

25<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

**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. Approve the Housing Fund (Brownfield) Programme Strategic Business Case (SBC), noting the initial Early Deliverable schemes
2. Approve the Housing Fund (Brownfield) Prospectus.
3. Note the ongoing activity to develop the full 5 year programme scheme pipeline.

**1. Introduction**

- 1.1** In Summer 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 in developing the Housing Fund (Brownfield) 5 year Programme and presents the Housing Fund (Brownfield) Prospectus and Strategic Business Case for the programme, which have both been recommended by the Housing and Infrastructure Board for approval by the MCA.

**2. Proposal and justification**

**Strategic Business Case and Prospectus**

- 2.1** A five year profile of capital funding for the Fund has been agreed with MHCLG 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 The Fund Conditions include:

- Providing between 2,500-3,500 additional homes;
- Projects being Green Book compliant and represent Value for Money;
- Projects demonstrating a market failure;
- Homes starting on site before 31 March 2025;
- Local Planning Authorities must either have an up to date Local Plan in place, or an agreed plan with MHCLG for getting a Local Plan in place, to receive funding;
- Meeting monitoring and reporting requirements; and
- Making adequate progress against the spend profile and key delivery milestones.

**2.3** To seek to achieve the initial spend profile deadline, work has focussed with Local Authority Housing Directors on identifying the Early Deliverable brownfield housing schemes for 2020/21, and the next pipeline of schemes for 2021/22. This work informed the preparation of the Draft Strategic Business Case (Appraisal Panel Summary is attached at Appendix 1) and the Draft Housing Fund (Brownfield) Prospectus (Attached at Appendix 2) which sets out guidance to scheme sponsors on the expectations for the type, quality and quantity of homes to be funded.

### Early Deliverable Schemes

**2.4** The schemes listed in the table below are those that are being progressed as 'Early Deliverable' schemes, some of which are intended to be presented for funding approval before the end of March. These include the schemes that were submitted for funding from MHCLG's Competitive element of the Brownfield Housing Fund, which it has recently been confirmed by MHCLG have not being successful.

<b>Scheme</b>	<b>2020/21 (£)</b>	<b>2021/22 (£)</b>	<b>Total (£)</b>	<b>Homes Unlocked</b>
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>
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**2.5** Due to the end March deadline for the first tranche of schemes, they have been fast-tracked to final business case. Schemes below £2m will be reported to the Housing and Infrastructure Board for decision, with schemes requesting funding over £2m being reported to the MCA for decision.

## **2.6 Project Pipeline**

The table below presents the next tranche of schemes for 2021/22 and the revenue allocations recently been approved by the Housing and Infrastructure Board to help accelerate the development of their business cases. 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 other 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>

**2.7** Work is ongoing with Local Authority Housing Directors to develop the full 5 year programme pipeline of schemes. Part of the Fund Conditions is to inform Government by June 2021 of the full proposed 5 year programme.

## **3. Consideration of alternative approaches**

**3.1** The conditions of acceptance of the Housing (Brownfield) fund impose a tight timetable for delivery with equally tight stages of development. There has not been scope to consider working alternatives to the proposed way forward.

## **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, 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  
Appendix 2 – Housing Fund (Brownfield) Draft Prospectus

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