

Assurance Summary

VERSION 1 24.11.2021



1 – SCHEME DETAILS

Project Name	Goldthorpe Residential Strategy – Market Site 1	Type of funding	Grant
Grant Recipient	Barnsley Metropolitan Borough Council	Total Scheme Cost	£1,700,000
MCA Executive Board	Housing & Infrastructure	MCA Funding	£225,000
Programme name	Brownfield Housing Fund	% MCA Allocation	13.2%
Current Gateway Stage	BJC	MCA Development costs	0
		% of total MCA allocation	0

2 – PROJECT DESCRIPTION

The Market Site Phase 1 is a 0.3ha plot, currently the location of the former Goldthorpe Market, which will deliver 9 new low carbon affordable homes. Given the residential offer immediately adjacent to the site and its proximity to local amenities, the site lends itself to residential use – particularly for older or less mobile residents who must rely on the local retail and community facilities. It is envisaged that the site will be the first phase of a wider development programme.

The scheme will deliver homes to the Barnsley Low Carbon Standard, incorporating air source heat pumps (this is a no gas development), solar PV, EV charging points, PV battery storage, triple glazing, secure cycle storage, and adjustments to concrete oversite, beam and block, external walls, cavity insulation, parge coat and roof (exact specification TBC).

The BJC is clear in setting out that a total of £225,000 is required to bridge a viability gap. In addition to the Brownfield Housing Fund, other public funds will be used including £1,475,000 of BMBC HRA funding. The BJC specifically states that MCA funding will contribute to the project achieving low carbon standards and will also contribute to the costs of preparing the brownfield site. Specific items include the cost of demolishing the existing market building.

3. STRATEGIC CASE		
Options assessment	The BJC sets out three options: Do minimum, viable alternative option 1, and the preferred option.	
	The preferred option has been selected as it makes the best use of the site and it fits with the regeneration of the wider area. The project provides high quality low carbon homes and promotes suitable travel with EV charging points and secure cycle facilities. The project also incorporates greenspace and delivers 9 affordable homes.	
	The assessors view is that the preferred option has the best strategic fit with the councils’ objectives and the other options have been discounted for legitimate reasons.	
FBC stage only – Confirmation of alignment with agreed MCA outcomes (Stronger, Greener, Fairer).	The project has alignment with various strategic objectives of the SEP and RAP, most notably, the ‘Greener’ objective ‘Net Zero’ due to the homes being built to low carbon standards. Furthermore, 100% of the units to be delivered will be affordable homes, contributing the SEP’s ‘Fairer’ objectives.	
4. VALUE FOR MONEY		
Monetised Benefits:		
VFM Indicator	Value	R/A/G
Benefit Cost Ratio	4.48	G
Value for Money Statement		
<p>The economic dimension includes a series of monetised benefits to determine BCRs:</p> <ol style="list-style-type: none">1. An initial BCR – including direct Land Value Uplift (LVU), indirect spillover LVU, amenity benefits, and carbon savings. This BCR has been calculated against the MCA BHF funding only, not all public funds.2. An adjusted BCR – in addition to the initial BCR health benefits and societal fuel benefits have been added. Again, this BCR has been calculated against the MCA BHF funding only, not all public funds.3. An adjusted BCR – the same benefits have been included as number 2 above but this BCR has been calculated against all public sector funds. <p>The results of the BCR calculations are as follows:</p> <ol style="list-style-type: none">1. An initial BCR – 3.552. An Adjusted BCR – 4.483. An Adjusted BCR (against all public funding) – 0.91		

Based on MCA investment in the project, both the initial and adjusted BCR's demonstrate the project delivers good value for money.

5. RISK

The major risks identified include project delays, securing contractors, failure to secure planning consent, public objection and cost and availability of materials. All risks have been scored identifying the highest risk in terms of likelihood and impact. For each, the BJC also identifies how the risk is to be mitigated and the individual owner. All risks and mitigations appear reasonable. All scoring has been undertaken accurately and it is felt the quantitative conclusions represent the risks effectively.

The cost plan is very short and does not include any elemental breakdown of the costs. A detailed cost plan should be provided before contract execution.

6. DELIVERY

The timetable for delivery appears reasonable. The construction period totals 12 months between June 2022 and May 2023. For a development of this size these timescales are a fair estimation.

The BJC states that Cabinet Approval is to be secure by January 2021 – we assume this is a typo and in fact it will be 2022. The procurement process is expected to be complete and a contract awarded in April 2021. The bids will be assessed using a combination of cost, quality and social value. Through the clarification response the applicant has confirmed that they have already undertaken a contractor engagement event and plan to do another one soon prior to going out to procurement. The assessors believe the procurement strategy is clear with defined milestones.

Development costs are estimated at 80% certainty. The costs include approx. 4.5% contingency totalling £75,000 which seems reasonable for a project of this nature. The BJC also states the BMBC will instruct an employers agent to evaluate the scheme costs and monitor expenditure. The Council will accept responsibility for cost over-runs associated with any risks that are excluded from the construction contract. Ongoing management and maintenance costs of the project will be met by Berneslai Homes offset from the rental income.

The assessors agree the level of cost certainty could be as high as 80% but it is difficult to tell as the cost plan included does not provide an elemental breakdown. The contingency allowance of 4.5% is reasonable for a project at this stage of the process. The BJC clearly states that cost overruns will be dealt with by the Council.

The BJC names Sarah Cartwright Robertshaw, Head of Housing Strategy, Sustainability and Climate Change (BMBC) as the Senior Responsible Owner and her contact details have been provided. The organogram provided by the applicant shows a clear governance structure for the project.

Monitoring will be the responsibility of Project Manager (PM) and Group Leader for Strategic Housing and Growth who will report to the Head of Housing, Sustainability and Climate Change. The PM will meet monthly with the main contractor to ensure that timescales, budgets, outputs/outcomes are all being met. An

employer's agent will be appointed to support ensuring that the build is a fair reflection of the costs involved. The main contractor must update social value outcomes to the Social Value Portal monitored by the PM. The project will be evaluated internally at the council using internal resources.

7. LEGAL

The BJC states that subsidy control does not apply to this project for a series of reasons. The grant is being made to Barnsley Council (a public body) who have gone through an open procurement route to appoint the most commercial and economically advantageous bidder. In addition, it is noted that the funding and projects will have no impact on international trade and the provision of social housing falls within the EUs Service of General Economic Interest.

8. RECOMMENDATION AND CONDITIONS

Recommendation	Full grant award subject to conditions
Payment Basis	Payment on defrayal
Conditions of Award (including clawback clauses)	

The following conditions must be satisfied before contract execution.

1. Submission of a detailed cost plan
2. Confirmation that the spend profile provided in Appendix A is correct, given that project timescales have been revised since the original submission.
3. Agree detailed schedule of inclusive growth indicators and targets (e.g. % of [previously unemployed] locals offered permanent contracts and apprenticeships, mentoring and school engagement and engagement with the local supply chain) to ensure the project delivers wider socio-economic benefits and that these can be captured, monitored and reported.
4. a funding condition is put in place to cap the tender return price at or less than a fixed price to ensure the cost of the scheme is not significantly greater than what was approved by the MCA

The conditions above should be fully satisfied by 18.02.2021. Failure to do so could lead to the withdrawal of approval.

The following conditions must be satisfied before drawdown of funding.

5. All required statutory consents including all planning conditions must be satisfied.
6. Submission of evidence of BMBC's Board approval for the scheme.
7. Formal confirmation of all other funding approvals required to deliver the project.
8. Formal confirmation of commitment to address any cost overruns without unduly compromising project outputs and outcomes.
9. Submission of acceptable Subsidy Control opinion

The following conditions must be included in the contract

10. Clawback will be applied on outputs at MCA discretion