

SCR HOUSING INVESTMENT BOARD

25 JULY 2018

SCR OFFICES, BROAD STREET WEST, SHEFFIELD

No.	Item	Action
	<p><u>Welcome and Apologies</u></p> <p><u>Present</u> Mayor Ros Jones CBE, Doncaster MBC (Chair)</p> <p><u>Board Members</u></p> <p>Huw Bowen, Chesterfield BC Rob Pearson, Homes England Mike Thomas, SCC / SCR Executive Team</p> <p><u>Officers</u> Michael Hellewell, SCR Executive Team Chris Collins-McKeown, SCR Executive Team Colin Blackburn, SCR Executive Team Craig Tyler, South Yorkshire Joint Authorities</p> <p>Apologies for absence were received from Board Members Owen Michaelson (LEP) and Martin McKervey (LEP).</p>	
1	<p><u>WELCOME AND INTRODUCTIONS</u></p> <p>The Chair welcomed everyone to the meeting.</p>	
2	<p><u>APOLOGIES</u></p> <p>Apologies were noted as above.</p>	
3	<p><u>Declarations of Interest</u></p> <p>No declarations were reported.</p>	
4	<p><u>DRAFT MINUTES OF THE PREVIOUS MEETING – 31ST MAY 2018</u></p> <p>The minutes of the previous meeting held on 3rd May 2018 were agreed to be a true and accurate record.</p> <p>All actions were confirmed as complete.</p>	

	<p>can ‘add value’ to the process as a challenging and scrutinising body</p>	
7	<p><u>SCHEME UPDATE/PIPELINE AND DECISION SCHEDULE</u></p> <p>The Board was provided with the scheme pipeline update and decision schedule.</p> <p>In relation to the previous item, members were advised of where due diligence has been undertaken in respect of the various schemes.</p>	
8	<p><u>SCHEME RECOMMENDED FOR FINANCIAL APPROVAL: HAWSHAW LANE, DONCASTER</u></p> <p>A report was received to provide details of the Hawshaw Lane Scheme (“the Scheme”), noting this has progressed through the agreed Appraisal Framework for the Sheffield City Region (SCR) Housing Fund (HF).</p> <p>Members questioned the Scheme’s Benefit Cost Ratio (BCR) score of 1.9, noting this is below the score of 2 which is set as the benchmark for good value for money. However, the wider benefits of providing affordable housing (above the minimum policy requirement set by the Local Authority for this area) and unblocking of a stalled scheme in a priority area mean this delivers acceptable value for money to SCR for a scheme of this nature.</p> <p>It was requested this matter be checked and the Board be provided with a more detailed explanation of why this BCR is viewed as acceptable by the Assurance Team. Action: Michael/Chris to check with the Assurance Team</p> <p>Board Members also requested to see information (for this scheme, as well as for future schemes where relevant) on the BCR at the policy compliant level of Affordable Housing (15%) so it can be compared to the BCR of 1.9 which delivers 36% Affordable Housing (more than double the AH requirement for this site)</p> <p>Members noted concerns regarding the reported land costs, with examples cited where similar sites in Barnsley had been purchased for significantly smaller sums.</p> <p>It was noted the purchase price would be subject to an independent land valuation (RICS) report and will be adjusted accordingly. It was noted this is already recognised as a condition to be satisfied prior to contract execution. However, members queried why this information wasn’t already known, given that the matter is due to be reported to Barnsley MBC full council in September 2018.</p> <p>HIB members were made aware of the strong case for supporting the scheme, including:</p>	<p>MH/ CCM</p>

- It allows a stalled scheme in a priority area to proceed after several years of inaction. This is what the pilot SCR HF was set up to do;
- It delivers well above the Council's minimum affordable housing requirement (made possible only through SCR support) in an area where there is evidence of demand for affordable homes;
- Barnsley MBC are the developer. The Business Case sets out that the private sector doesn't have the appetite to take this development forward given the ground conditions and viability gap;
- There are sufficient conditions in the funding agreement to make sure the grant is repaid if margins are better or the land value is lower than currently estimated. Both conditions will improve eventual BCR.

RESOLVED, that the Board:

- 1. Notes the information presented in this report and supporting annexes and approves the progression of the Hawshaw Lane Scheme to Full Approval and Award of Contract at a cost of £632,000 to the Local Growth Fund (LGF), subject to the conditions set out in the Appraisal Panel Summary (at Annex B) and in particular the condition pertaining to land value appraisal.**
- 2. Endorses the SCR MCA / LEP Senior Finance Manager (on behalf of the Chief Finance/ s73 Officer and the SCR Statutory Officers Group) to carry out their role in respect of this scheme, in line with the delegated authority received from the MCA.**

POST MEETING UPDATE:

Two issues were raised in relation to the BCR of the scheme approved by the HIB on 25th July. Responses to both points are set out below.

- **A BCR of 1.9:**
A BCR of 2.0 is viewed as 'good' value for money. This is however seen as a general guide which applies best to transport schemes.

The current Government Guidance for housing schemes states that a BCR of 1.9 is viewed as 'acceptable'.

In addition, the SCR Combined Authority Assurance Framework enables schemes with a lower BCR to be approved where the wider case for investment is strong. As set out at the meeting, this is the case of this scheme.

- **BCR for the Hawshaw Lane scheme with changes in the provision of Affordable Housing:**

	<ul style="list-style-type: none"> ○ 36% AH – BCR = 1.9 (approved scheme) More than double the AH policy requirement ○ 15% AH – BCR = 1.4 Delivery of policy compliant AH ○ 0% AH – BCR = 1.0 	
8	<p><u>REPORTING OF INVESTMENT DECISIONS TO THE HOUSING AND INFRASTRUCTURE EXECUTIVE BOARD AND THE COMBINED AUTHORITY</u></p> <p>It was confirmed the Board’s decisions in respect of Item 7 will be reported to the forthcoming meetings of the Combined Authority and the Housing and Infrastructure Executive Board.</p>	
9	<p><u>ANY OTHER BUSINESS</u></p> <p>The Board noted ongoing plans to develop a business case for an extension to the Housing Fund.</p> <p>The Board discussed matters that will need to be considered should there be any further call for additional projects. It was suggested this could be aligned to the existing evidence base collated in relation to the SCR’s known priority housing sites (as undertaken by Ed Ferrari).</p>	
10	<p><u>Date of Next Meeting</u></p> <p>Friday 24th August, 2.00pm at 11 Broad Street West, Sheffield.</p>	