

11th December 2017

LGF Capital Programme Approvals

Purpose of Report

This paper presents to the CA Financial Approvals which have progressed through the Appraisal Framework.

Thematic Priority

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

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

Under the Freedom of Information Act this paper and any appendices will be made available under the Combined Authority Publication Scheme. This scheme commits the Authority to make information about how decisions are made available to the public as part of its normal business activities.

Recommendations

1. **Change Request** - SCR CA are asked to consider and approve the changes to the Northern Gateway project as detailed in Appendix A.
2. **Call Update** - SCR CA are asked to note progress on the Skills Capital, SCR Housing Fund and Open Call for Reserve Capital Projects.
3. **Skills Capital Projects** - SCR CA are asked to consider and approve the 8 Skills Capital applications to be accepted onto the Programme and progress to Full Business Case.
4. Consider and approve delegated Authority to the Head of Paid of Service, in conjunction with the Section 73 Officer, to enter into the contractual arrangements required as a result of the above approvals.

1. Introduction

- 1.1 The SCR Assurance Framework requires that all schemes seeking investment undergo a thorough and proportionate scheme appraisal following the Treasury Green Book approach. Prior to consideration by CA, the schemes have been through a process of technical appraisal, utilising external support, and consideration by a Panel of Officers representing the SCR Statutory Officers culminating in the recommendations presented for approval. These findings will inform the s73 Officers view regarding the Value for Money Statement and the Monitoring Officers view regarding the relative risks of the scheme presented.

1.2 Change Requests

There has been 1 change requests received since the last meeting of the CA on 30th October 2017.

Further information is presented in section 2.1 and the change is presented at **Appendix A**.

1.3 Skills Capital Fund update

The Skills Capital Fund commissioning call closed on 16th November 2017. Eight applications were received with a total request for £1,537,000 SCR funding from a total budget available of £1,200,000. Including proposed match funding total project costs are £2,985,000 with the average intervention rate of 51%.

Further information is presented in section 2.3 and a list of schemes submitted is attached at **Appendix B**.

1.4 SCR Housing Fund update

The CA agreed to the establishment of a Housing Fund on 22nd March 15.

The fund has commissioned calls in September 2017 with 20 applications totalling £25.6m SCRIF from an available budget of £8.1m received by the deadline of 15 November 2017.

Work is underway on the SCR Housing Fund to assess Outline Business Cases. At this stage it is recommended that the Combined Authority notes progress.

1.5 Open Call

There is an open call for reserve capital projects which is due to close on Friday 8th of December and a brief verbal update on the number and value of submissions will be provided in the meeting.

2. Proposal and justification

2.1 Project Changes

The Northern Gateway scheme is a mixed use development in the Northern quarter of Chesterfield town centre involving the construction of a new business centre, the provision of high quality public realm and the refurbishment of the Saltergate Multi Story Car Park. The public sector investment will facilitate delivery by the private sector of a comprehensive redevelopment of The project has £5,830,000 SCRIF funding, commenced in October 2016 and is due to complete in May 2019.

The project is proposing three changes to their existing agreement. They propose to draw down the remaining £5.517m grant as an upfront, outcome linked payment in 2017/18, which will revert back to grant on delivery of outputs by the longstop date – or be subject to repayment, either in part or in full. They propose to demolish and rebuild the car park, rather than refurbish as the refurbish option is no longer viable. They also request an extension to the end date of the funding agreement to March 2020.

The extra costs of the new build car park are being covered by Chesterfield Borough Council through additional borrowing. By making an upfront payment of the remaining grant this will assist Chesterfield Borough Council to secure the funding for the project, whilst strong additional contract clauses which measure the projects progress towards delivering outputs will ensure that overall delivery is managed effectively.

The changes are presented at **Appendix A**.

2.2 SCR CA are asked to consider and approve the changes as detailed in **Appendix A**.

2.3 Skills Capital Call Update

The £1.2m Skills Capital Fund aims to help projects that contribute to our economic development by providing state of the art facilities and equipment people need to gain skills and qualifications.

Eight applications were received by the deadline with a total request for £1,537,000 SCR funding from a total budget available of £1,200,000. These are detailed in Appendix C. All eight projects are recommended for acceptance onto the Programme and Full Business Cases to be prepared.

The request for funding may result in a small acceleration of Skills Funding from 18/19 to 17/18 but this will be considered further in early 2018.

A list of schemes submitted is attached at **Appendix B**

2.4 SCR CA are asked to consider and approve the 8 Skills Capital applications to be accepted onto the Programme and progress to Full Business Case.

3. Consideration of alternative approaches

3.1 For the Northern Gateway change request the alternative approach of more formal loan agreements has been discussed and discounted with DCLG. An outcome based contract with clawback conditions is the preferred route.

4. Implications

4.1 Financial

Financial implications of the Northern Gateway project have been fully considered by a representative of the s73 officer and included in the recommendations agreed by the Appraisal Panel as presented in the supporting information.

The principle of making upfront, outcome linked payments with repayment of funding on non-delivery (either in part or in full) has been discussed and agreed during the annual conversation with the DCLG.

For both the Skills Capital Fund and the SCR Housing Fund there is currently the potential for an over-commitment of funding. However, progression through the normal assurance process will limit the number of projects and/or the amount of money available so that overall budget limits will be respected in contract.

4.2 Legal

The legal implications of the Northern Gateway project change has 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.

The legal implications of the Skills Capital Fund projects will be fully considered by a representative of the Monitoring Officer following appraisal of the Full Business Case and prior to recommendation to progress to delivery.

4.3 Risk Management

Risk management is a key requirement for each of the submissions and is incorporated into the business case submissions and assessed as part of the change control process. Where weaknesses have been identified in the Business Case in terms of risk management, further

work to capture and mitigate these risks is included as suggested conditions in the appraisal panel summary sheets.

Outcome linked payments with repayment of funding on non-delivery strengthens the risk sharing arrangement.

4.4 Equality, Diversity and Social Inclusion

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

5. Communications

- 5.1** The approval of the business cases presents an opportunity for positive communications; officers from the SCR Executive Team will work with the relevant local authority officers on joint communications activity

6. Appendices/Annexes

Change Request Summary table – **Appendix A**

Skills Capital Fund Applications – **Appendix B**

REPORT AUTHOR	Carl Howard
POST	Head of Performance
Officer responsible	Ruth Adams, Interim Deputy Executive Director, Director of Skills & Performance
Organisation	Sheffield City Region Combined Authority
Email	Ruth.adams@sheffieldcityregion.org.uk
Telephone	0114 220 3437

Background papers used in the preparation of this report are available for inspection at:
Other sources and references:

Project/SCRIF/Proposed Changes

Programme	Project	Grant Recipient	Summary of Change Requested
LGF Infrastructure	Northern Gateway	Chesterfield Borough Council	<p>Change 1 - Project Longstop Date extended from 31.05.19 – 30.03.20</p> <p>Change 2 – Revise Funding Agreement to allow the remaining grant of £5.517m to be an advance payment of grant with clawback conditions.</p> <p>Change 3 – Refurbished car park revised to demolition and new build</p>
Review Date	Officer Presenting	Officer Approving	Appraisal Panel Comments
Appraisal Panel 28/11/2017	Charli Taylor	Mike Thomas	<p>Although total cost has increased the SCR contribution remains unchanged, no reduction in outputs or outcomes and economic case remains good value for money. Long stop date change remains within the same financial year and within the LGF funding window.</p> <p>Revised funding agreement is beneficial to the LGF spend profile in 17/18 and delivery risk remains firmly with scheme promoter.</p> <p>This change will require an updated Funding Agreement hence CA approval is required.</p>
			

Sponsor	Project Title	Project Description	Total Project Cost	SCR request	Intervention Rate
Barnsley College	Skills and Innovation	To refurbish SciTech Centre to “industry standard specifications”.	275,000	215,000	0.78
Chesterfield College		To develop and grow Engineering and Digital skills delivery.	369,000	243,000	0.66
Doncaster College	STEM Pedagogy Investment	To improve equipment and training to meet industry standards.	250,000	125,000	0.50
RNN Group	Motor Vehicle Curriculum Area Growth Plan	To support the purchase of 3 hybrid and 3 electric vehicles for motor vehicle qualifications.	120,000	80,000	0.67
RNN Group	National Fluid Power Centre	To support the provision moving towards “Industry 4.0”.	265,000	132,500	0.50
RNN Group	IT Curriculum Development	To enable the College to offer Cisco qualifications.	211,000	105,000	0.50
Sheffield College	Increasing Advance and Higher Level Skills Provision for the Construction and Engineering sectors	To invest in facilities and equipment to increase Construction & Engineering provision.	195,000	136,500	0.70
Sheffield Hallam University	Capacity Building for Degree Apprenticeships and CPD Growth in STEM subjects	To increase annual intake, create a specialist IT space, and to renovate Aspect Court.	1,300,000	500,000	0.38
Total			2,985,000	1,537,000	0.51

Record of Recommendation to Proceed to Full Business Case

Skills Capital Fund Expressions of Interest

SCR Officer: Felix Kumi-Ampofo (AD – Programme Assurance)

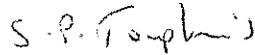
Signature



Date: 01/12/2017

Approving Officer: Mike Thomas (Senior Finance Manager)

Signature



Date: 01/12/2017