



Author/Lead Officer of Report: Tammy Whitaker

Tel: 07342 071141

Report of: *Executive Director of City Futures*

Report to: *Finance Sub-Committee*

Date of Decision: *21st February 2023*

Subject: *Acceptance of Homes England Funding and Place Pilot Funding*

Has an Equality Impact Assessment (EIA) been undertaken? Yes No

If YES, what EIA reference number has it been given? N/A

Does the report contain confidential or exempt information? Yes No

If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-

*"The (**report/appendix**) is not for publication because it contains exempt information under Paragraph (**insert relevant paragraph number**) of Schedule 12A of the Local Government Act 1972 (as amended)."*

Purpose of Report:

The purpose of this report is to provide the context for a recommendation to accept two government grant offers from Homes England (£350k) and the Office of Government Property in partnership with the Local Government Association (£504k). This funding will be used to cover development costs for regeneration, levelling up, housing and estate rationalisation programmes.

This report seeks the approval to accept the funding from Homes England, the Officer of Government Property and the Local Government Association only. The funding will be revenue and all expenditure will be subject to compliance with the Council's budget processes, financial regulations and revenue approvals process.

Recommendations:

It is recommended that Finance Sub-Committee:

- Accepts the grant offers from Homes England and Office of Government Property and the Local Government Association
- Authorise the completion of a Memorandum of Understanding with the Office for Government Property and agree that the Council act as Accountable Body for the Place pilot funds
- Authorise the completion of a grant agreement with Homes England for receipt of the funding from Homes England; and,
- Authorise the Director of Legal and Governance in consultation with the Chief Finance Officer to complete and execute all necessary documentation

Background Papers:

Lead Officer to complete:-		
1	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: <i>Liz Gough</i>
		Legal: <i>Haroon Iqbal</i>
		Equalities: <i>Annemarie Johnston</i>
<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>		
2	SLB member who approved submission:	<i>Kate Martin</i>
3	Committee Member consulted:	<i>Cllr Zahira Naz and Cllr Bryan Lodge Co-chairs of Finance sub Committee</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the SLB member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: <i>Tammy Whitaker</i>	Job Title: <i>Head of Property and Regeneration</i>
	Date: <i>16/02/2023</i>	

1. PROPOSAL

- 1.1 This report seeks to accept a separate funding offers, the first from Homes England for £350,000 and the second from the Office for Government Property and the Local Government Association for £500,000. Both funds are revenue.

- 1.2 The Homes England funding has been awarded to cover costs already incurred by Sheffield City Council for work associated with residential led regeneration activity. Funding will be used for:

Attercliffe Waterside

- *Legal fees*
- *Sales and marketing costs*
- *Site investigations and due diligence*

Heart of the City 2

Fees associated with the development and delivery of the residential elements within Heart of the City (Laycock House and Burgess House)

- *Legal Fees*
- *Sale Agent Fees*
- *Residential Management information*

- 1.3 Accepting the funding will free up revenue to secure resources for the delivery of future regeneration work associated with Housing Growth Delivery Programme (in partnership with Homes England), regeneration / placemaking work set out in the City centre vision and levelling up.
- 1.4 The grant agreement stipulates that funding must be spent by 31st March 2023, to ensure this existing spend items have been identified for inclusion in the grant agreement and agreed with Homes England. This will release SCC revenue for roll over into next year. (This will be subject to a further approval by committee for a revenue carry forward request).
- 1.5 The Office for Government Property and Local Government Association funding has been awarded for place pilot activity. Sheffield has been identified by Government as a potential area to run a 'place pilot.' Place Pilots will build on the One Public Estate programme and pilot a place-based approach to strategic asset management. The aim of the programme is to drive efficiencies across the public estate, and release land held by central and local Government.
- 1.6 The outcomes of a Sheffield Place Pilot will be:
- **Joint portfolio planning** bringing together multiple public estate owners, under joint local and central government leadership
 - **A stronger focus on place embedded into strategic asset management planning** by mapping future estate demand alongside key growth and opportunity areas
 - **Efficiency, value, and optimised investment** across the public estate and **better public services** from identifying opportunities for co-location, disposals, relocations, land assembly and other multi-portfolio collaboration
 - **Developing recommendations that can be replicated and scaled up** to drive future uptake in other areas by testing new approaches
- 1.7 The impact of the Place Pilot will be:

- A smaller, greener and more efficient public estate
- Accessible and joined up public services
- An ongoing commitment to collaborate across the public estate

1.8 The funding will be awarded via a grant under Section 31 of Local Government Act 2003 and can be used for a variety of purposes including but not limited to:

- Data analysis and mapping
- Feasibility Studies
- Masterplanning
- Seed funding to initiate project opportunities
- Programme coordination

1.9 Sheffield City Council will be required to act as the accountable authority for the Place Pilot and will work with OGP and the LGA (through the OPE programme) to a set of agreed project milestones. These milestones will be reflected in the subsequent project proposals.

1.10 The authority is required to enter into the Memorandum of Understanding by 27th February 2023. A detailed programme for allocation of the funds will be determined by the end of April and, subject to agreement, further authority to commence spend will then be sought. The funding must be spent by 30th September 2024.

2. HOW DOES THIS DECISION CONTRIBUTE?

2.1 The levelling up agenda, regeneration housing and estate rationalisation programmes are key to delivering a number of the desired outcomes for the City:

Communities and Neighbourhoods

- Making sure everyone has high quality, safe homes in neighbourhoods that are clean, green, safe and thriving

Climate Change, Economy and Development

- Taking immediate steps to reduce carbon emissions, tackling harmful pollution and making the air we breathe safer, while securing a sustainable future for public transport
- Supporting Sheffield businesses to recover and grow, regenerating our high streets, establishing thriving city and local centres and maximising opportunities for arts and cultural activities in all parts of the city to support economic recovery

3. HAS THERE BEEN ANY CONSULTATION?

3.1 The funding is being provided to support the development of programmes of work, consultation will be undertaken at appropriate stages during the project / programme's development. Detailed stakeholder analysis will also be completed

to ensure the consultation is as effective as possible.

Development of projects will be done in partnership with key stakeholder groups where appropriate.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

4.1.1 The funding will be used for the development of new projects and programmes of activity. Equality impact assessments will be undertaken at project level at the appropriate stage in the projects development inline with good practise and the Council's policies.

4.2 Financial and Commercial Implications

4.2.1 Homes England Grant

Key features of the Grant Agreement terms and conditions are summarised as follows. 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 and develop an exit strategy to ensure that there are no ongoing unfunded costs when the grant ends.

The below implications are prepared on the basis of a draft agreement and are therefore will not be finalised until a final version of the grant agreement has been reviewed and these implications updated.

Financial Terms and Conditions

- Grant of [£350,000] paid to Sheffield City Council ("SCC") from the Homes and Communities Agency ("HCA").
- The Grant will be treated as Conditional and will be subject to clawback if the Grant terms and conditions are not complied with.
- The Grant is to be used to support staffing and other costs incurred by SCC in undertaking SCC's Levelling-Up and Housing Strategy (the "Project").
- The Grant is to be considered an intra-public transfer of funds and not a Subsidy.
- Grant Commencement Date is 27th February 2023.
- Grant End Date is 31st March 2023.
- The Grant can only be used for eligible costs as defined in the Grant Agreement properly incurred by SCC in undertaking the Project (see details).
- HCA will only advance payment of the Grant to SCC if:

- HCA is satisfied SCC is not in breach of the Grant Agreement;
- SCC has completed the Project in line with the relevant milestones in the Grant Agreement (see details); and
- HCA is reasonably satisfied that SCC has appointed sufficiently experienced contractors to complete the Project within the relevant timescales (see details).
- Assets relating to the Grant or the Project must be used only for the purposes authorised in the Grant Agreement (see details).
- SCC is to comply with the following requirements specified in the Grant Agreement:
 - the accounting audit, monitoring and reporting requirements (see details);
 - the documentation, records and evidentiary requirements (see details);
 - the data protection, information and publicity requirements (see details); and
 - the insurance requirements (see details).
- Grant claim form must be submitted no later than twenty (20) days prior to the Grant Start Date, and must be signed by a Local Authority Senior Officer.
- HCA can only amend the terms of the Grant Agreement with SCC's mutual consent.
- HCA may terminate the Grant Agreement if SCC:
 - does not submit a claim form within twelve (12) months of the Grant Commencement Date; and
 - does not achieve any delivery output or milestone specified in the Grant Agreement (see details). SCC may notify HCA of any Project delay in writing and where the delay is outside the control of SCC and is wholly and exclusively related to a downturn in the housing market, HCA at its discretion may not terminate the Grant Agreement, initiate a repayment of the Grant and may revise the relevant outputs/milestones.

Commercial Implications

All public sector procurement is governed by and must be compliant with the Grant Agreement and 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).

CSO 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 s.4 and s.9 of the Grant Agreement. The Portfolio / Service Grant Manager will need to contact the Commercial Services Team for detailed guidance on adherence to these rules when spending grant monies.

4.2.2 Place Pilot

Key features of the Memorandum of Understanding (the “Grant Agreement”) and terms and conditions are summarised as follows. 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 and develop an exit strategy to ensure that there are no ongoing unfunded costs when the Grant ends.

Delivery Terms and Conditions

The Grant is to fund all SCC related cost associated with Place Pilot activities, and includes (but not exclusively) data analysis, mapping, feasibility studies, master-planning, programme coordination and seed funding to project opportunities (the “Project”). The Grant Agreement provides a detailed operational breakdown of activities and costs that are eligible to be funded by the Grant (see details).

The Grant Agreement also contains the following project terms and conditions:

- The Grant cannot be used for any purposes other than the Project without the Funder/OPE’s written consent.
- The Grant must be used to meet the outcomes of the Project (see details).

Financial Terms and Conditions

- Revenue grant of £500,000 paid to Sheffield City Council (“SCC”) from Cabinet Office – Office of Government Property (the “Funder”) administered by the One Public Estate Programme (the “OPE”).
- The Grant cannot be used for any capital expenditure.
- The Grant will be treated as Restricted and can only be used as specified in the Grant Agreement (see details).
- Grant Commencement Date: 27th February 2023 (subject to SCC approval, Funder’s receipt of the signed Grant Agreement).
- Grant End Date: 30th September 2024.
- Payment will be made on the Grant Commencement Date, subject to SCC raising the appropriate invoice.
- The Grant can be paid to third parties by SCC in relation to activities related to the Project. SCC will be the accountable body for the Grant.
- SCC, as accountable body, must:
 - Establish and appropriate governance regime and forum for the Project to decide on the management, scope and direction of the Project, including mechanism for evaluation of the Project after the Grant End Date (see details);
 - Develop agreed proposals programme in the form specified in the Grant Agreement (see details);

- Provide details of surplus and redeveloped land resultant on the undertaking of the Project;
- Provide information and data on future public land releases for housing from SCC and partner members;
- Encourage officer and councillors within the SCC and partners area to participate in the Project;
- submit any proposals within three (3) months of the initial area launch workshop, taking account of consultation and support of any partners involved in the delivery of the Project. The Grant Agreement does not specify the date of the initial workshop.
- Any unallocated funds held by SCC or any delivery partners on the Grant End Date are to be returned to the Funder/OPE.
- SCC is to comply with the following requirements specified in the Grant Agreement (including where applicable, ensuring the compliance of any delivery partners relating to the Project):
 - the accounting audit, monitoring and reporting requirements (see details);
 - the documentation, information sharing, records and evidentiary requirements (see details);
 - the data protection, information and publicity requirements (see details); and
 - the detailed performance management and key performance indicator requirements (see details).
- The Grant cannot be used to fund marketing or advertising costs.
- The Grant cannot be used for any costs associated with the initial inception phase of the Project, without the Funder/OPE's prior approval.
- SCC is required to enter into a Joint Data Controllership agreement with the Funder (see details).
- The Grant Agreement does explicitly refer to any prescribed retention period, and therefore the SCC standard period of seven (7) years is assumed. The Funder/OPE reserve the right to request reasonable access to certain documentation over the lifetime of the Project.
- The Grant Agreement is not intended to be legally binding; no legal obligations or rights shall arise between SCC and the Funder. Both parties intend to honour all the Grant Agreement commitments.

Commercial Implications

All public sector procurement is governed by and must be compliant with the Grant Agreement and 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).

CSO 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 the relevant provisions of the Grant Agreement. The Portfolio / Service Grant Manager will need to contact the Commercial Services Team for detailed guidance on adherence to these rules when spending the Grant.

4.3 Legal Implications

4.3.1 Homes England

Homes England providing this grant under s19 of the Housing and Regeneration Act 2008 to the Sheffield City Council (the Council. Chapter , s1-8 of the Localism Act 2011 provides a General Power of Competence which gives local authorities the powers to do anything if it is not specifically prohibited in legislation.

The offer of grant carries with it certain terms and conditions which the Council has to accept before any grant will be paid. Home England has issued a Grand Funding Agreement (GFA) in respect of this grant. Legal has reviewed the GFA. The terms and conditions of GFA are focussed to ensure achievement of the purpose for which grant is being given.

Homes England's obligations under the GFA to provide funding is subject to the pre-conditions as specified in schedule 3 of the GFA being met by the Council e.g the Council has provided satisfactory evidence to Homes England where requested that the Council will comply with its representations and warranties.

The GFA provides the event of defaults and the process that must be followed if Homes England wish to suspend or terminate after such an event.

Under the agreement the Council will allow access to its premises to Homes England, its internal auditors or its other duly authorised staff or agents or any regulatory body and will allow such persons to inspect and take copies of documents relating to the project.

4.3.2 Place Pilot

The Sheffield City Council (the Council) is receiving this grant from Office of Government Property (OGP) under s.31 of the Local Government Act 2003.

The offer of Section 31 Grant carries with it certain terms and conditions which the Council has to accept before any grant will be paid. OGP has issued a MoU in respect of this grant. Legal has reviewed the MoU. This contains usual terms and conditions, and its terms are focussed to ensure achievement of the purpose for which grant is being given. While there is nothing onerous in the terms it is good to keep in view the grant requirements which may briefly be noted below:

- The Council is the accountable authority for this Place Pilot and will work with OGP and the LGA (through the OPE programme) to a set of agreed

project milestones. The Council needs to carefully see that such milestones are realistic and achievable.

- Clause 4.2 provides the reporting arrangements. The Council will provide regular reporting on planned and actual spend.
- Any unallocated funds at the end of the programme, to be returned to the OGP
- The council will provide OPE with reasonable access and visibility throughout the life of the Place Pilot. This will include access to project documentation, attendance at any working group and/or relevant board meetings.
- As a condition of funding, a data sharing agreement in respect of non-personal data must be signed by the Council. **Legal has advised that this must be reviewed by our DPO.**
- Clause 8.2 provides the responsibility of the council as accountable authority for the Sheffield Place Pilot.
- The Council will work with the OPE team to forecast and track delivery of outputs and outcomes. To do this the Council will submit regular progress reports to show grant expenditure and progress against agreed milestones and outputs as agreed.

4.4 Other Implications

4.4.1 None identified at this stage.

5. **ALTERNATIVE OPTIONS CONSIDERED**

5.1 Do nothing

Not accepting the funding will result in a lack of resources to support the continuation of regeneration and levelling up across the City. It would put further strain on revenue budgets and put us in a disadvantageous position for funding opportunities as the development work for schemes would not have been completed.

6. **REASONS FOR RECOMMENDATIONS**

6.1 The preferred option is to accept the funding as this will allow work to continue on key programmes for the next 18 months to 24 months and alleviate pressure on the Council's revenue budget. The funding will allow us to ensure we are in the

best possible position for funding opportunities with schemes already developed for inclusion in bids.

It is therefore recommended that approval is given to accept the funding offered by Homes England and the Office of Government Property in partnership with the Local Government Authority.

This page is intentionally left blank