

Appraisal Panel Summary

Scheme Details

Project Name	Rotherham Town Centre 3 Sites		
Grant Recipient	Rotherham Metropolitan Borough Council		
SCR Executive Board	Housing	SCR Funding	£3.917m
% SCR Allocation	13%	Total Scheme Cost	£30.368m

Appraisal Summary

Project Description			
<p>This Council-led scheme, across three Council-owned brownfield sites, will deliver 171 homes of mixed type and tenure (28% Market Sale, 18% Shared Ownership, 54% Affordable Rent).</p> <p>Due to local market values, SCR gap funding is required to cover abnormal costs, including, but not limited to flood mitigation, attenuation, non-standard foundations, site clearance and demolition plus design requirements of the adopted Town Centre Masterplan. SCR funding will deliver fully remediated sites, removing physical barriers to development.</p>			
Strategic Case			
<p>The project will provide 19% of the overall identified annual housing need within Rotherham and 52% of the identified annual need for affordable homes, as set out in Rotherham's 2015 Strategic Housing Market Assessment.</p> <p>Regeneration initiatives are transforming the town centre and its prospects for business growth, including a new interchange, university campus and the leisure-led redevelopment of Forge Island. The expansion of the residential population and associated footfall will support both existing businesses and the creation of new ones, especially in retail and culture sectors.</p> <p>The town centre sits at the centre of the River Don transport corridor and, with the introduction of the tram-train, enjoys excellent, sustainable access to all the employment opportunities in the Lower Don valley, as well as many of the other Growth Areas within the SCR.</p>			
Value for Money			
<p>The project has a benefit to cost ratio (BCR) of 3.4 and a net present value (NPV) of £7.37m. This represents good value for money for the public sector.</p> <p>Of the 171 homes, 72% will be affordable. The high proportion of affordable homes means that in addition to the land value uplift, the project has significant welfare benefits, including health (e.g. reduced overcrowding / rough sleeping) and distributional benefits.</p>			
Risk			
<p>The key risk of relevance to SCR is the 'potential for cost increases', as SCR are being asked to fund brownfield remediation, which has inherent uncertainty. This is identified as medium probability with medium impact. However, ground investigation reports for each of the sites have been produced and the stated costs are actual prices provided by the contractor, who will be undertaking the works. The applicant has also confirmed that any cost increases in relation to remediation will be borne by them and the contractor. The risk therefore appears to have been adequately managed.</p> <p>Risks in relation to funding, from Homes England (not yet applied for) and RMBC, are also identified. Furthermore, planning approval is still outstanding. These make the timescales for a Q4, 2019/20 start on site potentially tight.</p>			

Delivery

A dedicated Housing Development Co-ordinator will lead the project. There is also dedicated Finance, Planning, Legal and Asset Management support and integrated via Prince2 project management methodologies.

In addition, the applicant has employed an Employer's Agent, contributing the necessary project and cost management skills and assisting the applicant in managing its relationship with the contractor.

A dedicated Town Centre Board, including the Chief Executive and Cabinet Members for Housing and for Jobs & Economy, will provide governance and strategic oversight of the project as it moves forward.

Milestones are clearly mapped out and procurement of the main contractor complete.

Legal

The applicant needs to finalise its state aid analysis, but on the basis of work done to date the grant may be state aid compliant on the basis that the funding is from one public body to another, it is being used to fund infrastructure and a significant proportion of the housing being delivered is low cost/social housing.

Recommendation and Conditions

Recommendation	Full grant award
-----------------------	------------------

Payment Basis	Payment on defrayal
----------------------	---------------------

Conditions of Award (including clawback clauses)

Full approval and award of contract is recommended, subject to the following conditions being satisfied prior to contract execution:

1. Formal confirmation of all other funding approvals required to deliver the project.
2. All required statutory consents including all planning conditions must be satisfied.
3. Detailed milestones which will be monitored, and if not met, may result in funding being withdrawn
4. Submission of evidence of Cabinet approval for the scheme.
5. Confirmation that the profiled 2019/20 LGF spend can be defrayed in year, as SCR is unable to guarantee that this will be reprofiled beyond year end, and/or that RMBC will cover any additional works from alternate sources.
6. 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.
7. State aid clarification to SCR's satisfaction.

The conditions above should be fully satisfied by 31st January 2019. Failure to do so could lead to the withdrawal of approval.

The following conditions must be satisfied before drawdown of funding.

8. Formal confirmation of commitment to address any cost overruns without unduly compromising project outputs and outcomes, and without recourse to SCR for further funding.
9. Details of compliant procurement plan
10. Confirmation of the agreed contract price with the preferred contractor(s) and any relevant conditions precedent thereof.

The following conditions must be included in the contract

11. Clawback will be applied proportionately on the outputs (171 units created, 123 of these remaining affordable (31 Shared Ownership, 92 Affordable Rent) for a minimum of 10 years.
12. Overage clause required to repay an appropriate element of grant funding in the event that the project makes a profit.

Record of Recommendation, Endorsement and Approval

Project Name

Appraisal Panel Recommendation		Board Endorsement		MCA Approval	
Date of Meeting		Date of Meeting		Date of Meeting	
Head of Paid Service or Delegate	Ruth Adams Deputy CEX	Endorsing Officer (Board Chair)		Approving Officer (Chair)	
Signature		Signature		Signature	
Date		Date		Date	
S73 Officer or Delegate	Simon Tompkins Finance Manager	Statutory Finance Officer Approval Name: Signature: Date:			
Signature					
Date					
Monitoring Officer or Delegate	Steve Davenport SCR CA Solicitor				
Signature					
Date					