



## Report to Finance Sub-Committee

**Author/Lead Officer of Report:** Ben Morley,  
Head of Programmes and Accountable Body, City Futures

**Tel:** 07909898754

**Report of:** Kate Martin, Executive Director City Futures

**Report to:** Finance Sub Committee

**Date of Decision:** 6<sup>th</sup> September 2022

**Subject:** Project Feasibility Fund

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If YES, what EIA reference number has it been given? 1214				
Has appropriate consultation taken place?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-				
<i>"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."</i>				

### Purpose of Report:

This report seeks approval from the Sub-Finance Committee to accept £6.6m from the South Yorkshire Mayoral Combined Authority (SYMCA) to support the implementation of a Project Feasibility Fund (PFF) and to note the proposed governance arrangements for the PFF.

**Recommendations:**

1. Sheffield City Council through the Programmes and Accountable Body Team will act as the Accountable Body for the Project Feasibility Fund.
2. The Council to enter into a funding agreement with the South Yorkshire Mayoral Combined Authority in order to accept a grant of £6.6 million.

**Background Papers:**

Lead Officer to complete:-									
1	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;">I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.</td> <td style="width: 50%; vertical-align: top;">Finance: Peter Carr</td> </tr> <tr> <td></td> <td style="vertical-align: top;">Legal: Henry Watmough-Cownie</td> </tr> <tr> <td></td> <td style="vertical-align: top;">Equalities &amp; Consultation: Annemarie Johnston</td> </tr> <tr> <td></td> <td style="vertical-align: top;">Climate: Jessica Rick</td> </tr> </table>	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: Peter Carr		Legal: Henry Watmough-Cownie		Equalities & Consultation: Annemarie Johnston		Climate: Jessica Rick
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	<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>								
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<b>Date: 15<sup>th</sup> August 2022</b>									

## 1. PROPOSAL

1.1.1 This report seeks approval for the Council to enter into a Funding Agreement with the South Yorkshire Mayoral Combined Authority for £6.6m to implement the Project Feasibility Fund (PFF).

1.1.2 The PFF will:

- Contribute to the development and completion of the City Strategy which will also include Policies and Spatial Strategies and the Sheffield Place Based Plan. This suite of documents will set a clear strategic framework to drive forward an inclusive economic agenda that will also take account of environmental impact and deliver South Yorkshire Strategic Economy Plan (SEP) outcomes
- Enable the development of project ideas from prioritised City strategic objectives.
- Turn ideas into deliverable capital and revenue projects with developed and costed business cases that can deliver against the SEP.

## 1.2 Background

1.2.1 For several years, the Council has had limited capacity and resource to develop key sustainable and inclusive economic strategies and proactively develop ideas and projects that flow from such strategies.

1.2.2 The lack of resource has hampered the Council's ability to develop projects and their associated business cases to a point where they might secure funding to be delivered. Furthermore, it has not been able to test innovative project and programmes ideas to determine whether they are the best way to achieve strategic outcomes for the City.

1.2.3 SYMCA has acknowledged that the lack of resource and capacity in Local Authorities has a direct impact on their ability to deliver the outcomes of the SEP which, in turn, potentially undermines their ability to successfully secure additional funding for the region.

1.2.4 Considering this situation SYMCA has agreed to provide Gainshare revenue funding to all the Local Authorities in the form of the PFF. Up to £6.6m is being provided to the Council in the first instance for the next four years to specifically develop strategies and projects that aligns with the SEP together with local plans.

1.2.5 In return for the funding, the Council is expected to complete a 'Place Based Plan' by the 31<sup>st</sup> March 2023.

### 1.3 Governance

- 1.3.1 The Member-led Regeneration and Development Board, with representation from the Transport, Regeneration and Climate Committee and Economic Development and Skills Committee, will have oversight of the PFF and be able to recommend activity to be undertaken. The Board will also receive monitoring reports in respect to activity funded by PFF.
- 1.3.2 Access to the PFF will through an internal application process managed by the Programme and Accountable Body Team in City Futures.
- 1.3.3 Applications will be considered by the Executive Director of City Futures and the Director of Finance and Commercial Services with approvals made under existing delegations.

## **2. HOW DOES THIS DECISION CONTRIBUTE?**

- 2.1 The PFF will enable the development and completion of the City Strategy and specifically the Sheffield Place Based Plan. This suite of documents will set a clear strategic framework to drive forward an inclusive economic agenda that will also take account of environmental impact and deliver SEP outcomes.
- 2.2 The PFF will also be used to turn ideas into deliverable projects with developed and costed business cases that can deliver against the strategic outcomes of the South Yorkshire Strategic Economy Plan as well as elements of the City Strategy.

## **3. HAS THERE BEEN ANY CONSULTATION?**

- 3.1 Given the nature of the proposal there has been no public consultation in respect to the proposals. The Chairs, Deputy Chairs and Spokesperson of the Transport, Regeneration and Climate Committee and of the Economic Development and Skills Committee have briefed on the proposals.
- 3.2 The Feasibility Funding will contribute to the development of the City Strategy and the linked City Investment Plan (Place Based Plan). The development of City Strategy itself includes consultation through a range a partners and is being jointly developed with the City Partnership.

## **4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION**

### 4.1 Equality of Opportunity Implications

- 4.1.1 The initial assessment has determined that this proposal should have a positive impact as the purpose of the Fund is to help improve a sustainable and inclusive economy for the City creating opportunities for all residents. There are no negative equality impacts associated with this proposal.
- 4.1.2 Individual strategies and projects will be expected to carry out an equality impact assessment and this in turn, will inform the decisions regarding fund allocation.

## 4.2 Financial and Commercial Implications

4.2.1 The key features (not exclusive) of the Grant Agreement are summarised as follows:

- A revenue grant of £6.6m provided from South Yorkshire Mayoral Combined Authority (SYMCA) to Sheffield City Council (SCC) to support the implementation of the Project Feasibility Fund (PFF).
- Up to £6.6m is being provided to the Council in the first instance for the next four years to specifically develop strategies and projects that aligns with the South Yorkshire Strategic Economy Plan (SEP) together with the City Strategy and local plans.

22/23	23/24	24/25	25/26	<b>Total £</b>
£1.66m	£2.70m	£1.25m	£1.05m	<b>£6.60m</b>

- The Member-led Regeneration and Development Board will have oversight of the PFF and will also receive monitoring reports in respect to activity funded by PFF.
- Access to the PFF will be managed by the Programme and Accountable Body Team in City Futures and applications will be considered by the Executive Director of City Futures and the Director of Finance and Commercial Services.
- Commencement Date: 12<sup>th</sup> July 2022 - The date from which eligible costs and project outputs may be attributed to the project.
- As per the Financial Regulations, the grant offer will need s151 sign off and claims to be signed off by a Senior Finance Manager.
- SYMCA shall pay the grant to SCC in accordance with Schedule 2 of the Grant Agreement during the Grant Period.
- SYMCA will only pay grant to SCC against qualifying expenditure incurred within the financial years 2022/23 - 2025/26, up to the 31<sup>st</sup> March 2026.
- Any qualifying expenditure defrayed by SCC after this/these date(s) will not be eligible to claim under the terms of the Grant Agreement.
- Payment of the grant will only be made if SCC complies with the monitoring information requirements and can demonstrate that the outputs have been achieved.
- SCC shall provide SYMCA with the monitoring information set out in Schedule 5 of the Grant Agreement by the deadlines detailed in Schedule 2.
- The Grant paid to SCC shall not include any element of Value Added Tax (VAT).
- If SCC does not comply with the terms of the Grant Agreement, then SYMCA may terminate the Grant Agreement and cease to make payments. For the avoidance of doubt, this will include any failure to achieve the outputs and failure to provide any of the monitoring information.
- The Grant must be spent in full by the end of the grant period and any unspent monies are immediately returned to SYMCA.
- SYMCA may at its discretion withhold or suspend payment of the Grant,

require repayment of all or part of the Grant and/or terminate this Agreement if clause 19 of the Grant Agreement is not complied with.

- Grant Accounting Treatment - Conditional Grant.
- The Project Manager (SCC) is Ben Morley, Head of Programmes and Accountable Body.
- The Grant Manager (SYMCA) is Sue Sykes, Assistant Director - Procurement, Contracts and Programme Controls.
- SCC must ensure that it keeps full, complete and accurate books, annual accounts, records and documentation on the Project for a minimum of six years following completion of the Project and make such books, annual accounts, records and documentation available to SYMCA on request.
- Records are maintained, effective monitoring and financial management systems to control expenditure are operating to ensure that the costs of achieving the objectives, activities and milestones set out by the funder can be clearly identified.
- The Project Manager will need to read, understand and comply with all of the grant terms and conditions and the Code of Conduct for Grant Recipients.

### **Procurement**

- All public sector procurement is governed by and must be compliant with UK National Law. In addition, all procurement in SCC must comply with its own Procurement Policy, and internal regulations known as 'Contracts Standing Orders' (CSOs).
- Contracts Standing Orders requirements will apply in full to the procurement of services, goods or works utilising grants. All grant monies must be treated in the same way as any other Council monies and any requirement to purchase/acquire services, goods or works must go via a competitive process.
- Comply with the Local Government Transparency Code 2015 and clause 19 of the Grant Agreement.

### 4.3 Legal Implications

4.3.1 The Council has been awarded £6.6m funding by SYMCA for the Project Feasibility Fund.

4.3.2 The Council has a general power under Section 1 of the Localism Act 2011 to do anything that an individual may generally do provided it is not prohibited by other legislation and the power is exercised in accordance with the limitations specified in the Act which enables the Council to accept the funding.

4.3.3 The Council will be required to enter into a grant agreement with SYMCA, key clauses and requirements are outlined above in paragraph 4.2, officers working on this project must be aware of these requirements and ensure they are complied with.

4.3.4 SYMCA are under no obligation to pay an overspend, this includes any overspend against the amount planned in the expenditure profile for any financial year

4.3.5 All changes to the project must be approved by the SYMCA prior to the change taking place.

4.3.6 The Council must comply with all applicable legislation and regulations.

#### 4.4 Climate Implications

4.4.1 Given the nature of the proposal as Climate Impact Assessment (CIA) is not considered appropriate.

4.4.2 All projects supported with PFF will be subject to a Climate Impact Assessment to ensure that Members can consider a project's alignment with the Council's ambitions for Net Zero by 2030 prior to progressing to delivery. Furthermore the PFF might be used to enhance the CIA process and/or to support the development of specific climate change mitigation projects.

### **5. ALTERNATIVE OPTIONS CONSIDERED**

5.1 A do-nothing option would see the Council with very little capacity and resource to complete the City Strategy and Place Based Plan. In addition, there would be extremely limited ability to proactively develop project ideas and business cases to delivery strategic outcomes for the City.

5.2 No alternative external funding sources have been identified for this type of activity to be undertaken.

### **6. REASONS FOR RECOMMENDATIONS**

6.1 Entering into the Fund Agreement will allow the Council to:

- Develop and complete of the City Strategy which will also include Policies and Spatial Strategies and the Sheffield Place Based Plan.
- Enable the development of project ideas from prioritised City strategic objectives.
- Turn ideas into deliverable projects with developed and costed business cases that can deliver against South Yorkshire Strategic Economy Plan (SEP) objectives.

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