

Sheffield City Centre Housing Infrastructure Fund (HIF) – May 2018

Approval is being sought for the urgent release of up to £250,000 of Revenue funding from the GIF to commence Stage 1 of the HIF Business Case production. This is the first part of the total cost of £962,000 that will produce the detail required for a Gateway 2 (OBC).

Background

SCC submitted an Expression of Interest (EoI) to MHCLG in September 2017 seeking £58M from MHCLG for an £81M programme of activity that includes:

- Highway improvements to increase highway capacity and improve pedestrian and cyclist connectivity to support growth
- Flood mitigation and drainage to protect existing properties and development sites
- “Placemaking” improvements to enhance market confidence and private investment
- SCC Land assembly of key sites
- Site Enabling Works (site specific highway improvements, remediation)

It is estimated that this activity could unlock around 30 brownfield sites with capacity for approximately 4,000 homes, in the Lower Don Valley an identified strategic location for growth. This growth activity will be the first phase of several, to promote housing growth in the Don Valley Corridor and will complement the economic activity relating to the Advanced Manufacturing Innovation District (AMID). See Appendix A for the location Plan.

SCC has now been asked by Government to produce a Business Case seeking £58,500,000 from the HIF to enable MHCLG to make an investment decision on this project. As SCC does not have the required skills and capacity due to other pressures, £205,000 is required urgently to procure the support from external consultants to carry out more detailed work that starts to populate the business case. The total amount required to produce a Gateway 2 level of detail is £962,000 (see below). The balance of £45,000 is requested as contingency for additional support that may be required in advance of a Cabinet decision and the Cabinet Member would be consulted by the Project Sponsor before any of this expenditure is made.

The HIF bid submission is due to be submitted by December 2018 with an investment decision expected in Q4 2018/2019. HIF funding approximately 4,000 units will be enabled by 2025, whereas significantly less homes would come forward if left to the market alone.

Should the HIF bid be unsuccessful, then the activity undertaken at Stage 1, 2 or 3 can be still be used to seek investment from other sources, such as Sheffield City Region, Mayoral advocacy with Government, or the project could be packaged differently and funded in isolation by the EA or DfT.

However, the HIF is the most attractive and significant funding opportunity available to unlock housing growth by tackling multifaceted infrastructure barriers.

Project Outputs & Benefits

- Production of a robust business case to MHCLG seeking c.£58M Central Government
- A robust package of information to a Gateway 2 level of detail that could be used to seeking funding from alternative sources, if HIF is not forthcoming.
- A successfully funded project would deliver:
 - A61 corridor and Inner Relief Road junction improvements creating increased capacity for vehicles, and improved cyclist and pedestrian movements.
 - Flood prevention civil engineering installations along the Upper Don corridor, specifically relating to the City Centre to Neepsend (Don/Loxley confluence) section.
 - Placemaking activity to create a stronger residential identity and a sense of safety to give the private market confidence to invest in building and buying homes.

- Acquisition of sites identified for housing not currently in SCC ownership, including relocation of any displaced SMEs to suitable premises.
- Land remediation works on key sites identified for housing to minimise the site abnormalities currently creating constraints to viable building development.
- Increased confidence amongst landowners, developers and purchasers to invest in this currently underutilised area on the fringe of the city.
- Regeneration of this part of the city, complementing the success of Kelham Island, enhancing a key gateway route into the city and supporting the emerging rejuvenation of Parkwood Springs as a Leisure destination.
- Around 4,000 homes would be enabled, with major economic benefits to the city, from job creation, supply chains, increased disposable income and Council Tax increases.
- If HIF is unsuccessful, some if not all of these benefits could still be realised by using the Gateway 2 work to secure alternative sources of funding.

Total Resources required

It is currently estimated that up to £962,000 is required to cover these stages as follows:

£250,000	Stage 1 – Initial £205,000 Activity by external consultants to respond to guidance from MHCLG and £45,000 contingency for additional support if required
£395,425	Stage 2 – Production of a Business Case to MHCLG requirements – external and internal fees
£265,708	Stage 3 – Secure SCC Gateway 2 Approvals – external and internal fees
£962,000	Total

A Cabinet report is planned for consideration at September's meeting, seeking approval for the total £962,000 funding required to be funded from the GIF. However, £205,000 is urgently needed to commence consultant activity and therefore this delegated approval is being sought now.

This total figure may reduce if internal recharges are calculated and/or are cash flowed differently, but this will be explained in further detail at the next reporting stage.

The internal and external commissions have been staged in this way to minimise financial liabilities from the project and minimise possible abortive costs. The HIF Project Sponsor and HIF Client Lead will oversee a robust governance and reporting structure to ensure expenditure reflects progress.

If SCB approve this request for £250,000 and approve the subsequent request for the total GIF requirement (£962,000) then this money is potentially at risk and the GIF may incur a loss if the HIF bid and all other funding opportunities are ultimately unsuccessful, making this an invest to save decision. However, if the HIF funding (or other) is successful, then a robust case will be made for these GIF costs to be reimbursed back to SCC, if our case is accepted, then this would be used to reimburse the GIF, but this cannot be guaranteed.

Delegations / Approvals

Executive Director delegated approval is sought for £250,000 to procure external consultants who will carry out urgent work to support the Business Case to MHCLG. The budget approval is subject to Strategic Capital Board (SCB) approval to release the funds from the Growth & Investment Fund (GIF).

A Business Case will be brought forward to SCB shortly, seeking approval for £962,000 (less £250,000 = £712,000) for a Cabinet decision on the total investment in September.