and the attraction of new carriers through:

- a new enlarged and relocated central search area at the northern end of Level 3 of the terminal including 'smart lane' technology to improve processing;
- reconfiguration of Level 3 departure lounge, linking with the exit from the new central search area, including improved passenger service facilities;
- two new departure gates with link bridges to the apron (including one for passengers with reduced mobility);
- a scheme of internal reconfiguration to enlarge the existing Level 1 International arrivals and immigration area; and
- a lightweight single storey extension to the terminal building to further enlarge the International arrivals area.

2.1.3 The benefits and outcomes - The scheme aims to:

- generate 233 fte gross additional jobs by 2029/30. Of this, 100 jobs are to be created by March 2025 when the loan will be repaid.
- deliver an estimated GVA benefit of £35.6m over 10 years. This is equivalent to £48.04 for every £1 LGF invested.

The project is assessed as offering good value for money for the LGF investment.

2.2 A630: West Moor Link (Transport Scheme)

Appendix B provides a summary of the scheme appraisal and the suggested conditions of award.

2.2.1 Background - The A630: West Moor Link project is the final pipeline project which formed part of the SCR first Growth Deal submission, announced by Government in July 2014. The project area is a 400m length of road including both the A630 and the A18 which links Doncaster town centre and the M18. The road goes under a railway bridge which has height restrictions and suffers from congestion which is stifling growth and impacting on future housing and employment development in the area.

2.2.2 The Project - The scheme aims to improve journey times on the A630/A18 corridor in Doncaster by replacing the A18 Thorne Rd railway bridge with a widened and deepened prefabricated bridge to allow a second outbound lane, cycleway, more headroom for HGVs, reduced bridge maintenance costs and future twin tracking of the railway. SCR's funding is towards the additional junction improvement works that are proposed at the nearby roundabouts intended to save time for road users.

The widening of the bridge will allow an additional lane to be constructed underneath along with pedestrian and cycling improvements as the width of the current footway

is not suitable to allow cycling which therefore leaves a gap in the national cycle network.

- 2.2.3 The benefits and outcomes** - The preferred option has a very high BCR of 12.8. The relatively high BCR value is reflective of the nature of modelling undertaken on the scheme. Benefits are mainly in the peaks, for cars travelling short distances outside the town centre. A larger modelling area is likely to have resulted in a lower BCR but still offering good value for money.

The project is assessed as offering good value for money for the LGF investment.

2.3 Barnsley Digital Innovation Hub (Skills Scheme)

Appendix C provides a summary of the scheme appraisal and the suggested conditions of award.

- 2.3.1 Background** - The scheme is to create a Digital Innovation Hub in the centre of Barnsley to work alongside the existing Digital Media Centre and the refurbished Digital Media Centre 2 (a previous LGF investment £2.1m).

- 2.3.2 The Project** - The project is seeking a LGF grant of £2.59m (total capital investment of £5.796m) and will reconfigure and refurbish Barnsley College's existing *Sci Tech Campus building* into the Digital Innovation Hub (DIH).

This will deliver 3,723 m2 of learning and teaching space designed to ensure learners have access to high-quality facilities and industry standard equipment to gain the skills and knowledge employers demand.

The Hub will support the creation of a talent pipeline through the delivery of the Government's flagship T-levels as well as a wider technical/vocational offer to support progression for learners on Level 2 programmes into Level 3 and apprenticeships, other classroom-based activity and up-skilling for adults and those already currently in employment.

2.3.3 The benefits and outcomes

Over a period of 10 years, the project is estimated to support

- 3,435 learners (gross additional)
- 1,239 of the net additional learners moving into employment.

This indicates a potential cost equivalent of £2,091 per job to LGF and is estimated to generate benefits of £7,894,878 of GVA over this period.

This project therefore offers good value for money for LGF with a Benefit Cost Ratio (BCR) of 4.23.

3. Consideration of alternative approaches

- 3.1** Options have been considered as part of the business case process for all projects. For the DSAL loan extensive work has been undertaken to explore options to invest LGF for the project proposed. A grant has been discounted as it did not meet state aid rules.
- 3.2** Similarly, A630: West Moor Link have considered a 'do minimum' and 'do more' option. The assessment has taken place on the £10.65m scheme, if any further

work is planned for this area then it is recommended that a larger scheme undertakes full strategic modelling.

4. Implications

4.1 Financial

The projects presented for approval today are profiled to contribute £8.24m towards the 2019/20 annual financial target of £35.5m. Therefore, expenditure within the projects presented for approval in this paper will assist towards meeting the annual financial target.

4.2 Legal

The legal implications of each project have been fully considered by a representative of the Monitoring Officer and included in the recommendations agreed by the Appraisal Panel as presented in the supporting information.

4.3 Risk Management

Risk management is a key requirement for each of the submissions and is incorporated into the FBC submissions. Where weaknesses have been identified in the FBCs in terms of risk management, further work to capture and mitigate these risks is included as a condition of award in the appraisal panel summary sheets. Risks and Issues management is reported quarterly to the SCR Executive as part of contract monitoring.

4.4 Equality, Diversity and Social Inclusion

Appropriate equality and diversity considerations are taken into account as part of the assessment of the project business case.

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 officers on joint communications activity at the appropriate time.

6. Appendices/Annexes

- 6.1 Appendix A: Appraisal Panel Summary Doncaster Sheffield Airport Passenger Capacity Expansion
Appendix B: Appraisal Panel Summary A630: West Moor Link
Appendix C: Appraisal Panel Summary Barnsley Digital Innovation Hub

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