

**HOUSING AND INFRASTRUCTURE BOARD**

**7<sup>th</sup> January 2021**

**SCR HOUSING FUND (BROWNFIELD)**

**Purpose of Report**

To provide an update on progress with the Housing Fund (Brownfield) and seek endorsement of the Strategic Business Case for the programme and give approval for delegated authority to be granted to the Head of Paid service in consultation with the Section 73 Officer and the Monitoring Officer to enter into legal agreement for the business development costs of pipeline schemes.

**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:

1. Endorse the Housing Fund (Brownfield) Programme Strategic Business Case (SBC), noting the initial Early Deliverable schemes.
2. Approve the revenue funding allocations set out in Para 2.5 for accelerating the delivery of the 2021/22 pipeline schemes.
3. Delegate authority to the Head of Paid service in consultation with the Section 73 Officer and the Monitoring Officer to enter into legal agreement for the business development costs of pipeline schemes.

**1. Introduction**

- 1.1** In June 2020, the Government launched 'A New Deal for Britain' which is a key part of the Government's Strategy to rebuild Britain following Covid 19 and support the economic recovery across the UK. As part of this strategy, £40.3m of capital funding and £841k revenue funding has been allocated to the Sheffield City Region Mayoral Combined Authority (MCA) for supporting the development of housing schemes on brownfield land over the next 5 years.
- 1.2** This report provides an update to the proposals previously presented to the Housing and Infrastructure Board on 22<sup>nd</sup> October 2020. It also seeks endorsement of the Strategic

Business Case for the Housing Fund (Brownfield) Programme for recommendation to the MCA for approval, along with the Fund Prospectus agreed at the previous Board meeting

## 2. Proposal and justification

### Funding Profile

- 2.1 A reported previously, the five year profile of capital funding for the Fund agreed with MHCLG is as follows:

Early Delivery	Remaining Programme			
2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
£6m	£14m	6.67m	6.67m	6.67m

- 2.2 Attached at Appendix 1 is the Appraisal Panel summary for the Housing Fund (Brownfield) 5 year Programme Strategic Business Case (SBC) for consideration by the Board, with a view to recommending it for approval by the MCA. The SBC includes the Early Deliverable pipeline schemes.

### Early Deliverable Schemes

- 2.3 Following ongoing work with Local Authority Housing Directors, the schemes listed in the table below are those that are being progressed as 'Early Deliverable' schemes, some of which are intended for funding approval consideration before the end of March. These include the schemes that were submitted for funding from MHCLG's Competitive element of the Brownfield Housing Fund; the announcement of the successful schemes is awaited.

Scheme	2020/21 (£)	2021/22 (£)	Total (£)	Homes Unlocked
West Bar (Sheffield)	205,000	450,000	655,000	369
Malthouses (Sheffield)	1,096,853		1,096,853	73
City Centre Sites - Porter Brook	350,000		350,000	200
Rotherham Small Sites 2020/21	433,950		433,950	30
<b>Total Capital</b>	<b>2,085,803</b>	<b>450,000</b>	<b>2,535,803</b>	<b>672</b>
<b>Competitive Schemes</b>				
Allen Street and Smithfield (Sheffield Housing Zone North)	1,227,750	110,000	1,337,750	120
Cannon Brewery (Sheffield Housing Zone North)	4,309,500	200,000	4,509,500	450
Hoyle Street (Sheffield Housing Zone North)	1,102,000	126,000	1,228,000	700
Town Centre Site (Rotherham)		2,700,000	2,700,000	30
<b>Total (including Competitive Schemes)</b>	<b>8,725,053</b>	<b>3,586,000</b>	<b>12,311,053</b>	<b>1,972</b>

- 2.4 Due to the end March deadline for the first tranche of schemes, Local Authority sponsors have been allowed to commence work on developing scheme Full Business Cases (FBCs) with support from the MCA Executive; thereby missing out the Outline Business Case stage. All schemes will comply with the MCA appraisal and assurance process to ensure proper due diligence and value for money. Schemes below £2m will be reported to this Board for decision with schemes requesting funding over £2m also being reported to the MCA for decision.

## Project Pipeline

- 2.5 The table below presents the proposed initial revenue allocations to help accelerate business case development of the next pipeline of schemes for 2021/22. The intention is for revenue funding to be capitalised at the point of a capital scheme approval; to be revolved back into the revenue 'pot' to support project development for further housing pipeline schemes in the 5 year programme.

<b>Scheme</b>	<b>2020/21</b>	<b>2021/22</b>	<b>Total</b>
Goldthorpe, Barnsley District	40,000	40,000	80,000
Canklow, Eastwood & Riverside, Rotherham	101,000	106,000	207,000
DMBC Small Sites, Doncaster	70,000		70,000
Former Nightingale School, Doncaster	30,000		30,000
Adwick, Doncaster	30,000		30,000
Attercliffe Waterside, Sheffield	130,000		130,000
MCA programme and financial management support	10,000	10,000	20,000
<b>Total</b>	<b>411,000</b>	<b>156,000</b>	<b>567,000</b>
<b>Available</b>			<b>274,000</b>

- 2.6 Work is ongoing with Local Authorities to develop a 5 year pipeline of schemes, as part of the Fund Conditions is to inform Government by June 2021 of the proposed 5 year programme. Proposals for the pipeline of both capital and revenue schemes will be reported to future Board meetings for consideration. Following this ongoing activity over the next couple of months, should it be considered that there may not be sufficient schemes to meet Fund targets and ambitions, consideration will be given to the option of opening up the Fund to wider stakeholders.

### 3. Consideration of alternative approaches

- 3.1 The full assurance process was being considered for the 'early delivery' schemes as well as the full programme, but this would likely result in FBCs not being ready this financial year, resulting in the early schemes not being accelerated as planned, and jeopardising future programme spend.

### 4. Implications

#### 4.1 Financial

The MCA has agreed to accept the £40.3m capital and £841k revenue funding. The funding will be received as Section 31 grant which allows flexibility in how the MCA spends the funding. The FBC process will follow the MCA Assurance Framework to ensure proper due diligence and value for money.

The costs incurred by the MCA Executive in managing this programme of activity will be met from top-slices of the capital and revenue allocations over the life of the programme. The funding for the Housing Fund (Brownfield) schemes will need to be committed in line with the agreed profiled spend, reported to the previous Board meeting, and all funding will need to be committed by 31 March 2025.

#### 4.2 Legal

Subject to the grant conditions being acceptable, arrangements to comply with the grant conditions will subsequently be put in place. The legal implications of acceptance of grant

will be fully considered by the S73 officer in conjunction with a representative of the Monitoring Officer.

Legal implications of individual projects brought forward through the Housing Fund (Brownfield) programme will be considered on a case by case basis by the S73 officer in conjunction with a representative of the Monitoring Officer.

#### **4.3 Risk Management**

Risk management is built into the MCA's due diligence processes and project and programme risks are regularly reviewed, and mitigating actions taken if necessary.

Key risks in delivering the programme are:

- Schemes not being delivered within programme timescales, resulting in potentially losing scheme funding;
- Insufficient partner capacity to progress schemes to FBC and delivery;
- Potentially escalating costs as the Market picks up post Covid 19 leading to unforeseen or cost over runs;
- Insufficient capacity within the MCA Executive to expedite the programme; and
- Complexity of funding packages for some schemes which may have an impact on delivery and the use of MCA funding;

#### **4.4 Equality, Diversity and Social Inclusion**

None arising directly from this report. The delivery of infrastructure and housing capital schemes will stimulate economic growth in the SCR and, therefore, contribute to both the economic recovery and improving social inclusion.

### **5. Communications**

- 5.1** The funding announcement has already been publicised. Further announcements may be required to publicise the programme more widely and there will be opportunities for positive communications as schemes are delivered.

### **6. Appendices/Annexes**

- 6.1** Appendix 1 – Housing Fund (Brownfield) Appraisal Panel Summary

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