

18<sup>th</sup> November 2019

## LGF CAPITAL PROGRAMME APPROVALS

### Purpose of Report

The paper seeks approval of two schemes with a total value over all years of £14.5m Local Growth Fund (LGF) and approval of one change request and seeks delegated authority to the Head of Paid Service in consultation with the S73 and Monitoring Officer to enter into legal agreements for the schemes. A further inward investment scheme with a value of £8m LGF is seeking approval but due to a Non-Disclosure agreement this scheme is to be considered at item 20 (in the absence of the press and the public).

### Thematic Priority

Attract investment from other parts of the UK and overseas, and improve our brand.

To secure investment in infrastructure where it will do most to support growth.

### Freedom of Information and Schedule 12A of the Local Government Act 1972

The paper will be available under the Combined Authority Publication Scheme.

### Recommendations

The SCR MCA consider and approve:

1. Progression of Rotherham Town Centre to full approval and award of £3.9m to Rotherham Borough Council subject to the conditions set out in the Appraisal Panel Summary Table attached at **Appendix A**
2. Progression of M1 Junction 37 Ph2 – Economic Growth Corridor (Claycliffe) to full approval and award of up to £10.6m to Barnsley Metropolitan Borough Council subject to the conditions set out in the Appraisal Panel Summary Table attached at **Appendix B**
3. Progression and approval of a project change request from 'M1 Junction 36 Phase 2 Goldthorpe'
4. Delegated authority be given to the Head of Paid Service in consultation with the s73 and Monitoring Officer to enter into legal agreements for the schemes covered in 1-3 above.

## 1. Introduction

- 1.1 This paper requests approval for two schemes with a total value over all years of £14.5m and requests approval to progress a scheme change request. The report asks that delegated authority be given to the Head of Paid Service in consultation with the S73 and Monitoring Officer to enter into legal agreements for the schemes.

## 2. Proposal and justification

### 2.1 Housing Rotherham Town Centre – See Appendix A

Rotherham Metropolitan Borough Council have requested £3.917m of LGF grant towards a £30.4m scheme. The scheme aims to deliver 2,000 new homes across three town centre brownfield sites (Sheffield Road, Millfold House and Henley's Garage) as envisaged in the adopted Town Centre Masterplan. Due to local market values, LGF is required to cover abnormal costs, including flood mitigation, non-standard foundations, site clearance and demolition. The LGF will deliver three remediated sites, removing physical barriers to development which will enable the building of the housing units.

- The scheme will deliver 171 high quality homes of mixed type and tenure (28% Market Sale, 18% Shared Ownership, 54% Affordable Rent)

The scheme has a Benefit to Cost Ratio (BCR) of 3.4 and represents acceptable value for money. **Appendix A** provides a summary of the scheme appraisal and the suggested conditions of award.

### 2.2 Infrastructure M1 Junction 37 Ph2 –Economic Growth Corridor (Claycliffe) – See Appendix B

Barnsley Metropolitan Borough Council have requested £10.63m LGF grant towards an £18.2m scheme to improve signals to the M1 J37 roundabout, improve Capitol roundabout, Capitol Close and Higham Lane including the acquisition of third party land to facilitate the widening of Capitol Close and provide access to new sites. The project is a wide-ranging infrastructure investment which will enable employment, housing and school areas.

The scheme is part of Barnsley's Local Plan adopted by full council on 3rd January 2019. The proposed project supports the principles of the Barnsley Transport Strategy 2014 – 2033, and once completed will provide better connectivity and opportunities for local people to access work and address social exclusion

- The Scheme is expected to deliver 2,544 gross indirect FTE jobs on the MU1 site between 2020 and 2029.
- The GVA impact is valued at £242m in NPV terms, which equates to £23.5 per pound of LGF.

The investment is therefore considered acceptable value for money for the LGF investment. **Appendix B** provides a summary of the scheme appraisal and the suggested conditions of award.

### 2.3 Change Request M1 Junction 36 Phase 2 Goldthorpe

The M1 Junction 36 Phase 2 Goldthorpe grant was approved by the MCA on 28th January 2019, to facilitate the delivery of 72.9ha of proposed employment land. The project consists of:

- Work package A - improvements to 3 existing roundabouts, Cathill, Broomhill and Wath Road,
- Work package B - delivery of a new roundabout/access into a proposed employment site near Goldthorpe.

Following higher than anticipated tender prices the project can no longer be delivered under the agreed funding profile and time frame. The increase of £2,525,112 in total scheme costs will be fully funded by BMBC

The following changes are requested;

1. Full SCR contribution of £7,324,000 to be allocated to work package A only
2. Slippage of £2,619,843 grant drawdown from 19/20 to 20/21

	2018/19	2019/20	2020/21	Total
Grant Agreement	£594,713	£4,231,417	£2,497,870	£7,324,000
Change Request	£648,244	£1,611,574	£5,064,182	£7,324,000
Variance	£53,531	- £2,619,843	+ £2,566,312	£0

3. Outputs associated with work package B to be delayed by 12 months from March 21 to March 22

As there is no reduction in outputs the scheme still delivers benefits as agreed by the MCA 28/01/19. The change request is recommended for approval subject to the following conditions:

- Clawback for the full amount of LGF linked to job creation.
- Recommend that 50% of grant is no longer released from clawback upon the completion of work package A and B and 100% of grant remains linked to creation of Jobs (due 2028/29).

### 3. Consideration of alternative approaches

- 3.1** The LEP were consulted on the over-programming of LGF and considered the option of pausing the Programme to take stock of all activity. This option was discounted by the LEP and projects therefore continue to be considered for approval. During the appraisal process all bids were considered for alternative sources of finance and acceptable levels of grant/loan mix. If the M1 Junction 36 Phase 2 Goldthorpe change request is rejected, then the scheme will not be deliverable within the yearly funding drawdown allocations currently contracted. This could result in a return of £7.3m to the uncontracted pipeline.

### 4. Implications

#### 4.1 Financial

These schemes are seeking an allocation of £14.5m LGF. This will leave a remaining £17.6m in the programme if no additional sources of funding are secured. This will further reduce to £9.6m if approval is given to the scheme to be discussed at item 20.

#### 4.2 Legal

The legal implications of each project have been fully considered by a representative of the Monitoring Officer and included in the recommendations agreed by the Appraisal Panel as presented in the supporting information.

#### 4.3 Risk Management

Risk management is a key requirement for each of the submissions and is incorporated into the FBC submissions. Where weaknesses have been identified in the FBCs in terms of risk management, further work to capture and mitigate these risks is included as suggested conditions in the appraisal panel summary sheets. Risks and Issues management is reported quarterly to the SCR Executive.

#### 4.4 Equality, Diversity and Social Inclusion

The principles of equality, diversity and social inclusion are built into the application process of individual projects and continue to be considered and addressed by all applications.

### 5. Communications

- 5.1 The business case for these LGF schemes presents opportunities for positive communications; officers from the SCR Executive Team will work with the relevant local authority officers on joint communications activity at the appropriate time.

### 6. Appendices/Annexes

- 6.1 Appendix A: RMBC Town Centre Housing Scheme  
Appendix B: BMBC M1 J37 Phase 2 Goldthorpe

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Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ

Other sources and references: