

1st June 2020

LGF Programme Approvals

Purpose of Report

In line with the agreed Assurance Framework this paper seeks approval of change requests for six projects 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

This paper will be available under the Combined Authority Publication Scheme

Recommendations

Members are asked to consider the change requests outlined below and if agreed, delegate approval to the Head of Paid Service in consultation with the Monitoring Officer to enter into contract variations, in accordance with the agreement reached.

Members are asked to approve:

1. Project change request from “DN7 Unity project” to reprofile £751,800 expenditure from 19/20 into 20/21, to agree an extension to works completion from August 2020 to December 2020 and reprofile of outputs and outcomes in accordance with the revised timescales.
2. Project change request from “Digital Media Centre 2” to reprofile £106,596 expenditure from 19/20 into 20/21, to agree an extension to works completion from March 2020 to June 2020 and a reprofile of outputs and outcomes in accordance with the revised timescales.
3. Project change request from “Strategic Testing Tools” to reprofile £190,196 expenditure from 19/20 into 20/21
4. Project change request from “M1 J36 Phase 1 Hoyland”- to reprofile £2,621,858 expenditure from 19/20 into 20/21, agree a reduction in the total grant value of £610,009 and a revision of outputs and outcomes in accordance with the revised reprofile.
5. Project change request from “M1 J37 Phase 2 - Claycliffe” to reprofile £1,376,858 expenditure from 19/20 into 20/21 and revision of conditions to enable entry into contract.
6. Project change request from “Doncaster Sheffield Airport Car Park Extension Loan” to extend the works completion date from April 2020 to January 2021.
7. 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 1-6 above.

1. Introduction

1.1 In recognition of unforeseen circumstances that can arise during the project delivery phase the approved Assurance Framework establishes a formal process for the acceptance of change requests. These change requests could be financial requiring reprofiling of funds or could be to amend deliverables or timescales.

The Assurance Framework established that some change requests will be presented for approval to the relevant Executive Board, in line with their agreed delegation levels whilst others will require the approval of the MCA Board.

1.2 There are six change requests for LGF which require MCA approval. These are detailed in sections 2.1 to 2.6 below.

2. Proposal and justification

2.1	Scheme	19/20 Allocation	19/20 Final Expenditure	Allocation to be moved into 20/21
	DN7 Unity Project	£8,170,320	£7,418,520	£751,800
<p>The project is building a 2.9km road to unlock housing, retail, commercial and education facilities. The total project cost is £18.17m of which £11.15m is the LGF contribution.</p> <p>Detail of request – The project was impacted due to the sustained rainfall in October and November. The impact was highlighted as a concern at the time but considered manageable as the site itself didn't suffer from direct flooding. It was subsequently confirmed that the land had been saturated and was not drying out as quickly as anticipated which highlighted the following issues –</p> <ul style="list-style-type: none"> ➤ inadequate drainage capacity on the site; ➤ until the land dries, earthworks could not continue; and ➤ the fill material sourced for the site was also saturated and unsuitable for use at this time. <p>The project is requesting:</p> <p>Cost - to reprofile £751,800 from 19/20 into 20/21 Time - A four-month extension to works completion from August 2020 to December 2020. Quality – Reprofile of outputs and outcomes by 1 year</p>				

2.2	Scheme	19/20 Allocation	19/20 Final Expenditure	Allocation to be moved into 20/21
	Digital Media Centre 2 (DMC 2)	£1,076,737	£970,141	£106,596
<p>The project is acquiring and refurbishing an underutilised building in the centre of Barnsley to be used as business space. The total project cost is £3.16m of which £2.21m is the LGF contribution.</p> <p>Detail of request - Delays in appointing a contractor and delays in the works programme has caused some slippage.</p> <p>The project is requesting:</p> <p>Cost - to reprofile £106,596 from 19/20 into 20/21. Time - A three-month extension to the works completion from March 2020 to June 2020. Quality - A reduction of 4% commercial floorspace output.</p>				

2.3

Scheme	19/20 Allocation	19/20 Final Expenditure	Allocation to be moved into 20/21
Strategic Testing Tools	£190,196	£0	£190,196

The Strategic Testing Tools project has developed transport and land use models for appraising business cases.

Detail of request - The Department for Transport (DfT) will sign off the models which are near completion for use in assessing future business cases. The time taken until DfT approval means that there are delays in the LGF spend. Requirement to spend funds post DfT sign off to finalise both models, but delays associated with Mass Transit business case has resulted in no LGF spend this year.

The project is requesting:

Cost - to reprofile £190,196 from 19/20 into 20/21.

Time – No impact

Quality – No impact

2.4

Scheme	19/20 Allocation	19/20 Final Expenditure	Allocation to be moved into 20/21
M1 J36 Phase 1 Hoyland	£2,621,858	£0	£2,621,858

The project consists of five work packages to contribute to the delivery of new and improved highways infrastructure works which will enable the delivery of key areas of employment land along the M1 Junction 36 Dearne Valley Economic Growth Corridor. The total project cost is £56.3m of which £15.7m is the LGF contribution.

Detail of request – The project has experienced delays in developer agreements and starting delivery of remaining work packages. Further development of the individual work packages has been necessary which has led to revised outputs and outcomes. There has also been an underspend in Work Package 1.

The project requests:

Cost – to reprofile £2,621,858 from 19/20 to 20/21 and,

£610,009 reduction in overall LGF allocation (from 20/21 allocation)

Time – No impact

Quality - Outputs

- 7% reduction in Commercial Floorspace
- 4% increase in Employment Land Remediated
- No change in New / Improved Highway

Outcomes

- 1% reduction in Private Sector Leverage

No change in Jobs

2.5	Scheme	19/20 Allocation	19/20 Final Expenditure	Allocation to be moved into 20/21
	M1 J37 Phase 2 – Claycliffe	£1,376,858	£0	£1,376,858
<p>The project contributes to off-site highway mitigations which will open up land for future commercial development, housing and schools. The total project cost is £18.17m of which £10.637m is the LGF contribution.</p> <p>Detail of request – The Project has been unable to meet one of the pre-contract conditions which requires confirmation that all statutory approvals are in place including planning permission. The project consists of six work packages of which three require planning permission. These have been duly submitted for planning consultation and approval, however they are not due to be considered by Planning Regulatory Board until June 2020, therefore the project sponsor is currently unable to execute the funding agreement or commence works and subsequently submit any grant claim for reimbursing until after the Planning Regulatory Board approval. Three of the work packages also require third party land negotiations and land acquisition.</p> <p>The project is requesting:</p> <p>Conditions of funding - an update to the conditions of funding so that work can commence once each work package has received all statutory consents, rather than the full project having to wait until all work packages have consent in place prior to funding drawdown.</p> <p>Cost - to reprofile £1,376,858m from 19/20 into 20/21.</p> <p>Time – No impact</p> <p>Quality – No impact</p>				

2.6	Scheme	19/20 Allocation	19/20 Final Expenditure	Allocation to be moved into 20/21
	Doncaster Sheffield Airport	-	-	-
<p>Detail of request – A discovery of a protected species on site has caused a delay due to the need relocate prior to works commencing the project has requested a nine-month extension from April 2020 to January 2021.</p> <p>The project is requesting:</p> <p>Cost - to reprofile £190,196 from 19/20 into 20/21 and repayment of LGF loan in one repayment at the end of the term, rather than staged payments.</p> <p>Time – A nine-month extension to works completion from April 2020 to January 2021</p> <p>Quality – No impact</p>				

3. Consideration of alternative approaches

- 3.1 Do nothing - If the schemes extensions are not approved, then the schemes would become undeliverable and cause significant risk to the scheme promoter.

4. Implications

4.1 Financial

The LGF Programme successfully reached its 19-20 annual spend target of 35.5m, therefore these movements can be accommodated with no loss to last year's allocation. The funding for

these projects has been approved and the changes will have no detrimental impact on 20/21 LGF allocation and any pipeline projects.

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

Some of the schemes have experienced delays that could not have been predicted such as a result of the recent floods and other environmental impacts, however others are delayed due to statutory consents not been in place and issues with 3rd party agreements. These schemes pose a higher risk to the programme, and if further delays occur they may fail to deliver within the LGF timeframe.

High risk schemes will continue to be monitored and any changes will be reported back to the LEP and MCA.

A report detailing delays due to COVID-19 has been prepared and issues are being highlighted to MHCLG and an extension to the LGF programme has been requested. However, at the present time no extension has been granted.

4.4 Equality, Diversity and Social Inclusion

The principles of equality, diversity and social inclusion are built into the change control process and continue to be considered and addressed.

5. Communications

- 5.1** The approval of the change requests presents an opportunity for positive communications; officers from the SCR Executive Team will work with the relevant local authority officers on joint communications activity.

6. Appendices/Annexes

- 6.1** NONE

Report Author	Sue Sykes
Post	Assistant Director – Programme and Performance Unit
Officer responsible	Ruth Adams
Organisation	Sheffield City Region Mayoral Combined Authority
Email	Ruth.adams@sheffieldcityregion.org.uk
Telephone	0114 220 3437

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: