



Executive Director/Director Non-Key Executive Decision Report

Author/Lead Officer of Report: Michelle O'Neill,
Project Manager

Tel: 2735130

Report to: Mick Crofts, Executive Director Place

Date of Decision: 28th April 2021TBC

Subject: Future High Streets Fund – Acceptance of MHCLG Grant

Which Cabinet Member Portfolio does this relate to? Business & Investment

Which Scrutiny and Policy Development Committee does this relate to? Economic and Environmental Wellbeing Scrutiny and Policy Development Committee

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

If YES, what EIA reference number has it been given? 918

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*"The (**report/appendix**) is not for publication because it contains exempt information under Paragraph (**insert relevant paragraph number**) of Schedule 12A of the Local Government Act 1972 (as amended)."*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

To provide the context for a recommendation to accept a government grant offer from the Ministry of Housing, Communities and Local Government (MHCLG) of £15.817m of capital funding from the Future High Streets Fund (FHSF).

Recommendations:

It is recommended that the Executive Director of Place:

- Approves the Council accepting the Ministry of Housing, Communities and Local Government grant of up to £15.817m in accordance with the terms outlined in the grant offer letter and Memorandum of Understanding.
- Note that some of the funding has already been received by the Council.
- Approves the Council entering into the Memorandum of Understanding with the Ministry of Housing, Communities and Local Government as further outlined in this report.
-

Background Papers:

MHCLG Grant Offer Letter 27 April 2021 and enclosures . Grant Determination 2020/21, Memorandum of Understanding 2021/22, Grant Determination 2021/22

Form 2 Cabinet Report, 17th March 2021, Future High Streets Fund – Fargate and High Street

Form 2a Director Non-Key Executive Decision Report, 23rd January 2020, Acceptance of a government grant offer from MHCLG of £127,000 to work up a full business case to seek capital funding from the Future High Streets Fund.

Form 4 Officer Executive Decision Record (Non-Key), 23rd January 2020

Form 2 Cabinet Report, 18th March 2020, Future High Streets Fund – Fargate and High Street

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>(M Wassell)</i>
	Legal: <i>(Gemma Day)</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	Lead Officer Name: <i>Michelle O'Neill</i>
	Job Title: <i>Project Manager</i>
Date: <i>28/04/2021</i>	

1. PROPOSAL

- 1.1 This report seeks acceptance of capital funding from the MHCLG Future High Street Fund (FHSF) to improve Fargate and the High Street.
- 1.2 On the 26th December 2020 the Government announced that Sheffield Fargate and High Street was successful in its bid to the FHSF and would receive a total of £15,817m over 3 years up to 31st March 2024.
- 1.3 On the 17th March 2021, Cabinet delegated authority to the Executive Director of Place in consultation with the Cabinet Member for Business & Investment, the Executive Director of Resources, the Director of Legal and Governance and the Director of City Centre Development to accept the MHCLG funding and enter into a grant agreement subject to the grant terms being received and agreed by the delegated officers.
- 1.4 The grant terms and conditions in the form of a Memorandum of Understanding have now been received. These are summarised at section 4.2 and 4.3 below.
- 1.5 The funding will be used to:
- Acquire, redesign and refurbish 20-26 Fargate as an 'Events Hub'
 - Improve the public realm of Fargate and the Highstreet to facilitate outdoor events, reduce crime, improve green transport connectivity, and support a resident community with improved services and waste management facilities.
 - Support landlords to open up upper floor access and improve active frontage to Fargate by providing funding for agreed schemes.
- 1.6 Grant spending will be brought through the capital approvals process and presented to Cabinet for inclusion on the capital programme.

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 Acceptance of the funding will secure public and private investment in Fargate and High Street to deliver economic growth, jobs and housing by accessing, repurposing and retrofitting of vacant buildings for new residential, leisure, workspace and community uses alongside existing retail. The proposal will have a striking visual impact, improving more than 3 million ft² of public realm/highway by removing clutter, greening, and installing digital infrastructure (full fibre, 5G and wifi6 ready), utilities and lighting to serve a year-round events programme. These interventions have the potential to attract an additional 110,000 visitors to the City Centre and create up to 505 jobs.
- 2.2 Both the proposed introduction of Sustainable Urban Drainage (SUDS)

and potential cycle routes as part of new high-quality public realm will contribute to climate resilience and the Councils zero carbon target of 2030. The improvements will compliment and align with Council led projects seeking to encourage greater cycling and walking through the 'Transforming Cities Fund' and enhance community safety through the Hostile Vehicle Mitigation measures in the City Centre.

- 2.3 The intervention seeks to ensure that Fargate and the High Street compliment and align with regeneration work underway on the Heart of the City 2 development and support improved links to, and growth of digital/culture enterprise at Castlegate.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 The Council worked with the University of Sheffield to facilitate themed stakeholder workshops on to discuss the future vision for Fargate and High Street. The feedback from these workshops was used to form the Strategic Case and final business case approved by government.

- 3.2 A day long public information event was held on 19th November 2019 and attended by over 200 people. A further exhibition was held at Moor Market on 25th November 2019. And a survey hosted on the Council's Citizen Space, seeking endorsement of the draft vision and strategic case. Feedback from these events and online survey was positive and supportive of the proposals.

- 3.3 Officers have and will continue to meet with retailers, businesses, landowners and wider stakeholders to keep them updated. In addition, further consultation will be undertaken with possible end users to shape the detailed design of the event space hub and external event infrastructure.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

- 4.1.1 There are no significant differential, positive or negative, equality implications arising from the recommendations in this report. The capital interventions, which include the acquisition of property are anticipated to be of universal positive benefit for all local people, with added benefit from the creation of a significant number of new full and part time jobs. The local socio economic and community cohesion impacts are anticipated to be particularly positive.

- 4.1.2 It is proposed to include this project in a detailed, holistic Equality Impact Assessment to cover the City Centre reconfiguration more broadly. This assessment will consider elements of Heart of the City (HOTC2), Future High Streets Fund (FHSF) and Transforming Cities Fund (TCF) interventions and will be procured in the early stages of FHSF, allowing for recommendations to be enacted within the design and procurement stages.

4.2 Financial and Commercial Implications

4.2.1 Key features (not exclusive) of the Grant Offer letter and draft Future High Streets Grant Memorandum of Understanding (MOU) are summarised below with the finalised version to follow and which it is anticipated will not have any material changes.

- Profile set out subject to outcome of Spending Review/assurances on project progress evidenced by formal monitoring process.
- Payments anticipated to be at the start of each financial year.
- MOU for principles/practices of relationship between MHCLG/SCC
- SCC to ensure expenditure is spent in accordance with all applicable legal requirements including e.g. the UK's international/domestic subsidy control commitments from 1/1/21 and public procurement law.
- S31 non-ringfenced grant of up to £15.817m
- Current MOU applies to the financial year 2021/22 only.
- MOU covers funding commitments from MHCLG and communications.
- Business case submission considered and MHCLG has allocated funding of up to £15.817m (2020/21 to 2023/24).
- Funding from 2022/23+ subject to Spending Review outcome.
- Funding part of the capital investment required for the FHSF proposal.
- MHCLG expects SCC to use the funding for the approved business case with supporting evidence
- If delivery progress is not made MHCLG will review whether to grant further funding and whether more monitoring/oversight is needed.
- Assurance on project progress via monitoring process (clause 7-MOU)
- The business case approved sets out the project details/parameters and includes: Project Budget/spending Profile, risk management, Project Outputs & Outcomes etc.
- The most significant risks are with related contingencies (and review points)

4.2.2 Financial Arrangements.

- Annual amounts for each financial year agreed before payment,
- MHCLG to advise SCC on payments for any contingency costs.
- SCC to provide regular financial / operational monitoring information

- MHCLG to review monitoring information before future payments.
- MHCLG may adjust/withhold payments if there are delivery concerns.
- SCC to inform MHCLG before amending profiles within timescales.
- Requests to be considered but approval depends on Resources.
- MOU remains until terminated by either Party and may be extended by written agreement.
- Each year of the funding period will be covered by an MOU, including the extension of the MOU where the Parties agree to the extension.
- If an MOU is not in place by the end of,21/22 the current MOU continues.

4.2.3

Monitoring and Evaluation.

- MHCLG to provide guidance on Monitoring /Evaluation.
- Grant subject to SCC agreeing to full transparency open book working, a duty of good faith regarding all project matters, the Council and MOU.
- SCC to report twice a year on inputs, activities/outputs, spending/ delivery milestones at programme/project level as per Monitoring guidance.
- SCC to notify MHCLG of any proposed business case changes.
- SCC will require approval by MHCLG for any project alterations.
- MOU arrangements to be kept under review and amendments need written agreement between the Parties.
- MOU is not legally enforceable. It describes the understanding between both parties for the use of funding.

4.2.4

Commercial Implications

There are no direct commercial implications arising from this report. Any procurement activity associated with the grant award will be reported separately.

Public sector procurement for this project 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.

The Grant Manager will also need to:

- Read, understand and comply with all of the grant terms and conditions
- Develop a viable exit strategy for when the grant funding ends to ensure that there are no unfunded ongoing costs as currently there are no identified funding sources available.

4.3 Legal Implications

4.3.1 The Council has been awarded up to £15,817,001 of funding by the MHCLG from the Future High Streets Fund.

4.3.2 The grant funding was awarded to the Council under Section 31 of the Local Government Act 2003.

4.3.3 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.

4.3.4 If a decision is made to accept the funding, then the Council will need to sign and return a Memorandum of Understanding (MoU). Key terms from the MoU are detailed below:

4.3.5 Funding should be used by the Council to deliver the projects as set out in the approved business case submitted to MHCLG. Evidence must be provided to demonstrate this.

4.3.6 Payments will be made to the Council at the start of each financial year, payments for the year 2022-2023 and 2023/2024 are indicative amounts and will be subject to the outcome of the Spending Review.

4.3.7 Regular project, financial, and risk reporting must be provided to MHCLG, in such a format as MHCLG reasonably requires, this will need to demonstrate spend against the previous funding and that outputs and outcomes are being met, in line with the approved business case.

4.3.8 There is the ability for MHCLG to adjust the spend profile or withhold payment should they have significant concerns over delivery, or for the Council to request a change to their spending profile. Any requests the Council needs to make must be done by the last working day in November the previous financial year.

4.3.9 This MoU covers the 2021-2022 financial year only and will be reviewed and amended to cover future financial years.

4.3.10 The Council must adhere to the branding and marketing guidance

provided by MHCLG.

- 4.3.11 Guidance on the Monitoring and Evaluation of FHSF projects will be provided by MHCLG. Officers involved in the delivery of this project must ensure that they are aware of and comply will all requirements under this guidance.
- 4.3.12 Any proposed changes to the business case must be notified to MHCLG who will need to provide their approval to any changes.
- 4.3.13 The MoU is not legally enforceable. It does however describe the understanding between both parties for the use of funding provided to the Council by the MHCLG.
- 4.3.14 The Council must ensure that they comply with their Public Sector Equality Duty as set out in Section 149 of the Equality Act 2010.
- 4.3.15 The Council must comply with all applicable legislation and regulations including but not limited to the Public Contracts Regulations 2015, Subsidy Control, and the Councils Contracts Standing Orders.

4.4 Other Implications

- 4.4.1 Property - Key interventions include the purchase, refurbishment and repurposing of a property to provide new event space, and flexible workspace. On 17th March 2021 Cabinet approved the acquisition of property and the addition of expenditure associated with this acquisition to the capital programme, subject to receiving the satisfactory funding terms and conditions from MHCLG which are addressed in this report.

5. ALTERNATIVE OPTIONS CONSIDERED

5.1 Do nothing

- 5.1.1 Not accepting MHCLG funding of £15.8m would mean foregoing the opportunity to deliver significant capital interventions along Fargate and the High Street and the associated economic, environmental and social benefits. Not acquiring property could mean viable opportunities to deliver key interventions with FHSF are lost or become more complex to deliver.

6. REASONS FOR RECOMMENDATIONS

- 6.1 This successful award is the culmination of two years of coordinated and comprehensive work to evidence the business case and associated benefits for the proposed improvements to Fargate and the High Street.
- 6.2 Acceptance of this capital funding provides secures resources to address many of the issues Fargate/High Street faces now and in the future.