

Mayoral Combined Authority Board

20 September 2021

Programme Approvals

Is the paper exempt from the press and public?	No
Purpose of this report:	Funding Decision
Is this a Key Decision?	Yes
Has it been included on the Forward Plan?	Yes

Director Approving Submission of the Report:

Gareth Sutton, Chief Finance Officer/s73 Officer

Report Author(s):

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Executive Summary

This paper requests: progression of twelve schemes, early release of development cost funding subject to conditions to be set out in the Assurance Summaries; and approval of 2 project change requests. The paper also requests delegated authority to enter into legal agreements for the Community Renewal Fund with the Local Authorities and partners due a delay in the decision announcement by government and the acceptance of grant from the Superfast South Yorkshire programme with delegation to the thematic boards to develop programme ideas for their respective areas and approve programme ideas in line with agreed board delegation limits.

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 "iPort" project to full approval and award of £5.46m grant to South Yorkshire Passenger Transport Executive subject to the conditions set out in the Assurance Summary attached at Appendix A1

2. Progression of “Stations Access Package” to full approval and award of £6.17m grant Doncaster Borough Council subject to the conditions set out in the Assurance Summary attached at Appendix A2;
3. Progression of “Gene Therapy Innovation and Manufacturing Centre” to full approval and award of £1.5m grant funding to the University of Sheffield (UOS) subject to the conditions set out in the Assurance Summary attached at Appendix A3;
4. Progression of “Project D0001” to full approval and award of £2m loan and £5.16m grant subject to the conditions set out in the Assurance Summary attached at Appendix A4;
5. Progression of “Magna Tinsley OBC” to FBC and the release of development cost funding of up to £845k to Sheffield City Council subject to the conditions set out in the Assurance Summary attached Appendix B1
6. Progression of “Unity OBC” to proceed to FBC and the release of development cost funding up to £50k to Doncaster Metropolitan Borough Council subject to the conditions set out in the Assurance Summary attached at Appendix B2
7. Progression of “Nether Edge Wedge OBC” to proceed to FBC and the release of development cost funding up to £1.38m to Sheffield City Council subject to the conditions set out in the Assurance Summary attached at Appendix B3
8. Progression of “Broom Road Cycleways OBC” to proceed to FBC and release of development cost funding up to £211k to Rotherham Metropolitan Borough Council subject to the conditions set out in the Assurance Summary attached at Appendix B4
9. Progression of “Doncaster Housing Retrofit SBC” to proceed to OBC subject to the conditions set out in the Assurance Summary attached at Appendix C1;
10. Progression of “Glassworks – Enhanced Capital Contributions SBC” 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 C2;
11. Progression of “Fargate Future High Street Fund SBC” 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 C3;
12. Progression of “Sheffield Heart of the City 2 SBC” 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 C4
- 13.2 Project change requests as detailed in Appendix D
14. Acceptance of grant of £7.7m of which £1.18m to be returned to the MCA this financial year and delegated Authority to Thematic Boards to approve programme ideas for their respective area, in line with the agreed board delegation limits with regards to the Superfast South Yorkshire broadband programme.
15. Delegated authority be given to the Head of Paid Service in consultation with the Section 73 and Monitoring Officer to enter into legal agreements for the schemes 1 – 13 covered above and enter into the necessary legal grant agreements with the Local authorities and other delivery partners for the delivery of the Community Renewal funded projects.

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

Assurance Panel	01 July 2021
Assurance Panel	12 August 2021
Assurance Panel	13 August 2021
Transport and the Environment Board	02 September 2021

1. Proposals and Justification

- 1.1 This report seeks approval for the progression of schemes funded from multiple funding streams. The paper also requests delegated authority to enter into legal agreements for the named schemes and the schemes submitted within the Community Renewal fund bid.

1.2 Progression of schemes to full approval and award of funding

The paper is seeking progression to full approval and award of funding for 4 projects which are detailed in Appendix A. The total amount of funding requested is £18.29m grant and £2m loan and include 2 Transport schemes funded from the Transforming Cities Fund 2 (TCF2) and 2 Business Projects funded from £13m uncommitted, recycled Local Growth Fund (LGF). The projects are located within Doncaster and Sheffield. The assurance summaries include conditions of funding which must be met before contract execution.

Full details of the schemes and risks are included in Appendix A

1.4 Progression of schemes to from OBC to FBC with release of development costs

The paper is seeking progression from OBC to FBC with the release of development costs for 4 projects which are detailed in Appendix B. The total amount of funding is £2.49m grant and are Transport Projects located in Sheffield, Doncaster and Rotherham. The assurance summaries include conditions of funding which must be met before contract execution.

Full details of the schemes and risks are included in Appendix B

1.5 Progression of schemes to from SBC to OBC

The paper is seeking progression from SBC to OBC for 4 projects which are detailed in Appendix C. The schemes are Gainshare funded schemes which cover housing and infrastructure. Projects are located in Barnsley, Doncaster and Sheffield. The assurance summaries include conditions that will need to be addressed in the OBC submission

Full details of the schemes and risks are included in Appendix C

1.6 Project Change Requests

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. Details of the Change requests can be found in Appendix D.

1.7 Community Renewal Fund

The UK Government announced £220m investment in the UKCRF in its budget on 3rd March 2021. The UKCRF aims to support people and communities most in need across the UK to pilot programmes and new approaches and will invest in skills, community and place, local business and supporting people into employment. The MCA has been designated as a Lead Authority by the UK Government. As Lead Authority, the MCA submitted a c£10m bid to Government (£3m per local authority). Barnsley, Doncaster and Rotherham have been identified in the Government's top 100 places as priority areas; however, this did not preclude Sheffield from bidding and receiving funding, but its chances of success are lower. The submission to government was made on 18th June 2021 and a decision was due to be communicated in July 2021

At the time of writing no formal grant offer letter has been received by the MCA, though a response is expected imminently. The key risks associated with this report are potential conditions of grant award that may impact upon programme deliverability by March 2022. If the grant offer does not align with the bid submitted the acceptance of the bid and the projects to be funded will be discussed with the Districts/Leaders before any grant is accepted should delegated authority be approved.

1.8 The Superfast South Yorkshire (SFSY) Programme

The programme has been delivered over the past 6 years, raising superfast broadband coverage across South Yorkshire from 81.3% to 98.7% of premises. The initial investment of LEP LGF into this programme was £10.4m, which was 53.4% of the project funding.

To comply with State Aid the SFSY contracts with BT Openreach included a clause which requires the supplier to return part of the public investment as customer adoption of the new superfast service rises. The forecast of this returned funding is predicted to be approximately £14.4m by 2025/26, of which £7.7m would be returned to the MCA. There is the option for the first tranche of £1.18m to be returned to the MCA this financial year.

This paper is seeking acceptance of the return of this grant and that work continues to develop the digital programmes that this surplus can be allocated to, potentially considering programmes aligned to digital infrastructure, digital skills and the digital innovation and business support agendas. The relevant Thematic Boards overseeing the development of ideas and options within their remit.

2. Options Considered and Recommended Proposal

2.1 Do not approve the recommendations in this report.

2.2 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.

Community Renewal Fund – Inability to approve will have an adverse impact on delivery and will result in a loss of funding and activity in the region. The programme has funding which must be delivered upon within the 2021/22 financial year

2.3 Option 2

Award projects a smaller amount of grant funding.

2.4 Option 2 Risks and Mitigations

All funding awards associated with the projects have been fully appraised in line with the MCA Assurance Framework to ensure value for money. Funding for these projects is timebound by the funding bodies and any deliverability issues will be managed via alternative funding sources

2.5 Option 3

Approve all recommendations

2.6 Option 3 Risks and Mitigations

By approving the recommendations, the available programme funding will reduce with funding beyond the original allocations secured from alternative funding sources. However, the projects were included in the bids submitted to the funding bodies and/or are considered a strong strategic fit in line with investment aims.

The Community Renewal Fund programme has funding which must be defrayed within the current financial year and the timescales for award means the programme will not start delivery until well into the final quarter of the year. Planning activities are underway with partners to ensure delivery can be achieved within the timescales

2.7 Recommended Option

Option 3

3. Consultation on Proposal

- 3.1 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.

4. Timetable and Accountability for Implementing this Decision

- 4.1 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.

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

5. Financial and Procurement Implications and Advice

- 5.1 The projects presented for approval today are profiled to drawdown up to £13.9m from the TCF2 allocation of £166.3m and up to £0.21m from the ATF2 allocation of £7.70m

- 5.2 This report proposes two business investment opportunities that can be supported by a combination of grant and loan funded from the residual balance of recycled, uncommitted Local Growth Fund resource held in capital receipts unapplied.

Work to-date has supported an approach to review the most efficient means of supporting the businesses to secure their growth ambitions. This has focussed principally in considering where loan funding may be more appropriate than grant, enabling further recycling of the MCA's resource to other priorities without prejudicing the ability of the companies to achieve their targets.

In line with previous awards, loan funding would be provided at subsidy control compliant rates, with the revenue generated covering the opportunity cost of the investment and being available for reinvestment into service.

The report highlights that following the final external review of these proposals the opportunity may exist to further consider the balance between loan and grant in the context of forecast financial performance.

An increase in the amount of loan offered would allow for greater future investment opportunity from the finite resource available to the MCA

- 5.3 Community renewal fund - Further information on the terms and conditions of the grant is awaited. The key risks associated with this report are potential conditions of grant award that may impact upon programme deliverability by March 2022. This will be mitigated by robust consideration by the Section 73 officer should delegated authority be approved

6. Legal Implications and Advice

- 6.1 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.
- 6.2 Prior to awarding the grants, the MCA shall ensure contracts are put in place to ensure the recipients comply with the grant conditions

7. Human Resources Implications and Advice

- 7.1 N/A

8. Equality and Diversity Implications and Advice

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

9. Climate Change Implications and Advice

- 9.1 A number of the programmes include new and/or enhanced active travel initiatives and improved infrastructure availability thereby shifting private vehicle use to more sustainable modes of transport. This aims to deliver huge benefits for health and the prosperity of cities, positively contributing to the MCA's climate change aspirations.

10. Information and Communication Technology Implications and Advice

- 10.1 N/A

11. Communications and Marketing Implications and Advice

- 11.1 The approvals provide positive opportunities to highlight the difference the MCA's investments will make to people and passengers, 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 Progression of schemes to full approval and award of funding
- A1 Assurance Summary - iPort Bridge (TCF2 FBC)
- A2 Assurance Summary - Stations Access Package (TCF2 FBC)
- A3 Assurance Summary - GTMC
- A4 Assurance Summary – Project D0001
- B Progression of schemes from OBC to FBC with release of development cost funding
- B1 Assurance Summary - Magna Tinsley (TCF2 OBC)
- B2 Assurance Summary - Unity (TCF2 OBC)
- B3 Assurance Summary - Nether Edge Wedge (TCF2 OBC)
- B4 Assurance Summary - Broom Road Cycleways (ATF2/Gainshare/TCF2 OBC)
- C Progression of schemes from SBC to OBC
- C1 Assurance Summary – Doncaster Housing Retrofit (Gainshare SBC)
- C2 Assurance Summary – GlassWorks - Enhanced Capital Contribution (Gainshare SBC)
- C3 Assurance Summary – Fargate Future High Street (Gainshare SBC)
- C4 Assurance Summary – Sheffield Heart of the City 2 (HOTC2) (Gainshare SBC)
- D Change Requests

Background Papers

Click or tap here to enter name of background paper(s)

