

Housing and Infrastructure Board

07 December 2021

Programme Performance Report

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

Director Approving Submission of the Report:

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Executive Summary

This paper provides the Board with the latest performance information on Housing and Infrastructure programmes being delivered on behalf of the MCA.

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

Through the delivery of these programmes the MCA is investing in South Yorkshire's housing and core infrastructure. Performance information supports the robust oversight and management of this delivery.

Recommendations

That Board members:

- Consider the performance information provided to identify future performance deep-dives or significant areas of risk

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

None

1. Background

- 1.1 The South Yorkshire Mayoral Combined Authority currently has forty live capital projects which fall within the remit of the Housing and Infrastructure Board. These projects are funded by four funding streams:

Brownfield Housing Fund (BHF);
Getting Britain Building Fund (GBF);
Gainshare Funding; and
Legacy Local Growth Fund (LGF).

This report gives an overview on the performance of programmes and the projects within them, highlighting management actions being taken to mitigate risks.

- 1.2 The expenditure baseline for 21/22 was initially set at £69.89m with the latest forecasts suggesting outturn expenditure of £23.58m. This level of expenditure will generate a material underspend of £46.31m (65%).
- 1.3 Of this value £24.15m (52%) relates to gainshare funded activity that can be reprofiled without recourse to government. The balance of underspend - £22.16m (48%) – is funded from conditional grant from government, and consents will likely be required to roll-forward the funding to future periods.

2. Current Position by Funding Stream

- 2.1 The table presented below highlights the forecast full-year expenditure profiles set against the baseline targets.

Funding Stream	2021/22 Baseline	2021/22 Forecast	21/22 Variance
	£m	£m	£m
Getting Building Fund	£18.39	£15.43	–£2.96
Brownfield	£21.68	£2.48	–£19.20
Gainshare: Flood	£5.50	£1.60	–£3.90
Gainshare Place:	£20.25	£0.00	–£20.25
Legacy LGF	£4.07	£4.07	-
	£69.89	£23.58	–£46.31

- 2.2 The GBF and Brownfield baseline targets are set by government, requiring in-year allocations to be fully defrayed within the financial year. There is no comparative grant conditionality timeline pressure on gainshare and the legacy LGF activity.

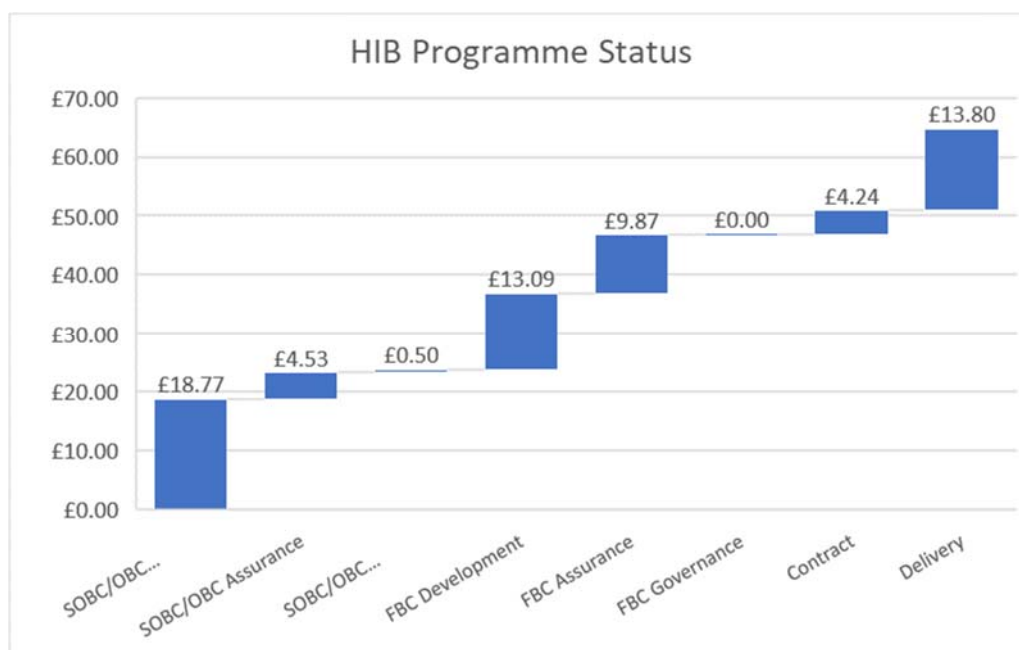
Since the beginning of the year concerns have grown over the pace of some areas of expenditure, with performance monitoring now showing that these concerns are crystallising around material capital programme slippage in the Brownfield and gainshare funded schemes.

These issues have previously been reported to the Board and are systemic across partners, largely reflecting pressures arising from the volume of activity and supply chain constraints coalescing around extremely tight deadlines prescribed by government.

Despite those issues good progress is being made to ensure that the full allocation of GBF funding is defrayed and projects delivered by March 2022. At the time of writing some concerns were beginning to materialise around a number of projects, with the MCA and partners working collaboratively to identify mitigations.

2.3 Development Status of Projects

2.4 The graphic below exemplifies the milestone status of projects by value. Ideally, at this stage of the year the weight of projects would be in FBC processes, or in contract negotiation or delivery.



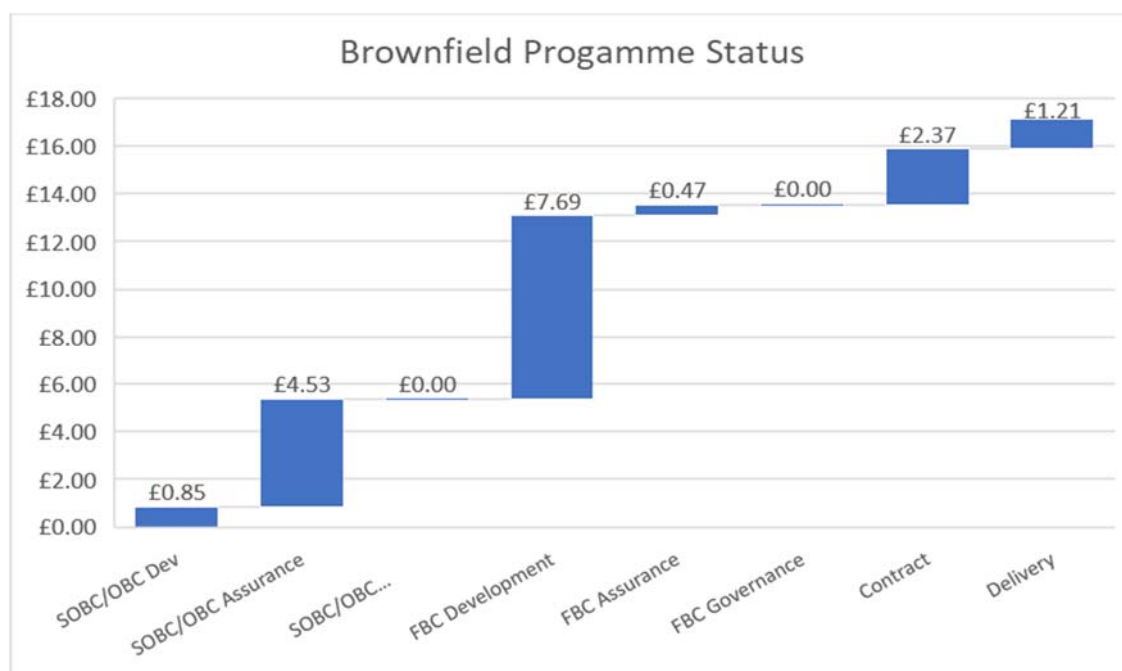
2.5 The graphic highlights that of the forty projects in the portfolio only 18% are in delivery with a value of £13.80m.

Whilst the graphic does indicate a healthy pipeline of projects in progression, the weight of projects at early stage development exemplifies the increasing likelihood that in-year expenditure targets will be missed.

The pace of delivery is being affected by a number of issues, not least supply chain pressures which are creating cost inflation and time delays. This issue is exacerbating known risks around internal capacity and the complex nature of delivering viable schemes in challenging Brownfield locations.

2.6 Of most concern in the short-term is the BHF fund programme where government have set a £20m spend target for 2021/22. The programme has schemes at various stages of development with one in delivery. The current projected contracted value is currently £15.18m

2.7 The graphic below highlights the milestone status of the Brownfield programme by value, again highlighting the challenge of getting schemes through assurance, contracting, and into delivery by the end of the year



- 2.8 There are currently six schemes that have reached full approval and a further nine in development. The schemes are experiencing barriers to progressing at pace, including lack of cost certainty, detailed design and internal approvals, procurement, match funding not yet secured.

3. Management Actions

- 3.1 Work is ongoing to accelerate Brownfield schemes through the process where possible and mitigate key risks through contract conditions.
- 3.2 In this context schemes recommended for approval will be made to the board highlighting the risks on a scheme by scheme basis.
- 3.3 The MCA is proactively engaging Government on the status of the Brownfield and Getting Building programme, seeking flexibilities where they may be available.
- 3.5 Discussion are on-going with partners to consider opening the programme to private sector developers and Housing Associations.

4. Consultation on Proposal

- 4.1 Project sponsors are 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 Updates to the Board will continue to be made throughout the year

6. Financial and Procurement Implications and Advice

- 6.1 This report notes the slower than forecast pace of the HIP capital schemes. The report notes the key risk around the Brownfield programme, and the potential

implications for funding. The report further notes the work being undertaken within the MCA with local partners and national government to mitigate this risk.

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7. Legal Implications and Advice

- 7.1 The funding agreement for the BHF provides that any failure to make adequate progress against the spend profile identified may result in the reduction or withdrawal of further funding

8. Human Resources Implications and Advice

- 8.1 None

9. Equality and Diversity Implications and Advice

- 9.1 None

10. Climate Change Implications and Advice

- 10.1 None

11. Information and Communication Technology Implications and Advice

- 11.1 None

12. Communications and Marketing Implications and Advice

- 12.1 None

List of Appendices Included

None

Background Papers

None