

Appraisal Panel Summary

Scheme Details

Project Name	SCR Housing Fund (Brownfield)		
Grant Recipient	Varies by project		
SCR Executive Board	Housing & Infrastructure	MCA Funding	£40,300,000 capital £841,000 revenue
% MCA Allocation	Varies by project	Total Scheme Cost	Varies by project

Appraisal Summary

Project Description

The Housing Fund (Brownfield) programme will build upon the work of the existing Housing Fund and ensure the MCA and LEP can support the delivery of a greater number of new homes to be developed on brownfield land to meet local needs which would otherwise not be brought forward by the market. Government have allocated £40.3m capital and £841k revenue to the MCA to deliver a total of at least 2500 homes over the next 5 years.

A pipeline of 'early deliverable' schemes has been identified which could commence delivery of new homes in 20/21 and 21/22, this includes four schemes that have been submitted to the Government's Competitive Brownfield Housing fund, which if successful will be removed from the early deliverable pipeline. These schemes are summarised in the table below:

Scheme	Sponsor	2020/21		2021/22		Units
		Capital £	Revenue £	Capital £	Revenue £	
West Bar	SCC	450,000		2,000,000		369
Malthouses		1,096,853				73
Attercliffe		540,000		1,250,000		750
City Centre – Porter Brook		350,000				200
Goldthorpe	BMBC		40,000		40,000	20
Small Sites 20/21	RMBC	433,950				30
Riverside, Canklow and Eastwood			101,000		106,000	170
Total		2,870,803	141,000	3,250,000	40,000	1,612
Competitive Fund schemes						
Canon Brewery	SCC	4,509,500				450
Allen Street	SCC	1,337,750				120
Hoyle Street		1,228,000				700
Rotherham Town Centre	RMBC			2,700,000		
Total		6,639,250				1,270
		9,510,053	141,000	5,950,000	40,000	

Strategic Case

Many of the key locations in the Sheffield City Region are brownfield sites, with associated costs of land remediation and essential infrastructure requirements, which impact on scheme viability and prevent schemes from moving into delivery. The Government's launch on the 30th June 2020 of 'A New Deal for Britain' recognises the part that redevelopment of brownfield sites can play in delivering housing needs. It is a key part of the Government's Strategy to rebuild Britain following Covid-19 and support the economic recovery across the UK.

In order to achieve the aspirations in the SCR Strategic Economic Plan, the Fund will prioritise projects that include:

- Enhanced energy efficiency measures.
- Renewable energy measures.
- Modern methods of construction.
- Adaptable and accessible properties to support local needs.

Individual schemes will be required to demonstrate how they will support skills development and job creation amongst local residents and how the local supply chain can benefit from the investment. Many of the schemes that the fund supports will include affordable and social housing.

Value for Money

A high-level Value for Money assessment has been undertaken and the results are summarised below:

		Present Value Benefits (PVB)	Present Value Costs (PVC)	Net Present Value (NPV)	Benefit Cost Ratio (BCR)
BMBC	Goldthorpe*	-	-	-	-
RMBC	Canklow**	£813,933	£541,063	£272,870	1.50
RMBC	Eastwood**	£1,434,208	£789,532	£644,676	1.82
RMBC	Small Site - Year 1	£546,329	£433,950	£112,379	1.26
RMBC	Small Site - Year 2***	£578,606	£405,300	£173,306	1.43
SCC	Attercliffe	£880,448	£1,747,729	-£867,282	0.50
SCC	Malthouses	£2,501,441	£1,057,803	£1,443,638	2.36
SCC	Porter Brook	£507,161	£350,000	£157,161	1.45
SCC	West Bar	£885,054	£2,382,367	-£1,497,314	0.37

* Revenue request only at this stage

**BCR based on capital, but only revenue request this financial year

***BCR based on capital, MCA funding required 21/22 onwards

BMBC	-	-	-	-
DMBC	-	-	-	-
RMBC	£3,373,075	£2,169,844	£1,203,231	1.55
SCC	£4,774,103	£5,537,900	-£763,797	0.86
Total	£8,147,178	£7,707,744	£439,434	1.06

Risk

Top 5 key risks as identified in the business case:

1. Failure of schemes invited to proceed to the next stage to produce a compliant business case in line with agreed milestones
2. Capacity of the MCA Exec to work with applicants to support them through the process
3. Investment decisions for other public funds not achieved within the timescales required.
4. Inability to commence on site delivery in the timescales agreed with sponsors
5. Potentially escalating costs as the market picks up post Covid-19 leading to unforeseen or cost over runs

Delivery

The MCA will be responsible for the management and delivery of the overall programme ensuring that schemes are brought forward in a timely manner backed up by robust Full Business Cases.

The programme is being delivered using a two phased approach: Progress early deliverable schemes for years 1 and 2 with a further call for schemes for future years.

Government has allocated £6m in 20/21 and a further 14m in 21/22. This is an extremely tight timescale to develop and commence delivery on enabling works or housing schemes themselves. Therefore to reduce the risk of losing this early allocation, Local Authorities only were approached to provide a list of shovel ready schemes that could commence in the short term.

Following the commencement of the early deliverable schemes there will be a further open call for schemes to deliver housing over the remaining years of the programme. A prospectus has been prepared which outlines the requirements of the programme and will be widely publicised to enable a broad spectrum of schemes to be considered for delivery. Assessment will be done through the SCR Assurance Process with suitable schemes accepted on to the pipeline subject to endorsement by the Housing and Infrastructure Board and approval of the MCA.

For individual scheme delivery details of the procurement process and associated defined milestones will be provided in the OBC/FBC and will be assessed as part of the appraisal of the schemes.

Legal

Scheme promoters will need to confirm State Aid eligibility as part of business case development.

Recommendation and Conditions

Recommendation	Proceed with project development
-----------------------	----------------------------------

Payment Basis	For revenue, payment on defrayal. For capital – N/A
----------------------	---

Conditions of Award (including clawback clauses)

1. Once the information is available, this SBC should be amended to include suitable affordable targets and details on the type and tenure of housing the MCA is seeking to unlock through this investment
2. Programme SBC should be resubmitted to the Appraisal Panel every time the pipeline is reviewed. The panel should also be updated regularly on the progress of the programme.

For revenue funding request

3. Funding for revenue costs can be processed and released once a funding agreement is signed. Prior to this, key project development milestones need to be agreed with a clear appreciation of how exposure can be mitigated if a capital project does not materialise at the end of the process.

For capital funding request

4. Milestones for business case submission to be agreed and monitored. If there is slippage such that project cannot be approved this financial year, the MCA reserves the right the review assurance process for each of the early schemes.
5. Confirmation that all project approvals, procurement, statutory permissions and funds will be in place prior to FBC submission.
6. Programme SBC to be reviewed regularly in line with expectations of Housing and Infrastructure board.
7. Requirement to capture wider benefits (quantifiable or otherwise) and present these clearly in scheme business cases. The MCA's FLUTE model is available for promoters to use, if needed.
8. For schemes in the pipeline that currently have a BCR below 1, and FBC can not be submitted until this is no longer the case.

Record of Recommendation, Endorsement and Approval

SCR Housing Fund Brownfield

Appraisal Panel Recommendation		Board Endorsement		MCA Approval	
Date of Meeting		Date of Meeting		Date of Meeting	
Head of Paid Service or Delegate	Ruth Adams Deputy CEX	Endorsing Officer (Board Chair)		Approving Officer (Chair)	
Signature		Signature		Signature	
Date		Date		Date	
S73 Officer or Delegate	Simon Tompkins Finance Manager	Statutory Finance Officer Approval Name: Signature: Date:			
Signature					
Date					
Monitoring Officer or Delegate	Steve Davenport SCR CA Solicitor				
Signature					
Date					