

## Housing and Infrastructure Board

13 September 2021

### Programme Approvals

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<b>Is the paper exempt from the press and public?</b>	No
<b><i>Reason why exempt:</i></b>	Not applicable
<b>Purpose of this report:</b>	Funding Decision
<b>Is this a Key Decision?</b>	Yes
<b>Has it been included on the Forward Plan?</b>	Yes

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**Director Approving Submission of the Report:**  
Gareth Sutton, Chief Finance Officer/s73 Officer

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#### **Executive Summary**

This paper seeks approval to progress ten SBCs (Strategic Business Cases) to development of OBCs (Outline Business Cases) which includes the release of development funding for one project. The paper also requests approval of grant for two projects. There is a request to include Heart of the City Expansion project in the GBF Programme. Finally, the report seeks approval for five change requests where projects that have already been approved but are now seeking changes to their existing agreements.

#### **What does this mean for businesses, people and places in South Yorkshire?**

This report is seeking approval to progress business cases and enter into contract for a number of investment proposals which will support the MCA's aspirations.

## Recommendations

The Board consider and approve -

1. Progression of 'Housing Retrofit' SBC to the MCA (Mayoral Combined Authority) for approval to proceed to OBC for Gainshare funding to DMBC (Doncaster Metropolitan Borough Council) subject to the conditions set out in the Assurance Summary attached at **Appendix A**;
2. Progression of 'Glassworks – Enhanced Capital Contributions' SBC to MCA for approval to proceed to OBC for Gainshare funding to BMBC (Barnsley Metropolitan Borough Council) subject to the conditions set out in the Assurance Summary attached at **Appendix B**;
3. Progression of 'Fargate Future High Street Fund' SBC to MCA for approval to proceed to OBC for Gainshare funding to SCC (Sheffield City Council) subject to the conditions set out in the Assurance Summary attached at **Appendix C**;
4. Progression of 'Rotherham to Kilnhurst Flood Alleviation Scheme' SBC to proceed to OBC for Gainshare funding to RMBC (Rotherham Metropolitan Borough Council) subject to the conditions set out in the Assurance Summary attached at **Appendix D**;
5. Progression of 'Sheaf Catchment' SBC to MCA for approval to proceed to OBC and release of up to £0.80m business case development costs from Gainshare funding to SCC subject to the conditions set out in the Assurance Summary attached at **Appendix E**;
6. Progression of 'Doncaster Surface Water Mitigation' SBC to proceed to OBC for Gainshare funding to DMBC subject to the conditions set out in the Assurance Summary attached at **Appendix F**;
7. Progression of 'Cheapside Acquisition' SBC to proceed to OBC for Gainshare funding to BMBC subject to the conditions set out in the Assurance Summary attached at **Appendix G**;
8. Progression of 'Bentley Flood Alleviation Scheme' SBC to OBC for Gainshare funding to DMBC subject to the conditions set out in the Assurance Summary attached at **Appendix H**;
9. Progression of 'Natural Flood Management – Conisbrough and Tickhill' SBC to OBC for Gainshare funding to DMBC subject to the conditions set out in the Assurance Summary attached at **Appendix I**;
10. Progression of 'Heart of the City 2 – Block A' SBC to OBC for Gainshare funding to SCC subject to the conditions set out in the Assurance Summary attached at **Appendix J**
11. Approval of 'South Yorkshire Electric Vehicle Charging Infrastructure' FBC for award of £1.85m GBF (Getting Building Fund) to SCR MCA subject to the conditions set out in the Assurance Summary attached at **Appendix K**;
12. Approval of 'Doncaster Council House Build Phase 1' BJC for award of £0.50m BHF (Brownfield Housing Fund) to DMBC subject to the conditions set out in the Assurance Summary attached at **Appendix L**;
13. Selecting the project 'Heart of the City expansion' project for inclusion in the GBF Programme.
14. Approval of five change requests for changes to their approved projects subject to any conditions set out in the Change Summary attached at **Appendix M**;
15. Delegated authority to be given to the Head of Paid Service in consultation with the Section 73 Officer and Monitoring Officer to enter into legal agreements for the points covered above.

## **Consideration by any other Board, Committee, Assurance or Advisory Panel**

Assurance Panel  
Assurance Panel  
Assurance Panel  
Assurance Panel

28 July 2021  
12 August 2021  
13 August 2021  
01 September 2021

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### **1. Background**

1.1 This report seeks approval for the progression of the development of schemes to be funded from the Gainshare Funding programme. It also requests project changes are agreed for projects from the Brownfield Housing Fund and the Getting Building Fund.

#### **1.2 Gainshare Funding Programme**

The MCA agreed in March 2021 to the inclusion of a number of potential Gainshare investments for 2021/22 in each of the four South Yorkshire districts. Of the twenty infrastructure schemes accepted on to the pipeline, nineteen fall within the remit of the Housing and Infrastructure Board.

The Strategic Businesses Case (SBC) has been submitted for each of the nine schemes below and corresponding assessment summaries of the projects can be found in the appendices.

#### **1.2 Brownfield Housing Fund**

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 was allocated to the Sheffield City Region MCA for supporting the development of housing schemes on brownfield land up to the end of March 2025.

The strategy for developing the Brownfield Housing Fund was set out in the Programme Strategic Business Case (SBC) endorsed by the Housing and Infrastructure Board in January and subsequently revised in June 2021. The spend profile agreed with MHCLG was for £20m of this to be spent by the end of March 2022. One project seeks full approval for grant.

#### **1.3 Getting Building Fund**

On 30th June 2020 the MCA was awarded £33.6m GBF to invest in 'shovel-ready' projects that will provide stimulus to local economies. The funds need to be defrayed by 31st March 2022.

Guidance received from Government states that Sheffield City Region will be expected to deliver the agreed projects and any significant changes to the projects will be discussed and agreed with the Government in advance. All investment decisions must be undertaken in line with locally agreed audit and scrutiny arrangements.

One project is seeking to replace another which will not now deliver within the GBF timeframe. One project seeks full approval for grant.

## **2. Proposal and Justifications**

### **2.1 Housing Retrofit (Gainshare SBC)**

The project is seeking £2.70m from Gainshare funding towards total project costs of £4.45m.

The project is a pilot which install Air Source Heat Pumps in 100 Council owned homes in order to test the effectiveness and impact of Air Source Heat Pumps in decarbonising the fuel supply to Council owned homes. The project will also part fund external wall insulation to 250 Council homes and fully fund external wall insulation to 50 privately owned homes.

#### **The Proposed Benefits and Outcomes**

Whilst the project is at an early stage of development, the proposed benefits are expected to include reduced emissions, health benefits, lower energy bills and 10-15 jobs supported.

The project is considered to have strategic fit. The proposed benefits will require additional work at OBC stage to better quantify although the project is anticipated to be able to demonstrate value for money at full approval stage. The Assurance Summary explains in further detail within Appendix A.

### **2.2 Glassworks – Enhanced Capital Contributions (Gainshare SBC)**

The project is seeking £2.60m from Gainshare funding towards total project costs of £17.37m. The Glass Works is finalising construction on a 3.8-hectare site in the heart of Barnsley town centre. The £200m scheme is a major priority for the Council and will deliver a new high-quality mix of retail and leisure facilities that will preserve and enhance the long term sustainability of the town centre through the creation of a new urban quarter with a revitalised and accessible market at its heart. As a result of the COVID pandemic detailed negotiations with prospective tenants has revealed an increased funding gap in order to attract tenants. The Gainshare funding is requested to be used as inducements for prospective tenants to create a fully occupied development.

#### **The Proposed Benefits and Outcomes**

The project aims to protect proposed benefits for the Town Centre that are already being monitored through other agreements, the extent of this should be tested through project development. The project is considered to have strategic fit and is aligned with the SEP and RAP aims of creating a stronger economy. A condition of approval is that the Gainshare funding can only be used to assist with the capital costs of tenants in line with Gainshare requirements. The Assurance Summary explains in further detail within Appendix B.

### **2.3 Fargate Future High Street Fund (Gainshare SBC)**

The project is seeking £3m from Gainshare funding towards total project costs of £31.1m. The MCA is asked to contribute £3m required to deliver the “New Front

Doors” element of the programme Sheffield Future High Streets Programme. The Gainshare monies will be used for access and refurbishment works to buildings on Fargate and High Street, with a further £2m from funding secured under the MHCLG Future High Streets Fund and potential to attract £26m of private sector investment.

#### **The Proposed Benefits and Outcomes**

The project is aiming to deliver 118 net additional jobs and a return of £1.64 for every £1 invested. Whilst the project is at an early stage of development and more detail will be required at OBC stage, this indicates an acceptable value for money position. As part of the works the project will also aim to create 22 additional housing units. The project is considered to have strategic fit. The proposed benefits will require additional work at OBC stage to better quantify although the project is anticipated to be able to demonstrate value for money at full approval stage. The Assurance Summary explains in further detail within Appendix C.

### **2.4 Rotherham to Kilnhurst Flood Alleviation Scheme (FAS) (Gainshare SBC)**

The project is seeking £2m from Gainshare funding towards total project costs of £4.3m. The MCA is asked to contribute £2m towards RMBC’s strategic response to reduce the risk of flooding along the River Don corridor. The Gainshare monies will be used for new flood defences around Rotherham United FC stadium, plus flood defences and a new canal barrier around Forge Island. This is part of wider works along 5km of river through the town centre, Parkgate and Kilnhurst areas.

#### **The Proposed Benefits and Outcomes**

The project aims to avoid £20m of flood damage costs to people, property and infrastructures which would result in a £76m loss of GVA (Gross Value Added) for the local economy. The project is considered to have strategic fit. Whilst at an early stage of development, it is anticipated that the scheme will be able to demonstrate value for money at approval stage. The Assurance Summary explains in further detail within Appendix D.

### **2.5 Sheaf Catchment Flood Alleviation Scheme (Gainshare SBC)**

The project is seeking £0.80m development costs from Gainshare funding in order to develop the project and Outline Business Case. The full scheme is anticipated to cost £25m, with £15m already ringfenced from the Environment Agency. The future funding requirement is still to be determined. The project aims to reduce flood risk and deliver a range of benefits in Sheffield’s Sheaf and Porter valleys which contains a significant proportion of Sheffield’s employment and residential areas.

#### **The Proposed Benefits and Outcomes**

The projects is aiming to better protect 370 homes and 253 businesses. Whilst the project is at an early stage of development and more detail will be required at OBC stage, the project is anticipated to be able to provide an acceptable value for money position at approval. The project is considered to have strategic fit. The proposed benefits will require additional work at OBC stage to better quantify although the project is anticipated to be able to demonstrate value for money at full approval stage. The applicant needs to assure themselves that the £800,000 development costs can

be claimed as capital expenditure for eligibility through the Gainshare capital funding. The Assurance Summary explains in further detail within Appendix E.

## 2.6 **Doncaster Surface Water Mitigation (Gainshare SBC)**

The project is seeking £0.70m to mitigate long standing surface water flooding issues at Bawtry, Old Denaby and High Melton through improved drainage.

### **The Proposed Benefits and Outcomes**

The project is aiming to protect 50 residential and 10 commercial properties. If confirmed at Full Business Case stage the project is likely to demonstrate value for money. The project is considered to have strategic fit. The Board are asked to approve the project to move forward to develop an OBC. The Assurance Summary explains in further detail within Appendix F.

## 2.7 **Cheapside Acquisition (Gainshare SBC)**

BMBC are seeking £1m Gainshare funding to purchase the freehold site at 24-32 Cheapside in the town centre, with a view to eventually creating green space in place of the existing building.

### **The Proposed Benefits and Outcomes**

Benefits of the project include opportunity for high quality public realm which may in turn increase footfall, dwell time and spend in the town centre. The project is considered to have strategic fit. Further details will be needed at OBC/FBC stage to fully assess value for money. The Board are asked to approve the project to move forward to develop an OBC. The Assurance Summary explains in further detail within Appendix G.

## 2.8 **Bentley Flood Alleviation Scheme (Gainshare SBC)**

DMBC are seeking £1m to contribute towards flood embankment and flood wall works in Bentley to alleviate the risk of large scale flooding which has occurred twice in the last 12 years.

### **The Proposed Benefits and Outcomes**

The project is aiming to improve resilience of public infrastructure and deliver protection for 47 residential properties and two businesses. The project is considered to have strategic fit. The Board are asked to approve the project to move forward to develop an OBC. The Assurance Summary explains in further detail within Appendix H.

## 2.9 **Natural Flood Management Conisbrough and Tickhill (Gainshare SBC)**

The project is seeking £0.40m to construct natural flood defences along a brook with high flood risk.

### **The Proposed Benefits and Outcomes**

Whilst value for money cannot be assessed fully at this early stage, the project will protect 48 homes and other infrastructure. The project is considered to have strategic fit with flood relief being a key aim of the SEP. Further detailed costs and cost benefit analysis of options are requested as the project develops further. The Board are

asked to approve the project to move forward to develop an OBC. The Assurance Summary explains in further detail within Appendix I.

#### **2.10 Sheffield Heart of the City 2 (Gainshare SBC)**

SCC are seeking £3m towards the construction of Block A in a prominent location in the City Centre around Pinstone Street/Barkers Pool. The grant will contribute towards a much larger £52m scheme which includes demolition, façade retention, construction of a hotel and ground floor units and refurbishment of the Gaumont building.

##### **The Proposed Benefits and Outcomes**

The project is estimated to create 227 net additional jobs. Based on the MCA investment this would provide acceptable value for money, but further assessment should be done in developing the business case. The project is considered to have strategic fit with the SEP and is well advanced for a start on site this year. The Board are asked to approve the project to move forward to develop an OBC. The Assurance Summary explains in further detail within Appendix J.

#### **2.11 South Yorkshire Electric Vehicle Charging Infrastructure (Getting Building Fund FBC)**

SCR MCA are seeking £1.85m to purchase and installation of up to 109 charging points and associated infrastructure, providing up to 218 charging bays for use by battery-powered electric vehicles at public car park locations across South Yorkshire.

##### **The Proposed Benefits and Outcomes**

The core benefits and justification of the scheme are the environmental impacts appraised over a 20-year period from scheme opening (beginning of 2022/23). These have been assessed to deliver an overall Present Value of Benefits of c.£2.26m. Overall, the BCR is likely to be greater than 1 but less than 1.5 which places the scheme in a low but acceptable value for money category. However, there is a risk that the BCR could fall below one if the benefits are not as high as estimated. The scheme provides a clear rationale and alignment with the SCR Strategic Economic Plan. The Board are asked to approve grant of £1.85m for this scheme. The Assurance Summary explains in further detail within Appendix K.

#### **2.12 Doncaster Council House Build Phase 1 (Brownfield Housing Fund BJC)**

DMBC is seeking £0.50m to enable the delivery of 33 new high-quality, environmentally friendly affordable homes across 3 sites in Doncaster. The BHF funding will be used to close a viability gap and enable quality environmental features to be implemented on the scheme including PV panels, EV charging points and high thermal performance.

##### **The Proposed Benefits and Outcomes**

The Net Present Social Value of the project has been estimated to have a value of £1.77m, including £1.29m of Social and Environmental Benefits. The project also has a benefit cost ratio (BCR) of 3.65, representing a return of £3.65 per £1 of MCA investment. The project is therefore considered to deliver acceptable value for money

The assessment considers the project is deliverable and has clear governance structures. The Board are asked to approve grant of £0.50m. The Assurance Summary explains in further detail within Appendix L.

## 2.13 **Getting Building Fund Proposed Change to the Programme**

One Getting Building Fund project, 'Parkwood' will not now deliver their activity by March 2022. Sheffield City Council have proposed to replace the 'Parkwood' project with 'Heart of the City Expansion' activity. The new project costs £6m GBF and consists of three strands of activity:

1. **Purchase of additional empty properties** on Fargate.
2. **Improving Shop Fronts in the Heart of the City** – move away from a traditional 'shell' approach to 'white box' units which is designed to reduce fit out costs for end tenants.
3. **Improving John Lewis/Barkers Pool** – with projections and digital screens. Stalls and container units planned to be used as a temporary measure for future businesses locating in Heart of the City following wider regeneration.

The scheme is expected to create jobs and new/improved floorspace and public realm which will assist the MCA to meet it's agreement on output delivery with MHCLG. Value for money will be further tested fully on submission of the FBC.

The Board are asked to recommend 'Heart of the City Expansion' project to be part of the GBF Programme. The MCA will make the final decision on the change to the Programme at the meeting on the 20<sup>th</sup> of September. Agreement also needs to be reached with MHCLG for the change, who have already been approached and consulted during the development of this alternative project.

## 2.14 **Brownfield Housing Fund and Getting Building Fund Project Changes**

Appendix F highlights five schemes from the Getting Building Fund and Brownfield Housing Fund which have proposed changes to their existing approvals. The changes are proposed to allow schemes to progress and spend their financial commitments within their respective Programme periods.

The Board are asked to approve the proposed changes to the schemes as set out in Appendix M.

## 3. **Options Considered and Recommended Proposal**

### 3.1 **Option 1**

Do not approve the recommendations in this report.

### 3.4 **Option 1 Risks and Mitigations**

Inability to approve the projects presented or release development costs may result in a slower pace of delivery and loss of activity/spend to the programmes.

### 3.5 **Option 2**

Award projects a smaller amount of grant funding.



### **3.8 Option 2 Risks and Mitigations**

All funding awards associated with the projects have been fully appraised in line with the MCA Assurance Framework. Funding for the Brownfield Housing and Getting Building Fund projects is timebound by the funding bodies and any decreased funding offers is likely to affect viability of the schemes.

### **3.9 Option 3**

Approve all recommendations.

### **3.12 Option 3 Risks and Mitigations**

By approving the recommendations, the projects will enter contracts to deliver activity but there is a risk that delivery will be delayed. Close project monitoring with regular reports into the MCA Executive will mitigate impacts of any delays and help ensure maximum value can be obtained from grant funding the region receives.

### **3.13 Recommended Option**

Option 3

## **4. Consultation on Proposal**

4.1 Once a project has been accepted onto a programme pipeline, the Value for Money Statement is published on the MCA website alongside a summary of the activity. This is updated periodically to include links to the key documents for each project and a record of progress. The MCA Executive Team collects any external comments on these schemes, and these are considered as part of the appraisal process. Project sponsors are also required to publish business cases on their own websites (or an appropriate summary of the submission) and must consider all comments received and reflect this in the next stages of the application process.

## **5. Timetable and Accountability for Implementing this Decision**

5.1 Subject to the approval of the recommendations, the Head of Paid Service in consultation with the Section 73 Officer and Monitoring Officer will progress to enter into legal agreements with each promoter.

5.2 The promoter is responsible for the further development of projects that have gateway approval to the next stage of the MCA Assurance process.

## **6. Financial and Procurement Implications and Advice**

6.1 Approval of the Getting Building Fund FBC will enable approval commitments to rise to £22.5m of the £33.6m available, with three remaining projects to consider for approval at a future Board.

## **7. Legal Implications and Advice**

7.1 The legal implications of the projects have been fully considered by a representative of the Monitoring Officer and included in the recommendations agreed within the Assurance Summaries as presented in the Appendices.

7.2 Prior to awarding the grants, the MCA shall ensure contracts are put in place to ensure the recipients comply with the grant conditions.

## **8. Human Resources Implications and Advice**

8.1 NA

## **9. Equality and Diversity Implications and Advice**

9.1 Appropriate equality and diversity considerations are taken into account as part of the assurance of the project business cases.

## **10. Climate Change Implications and Advice**

10.1 The MCA funding is being used on a number of projects to increase environmental sustainability credentials. Specifically PV roof panels; high levels of thermal insulation; EV charging points and air source heat pumps will be included in the Doncaster Council House Build Programme and the Electric Vehicle Charging Points project aims to tackle the climate emergency by providing a more dense network of public charging points for electric vehicles.

## **11. Information and Communication Technology Implications and Advice**

11.1 NA

## **12. Communications and Marketing Implications and Advice**

12.1 The approvals provide positive opportunities to highlight the difference the MCA's investments will make to people, businesses and places across South Yorkshire and how Members are taking action to support the region's recovery from COVID.

### **List of Appendices Included**

- A Assurance Summary - Housing Retrofit
- B Assurance Summary - Glassworks – Enhanced Capital Contributions
- C Assurance Summary - Fargate Future High Street Fund
- D Assurance Summary - Rotherham to Kilnhurst Flood Alleviation Scheme
- E Assurance Summary - Sheaf Catchment
- F Assurance Summary - Doncaster Surface Water Mitigation
- G Assurance Summary - Cheapside Acquisition
- H Assurance Summary - Bentley Flood Alleviation Scheme
- I Assurance Summary - Natural Flood Management – Conisbrough and Tickhill
- J Assurance Summary - Sheffield Heart of the City 2
- K Assurance Summary - South Yorkshire Electric Vehicle Charging Infrastructure
- L Assurance Summary - Doncaster Council House Build
- M Assurance Summary - Five project change requests

### **Background Papers**

NA