



**Author/Lead Officer of Report:** Tammy Whitaker

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**Report of:** *Executive Director of Place*  
**Report to:** *Leader of the Council*  
**Date of Decision:** *7<sup>th</sup> February 2022*  
**Subject:** *Acceptance of Levelling Up Funding*

Is this a Key Decision? If Yes, reason Key Decision:- Yes  No   
- Expenditure and/or savings over £500,000   
- Affects 2 or more Wards

Which Cabinet Member Portfolio does this relate to? *Mazher Iqbal*

Which Scrutiny and Policy Development Committee does this relate to? *Overview and Scrutiny Management Committee*

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*"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."*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 government grant offers from the Department for Levelling Up, Housing and Communities (DLUHC) of £17,041,850 and £20,000,000, for Attercliffe and Castlegate respectively, as part of the Levelling Up Fund (LUF). This will fund the projects through further feasibility, design and delivery.

This report seeks the approval to accept the funding from DLUHC only. All capital expenditure will be subject to compliance with the Council's budget processes,

financial regulations and capital approval process; and the details, risks and financial implications will be included within the individual business cases for each project and submitted for authorisation via the capital approval process. SCC will not commit to any expenditure, and not enter into any match funding agreements or other agreements until the business cases have been approved.

**Recommendations:**

It is recommended that the Leader of the Council:

- Accepts the grant offers from the Department for Levelling Up, Housing and Communities of £17,041,850 and £20,000,000 respectively as part of the Levelling Up Fund and for the Council to be the Accountable Body;
- That the Council enter into two Memorandum of Understandings with the Department for Levelling Up, Housing and Communities.

**Background Papers:**

Attercliffe\_LUF-Application\_Form Final 18.06.21

Gateway to Sheffield LUF\_Application\_Form Final 18.06.21

<b>Lead Officer to complete:-</b>	
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>Mark Wassell</i>
	Legal: <i>Henry Watmough-Cownie</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	<b>EMT member who approved submission:</b> <i>Mick Crofts</i>
3	<b>Cabinet Member consulted:</b> <i>Mazhar Iqbal</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 EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.
	<b>Lead Officer Name:</b> <i>Tammy Whitaker</i>
	<b>Job Title:</b> <i>Head of Property and Regeneration</i>

## 1. PROPOSAL

1.1 This report seeks approval to accept funding from the Levelling Up Fund to deliver a package of projects in Attercliffe and Castlegate. Funding has been awarded for delivery of high-level proposals set out in the bid documents. Further work is required to firm up the detail of these proposals and additional reports and updates will be brought through the appropriate governance for decision as the projects progress.

1.2 Attercliffe has suffered long-term decline over more than 40 years. Once a major retail and commercial hub serving nearby industry, it has an opportunity to forge a new identity as a neighbourhood centre hosting employers of the future.

Castlegate was historically the retail and civic heart of the city, but those functions moved away, culminating in relocation of the central markets and the closure of several large department stores. Local challenges and barriers to growth have contributed to long term under-investment in the area and a spiral of decline as traditional commercial uses have ceased.

In June 2021 the Council submitted 2 bids to the Levelling Up Fund, one for Attercliffe and one for Castlegate, with the aim of securing funding to begin the regeneration of these neglected parts of the city. In November 2021 we were advised that we were successful in securing funding for the projects specified in the bids, £17,041,850 for Attercliffe and £20,000,000 for Castlegate.

1.3 The projects included in the bids are as follows:

### 1.3.1 Attercliffe

The heart of this proposal is a Centre for Child Health Technology to maximise the potential of the Sheffield Olympic Legacy Park; connectivity improvements to ensure the benefits of this investment reach local residents and employees; restoration of heritage buildings to provide a supporting cultural offer.

By joining up investment in leading-edge employment, active travel and quality of life, the Levelling Up Projects seek to create a refreshed sense of place and change perceptions of Attercliffe as left behind and run-down, in the 'shadow' rather than the 'halo' of new investments. In the absence of these interventions, Attercliffe runs the real risk of once again being 'left behind' by regeneration.

The package combines three projects:

- Centre for Child Health Technology (£8,848,100)

- Movement and Connectivity (£4,000,000)
- Adelphi Square (£4,193,750)

### Centre for Child Health Technology (CCHT)

Delivery of the long-planned CCHT, the world’s most advanced and integrated healthcare system for children. An on-site healthcare ecosystem will bring together industry, academia, clinicians, patients and families to create high value child healthcare products at pace. It will accelerate development of the SOLP, attracting national and international investment, creating high value jobs, developing new companies and generating upwards of £2 billion of GVA. The CCHT directly supports the NHS Long-Term Plan, addressing regional health inequalities. A detailed Strategic Economic Case is available for this project.



### Connectivity and Movement

Our proposal complements investment through the **Transforming Cities Fund (TCF)** to enhance connections between Attercliffe High Street and SOLP. This project will:

- Create a cycle hub at SOLP to enable and encourage active travel and improve connectivity to and from the high street.
- Add streetscaping and targeted upgrades of tram stops to create a more welcoming environment and prepare the site for a new Enterprise Centre – a proposed incubator and co-working facility at SOLP.



### Adelphi Square

To provide space for cultural and leisure services to support the vibrant

employment hub at SOLP, we will acquire and refurbish two neglected heritage assets in the area.

Adding a cultural anchor on the High Street, including event spaces, shared studios and a multipurpose auditorium will increase footfall and extend dwell time in the high street, shifting perceptions that Attercliffe is run-down. Adelphi Square will strengthen a sense of community and pride of place.

In combination, these projects will:

- Stimulate investment and employment at SOLP
- Add a new SOLP anchor and economic driver
- Improve health, wellbeing and the environment
- Improve social integration, accessibility and inclusion
- Make Attercliffe a better place to live, work and visit
- Drive footfall on the High Street to support local businesses
- Celebrate the area's heritage
- Crystallise the value of ongoing investment in transport infrastructure
- Promote active travel
- Link Attercliffe with adjacent neighbourhoods to ensure it is not 'left behind'

### 1.3.2 **Castlegate** (Gateway to the City)

The Levelling Up package brings together three projects that respond directly to the Levelling Up Fund's call to 'prioritise investment that not only brings economic benefits, but also helps bind communities together'. It welcomes visitors, residents and investors into a previously neglected part of Sheffield's heritage, using public realm interventions to create new sense of place, building on the previous Grey to Green transformations. It links historic sites with revitalised cultural institutions that will nurture the city's talent for generations to come.

The three projects are:

- The Castle (£15,760,894)
- Park Hill Art Space (£2,639,106)
- Harmony Works (£1,600,000)

**The Castle** is the centrepiece. It provides essential infrastructure and enabling work to unlock the future development of a large brownfield site and the economic regeneration of Castlegate quarter.

Castlegate is the birthplace of Sheffield. At the confluence of the River Sheaf and the River Don, this was once the heart of the city, and the site of the castle demolished in 1648. Once a thriving commercial area, it has lost its identity and purpose.

The Castle project will re-establish Castlegate as a vital part of the city



centre. The River Sheaf will be de-culverted and complemented by new green space and public realm. Land will be readied for future development, with an ambition being for education facilities to play a role in kick starting regeneration and bring people to the area.

This is the culmination of a 'grey to green' process that is transforming a derelict 'no go' space into one of Sheffield's most exciting neighbourhoods.

The first step in this transformation is to carry out further archaeological investigations to identify which parts of the castle can be show cased as part of the new green space as well as constraints for other construction and development plots.



**Park Hill Art Space** will deliver an arts, cultural and heritage destination at the Park Hill estate, just a short walk from the Castle. It will be one of the largest contemporary art galleries in the North, complemented by creative workspace and learning facilities, within a six-acre sculpture park connected directly to the Castle site. This will deliver arts infrastructure

commensurate with the world class programming for which S1 Artspace is renowned.



SCULPTURE PARK



GALLERY TWO

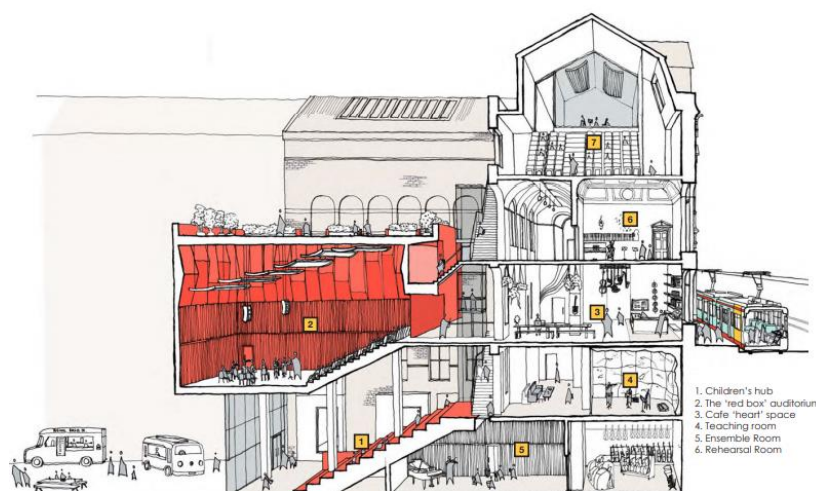


ARTIST STUDIO



LEARNING STUDIO

**Harmony Works** brings together two music institutions: Sheffield Music Academy and Sheffield Music Hub. The Hub introduces young people to music through community outreach; the Academy identifies and develops promising young talent. Both operate out of 'borrowed' facilities that are not suited to the scale and quality of their work. Harmony Works will acquire Canada House, a Grade II Listed building beside the Castle site. It will provide fit-for-purpose facilities in an accessible location, securing the future of an asset that would otherwise fall into disrepair.



In combination, these projects will:

- Regenerate heritage assets and brownfield sites

- Improve the natural environment and advance the Net Zero Carbon agenda
- Deliver cultural anchors of national significance
- Create education, skills and training opportunities
- Reduce disparities through better connectivity and equitable access to culture and learning
- Create a sense of place and community
- Create jobs and build investor confidence
- Improve quality of life and encourage active travel

## 2. HOW DOES THIS DECISION CONTRIBUTE?

2.1 The levelling Up Fund programme has clear alignment to the Council's one year plan:

### Communities and Neighbourhoods

- Making sure everyone has high quality, safe homes in neighbourhoods that are clean, green, safe and thriving
  - Investment in new and improved public realm creating a safe and green environment accessible to everyone in the community

### 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
  - Investment in new and improved cycling and walking routes and cycle hub to support a modal shift from car to more sustainable transport methods
  - Investment in public transport through tram stop improvements to make tram a safer and more attractive option for travel
- 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
  - Creation of new and improved public realm on Attercliffe High St and refurbishment of heritage out of use buildings creating an attractive environment for businesses to thrive acting as a catalyst for future developments
  - Investment in the Castle site creating public realm and development platforms to attract businesses regenerating Castlegate into a thriving part of the City Centre
  - Investment in arts and culture through S1 Artspace and Harmony Works
  - Provision of funding to build a new Centre for Child Health Technology creating 100 new jobs
  - Enabling works for a new Enterprise Centre at SOLP – a



proposed incubation and co-working facility

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

3.1 Consultation has been ongoing across both areas for a number of years with more focussed work being undertaken during the development of the bid to inform the projects that would be included. Both bids were supported by the key stakeholder groups, Attercliffe Action Group and the Castlegate Partnership. A full programme of consultation and engagement will be undertaken as more detailed proposals are developed.

#### Attercliffe

- Over a decade of community consultation and engagement with local stakeholders culminating in an action plan setting out a clear vision based on this engagement
- Use of physical and online engagement methods
- Regular stakeholder meetings with key businesses, community representatives, council officers and Councillors invited
- Public consultation events including exhibitions and opportunity to comment via feedback forms
- Regular communication with Attercliffe Action Group and Town Team

#### Castlegate

- Park Hill delivered a successful programme of public engagement that focussed on young people, including workshops with local Sixth Form colleges. Two broader public consultations welcomed 200 people via drop-in sessions. The resulting feedback confirmed widespread community support.
- Harmony Works gained feedback via postcards distributed at events and concerts. These included 'tram jam' events, where live music was played on Sheffield's tram network to stimulate public response.
- For the Castle site, 150 face-to-face interviews were conducted at Weston Park Museum, the Peace Gardens, and Wilkinson's Store in Castlegate, with 79% of respondents keen to see new a new public space that preserves and interprets the archaeological remains of The Castle. Respondents were enthusiastic about de-culverting the River Sheaf.
- Other wider consultation has included; online surveys of environmental and heritage groups, engagement with local organisations including the universities, theatres, property association, friends of Sheffield Castle, culture collective and local residence.

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

#### 4.1 Equality of Opportunity Implications

- 4.1.1 The investment from both successful bids will provide the next step in improving job, educational and well-being opportunities for local people. The Castle Site has the potential to create an open space for recreational and leisure use for existing and future residents in the City Centre that are currently not available. The opportunity for commercial and other uses could open up work opportunities both through the construction phase and in the final occupation of development plots.

Similarly in Attercliffe the Centre for Child Health Technology will specifically tackle health and well-being for Children as well as bringing further investment and job creation in an emerging sector. The access improvements will improve access and movement to and from Attercliffe for local people and support the transport investment addressing these issues.

The Equality of Opportunity assessments will be completed for each project.

#### 4.2 Financial and Commercial Implications

- 4.2.1 There are no clawback provisions within the MOUs however the funder holds the right to withhold funding if we fail to evidence delivery. This presents minimal risk to the Council as rigorous reporting mechanisms are / will be in place to evidence delivery. Future business cases will ensure that the reporting arrangements are in line with DLUHC requirements, and information is provided by the third parties where applicable.

SCC are liable for any costs over and above the grant. Again, this presents minimal risk as projects will work within the funding parameters and projects can be scaled to ensure cost overruns are mitigated. Where money is being passed to third parties funding agreements will be in place to pass the risk to the third party. Further business cases will be submitted for capital approval, and will include the details of agreements with the third parties.

All grant funding must be spent by March 2025, and this will be detailed within the business cases submitted for approval. Current programmes for SCC led projects and third parties all have completion dates of June 2024 or earlier, the risk of not meeting this is therefore minimal.

- 4.2.2 The grant will be paid in 6 monthly instalments, July and January of each year, with the exception of the first payment which will be February 2022. Amounts for instalments will be agreed at the start of each financial year and based on the spend profiles of the projects. This allows SCC to have some degree of control over the drawdown of funding and should mitigate the need for the Council to cashflow the projects whilst waiting for funding to come in.

Key features (not exclusive) of the 2 x grant MOUs are summarised below. The Grant Manager will need to read, understand and comply with all of the MOU requirements and ensure that there are no ongoing unfunded costs once the project has ended.

**MOU: Attercliffe Regeneration Grant (£17,041,850)**

3 x Projects: Centre for Child Health Technology; Connectivity & Movement; Adelphi Square.

<b>Financial Year</b>	<b>Attercliffe Regeneration Grant Profile</b>
2021-22	£48,096
2022-23	£9,002,670
2023-24	£7,991,084
2024-25	£0
<b>Total 2020/21 – 2024/25</b>	<b>£17,041,850</b>

**MOU: Gateway to Sheffield (£20,000,000)**

3 x projects: The Castle; Park Hill Art Space; Harmony Works.

<b>Financial Year</b>	<b>Gateway to Sheffield Grant Profile</b>
2021-22	£170,000
2022-23	£3,220,000
2023-24	£16,610,000
2024-25	£0
<b>Total 2020/21 – 2024/25</b>	<b>£20,000,000</b>

**Project Outputs/Outcomes**

- As set out in Project Output/Outcome Indicators (Annex A)
- Projected Timeline & Key Milestones (Annex A)

**Financial Terms**

- SCC to use the funding as per the approved application and provide evidence

- Grant paid Jan/Jul on meeting delivery targets (1st payment Feb 22)
- Project assurance via formal monitoring /reporting
- MOUs for financial years 21/22-22/23 (to be reviewed for future by Feb 2023)
- Application/project management update (PMU) sets out projects details /outputs etc
- Grant paid via S50 UK Internal Markets Act (2020) for capital expenditure only
- Payments require S151 signed Statement of Grant Usage/quarterly return
- DLUHC may adjust/withhold payments if there are delivery issues
- Changes to spending profiles to be approved by DLUHC (not guaranteed)
- SCC responsible for cost over runs/underwriting third party match funding
- The grant must be spent by 31 March 2025
- S151/Chief Auditor to sign a declaration no later than six months after project completion
- MOU may be extended if agreed by both parties
- If an MOU is not finalised by FY 22/23, the current MOU will apply
- Comply with all monitoring/reporting requirements (inc. quarterly reporting)
- DLUHC will provide SCC with the Assurance/ Performance Management Framework
- S151 Officer to provide six-monthly assurance return where appropriate
- SCC to evidence a LUF delivery board / adoption of LUF governance
- SCC to ensure governance /assurance arrangements to include (not exclusive) legal, state aid /subsidy control, procurement, compliance with Fraud Risk Assessment guidance (Annex B)
- Any proposed project changes require advance funder approval
- Amendments to the MOU require the agreement of both parties
- The MOU is not legally enforceable, but SCC will act to ensure that all the requirements of the MOU are complied with in full.

#### Match Funding / Other Risks

- For the project to achieve the required outputs/outcomes identified in the bid all parties will need to ensure that their match funding proposals are eligible, available to use and evidenced and that the relevant agreements are developed within the required timescales to reflect this
- Any variations in match funding levels may mean the scope of the project has to be revised and SCC will need to submit a Project Adjustment Request to DLUHC for approval (prior to incurring any expenditure), there are no guarantees that the changes will be approved by DLUHC and LUF grant may have to be returned to

## DLUHC.

The implications of not securing the match-funding are as follows:

Programme / Project	Match Funding	Match Funding Secured (Y/N)	Risk of not securing Match Funding	Can this lead to financial implications for SCC?	Name of Funding Source (Organisation)
Attercliffe - Centre for Child Health Technology	£13,000,000	Y	Project not delivered / Outputs & Outcomes not achieved	SCC can abort the project and return the LUF grant to DLUHC if match funding is not secured or it's not affordable for Sheffield Children's NHS Foundation Trust	Scarborough Group International
Attercliffe - Adelphi Square	£1,500,000	N	Project not delivered / Outputs & Outcomes not achieved	Yes, if properties are acquired before securing the match funding agreements with new occupiers	New property occupiers
Gateway to Sheffield – Caste Gate	£2,375,620 (land value)	Y	N/A	N/A	SCC
Gateway to Sheffield – Harmony Works	£11,200,000 (in total)	N	Project not delivered / Outputs & Outcomes not achieved	SCC can abort the project and return the LUF grant to DLUHC if match funding is not secured / however, there might be some abortive costs (i.e. legal fees, officer time etc)	NLHF - Harmony Works / Harmony Works - Trusts, foundations and fundraising
Gateway to Sheffield – Park Hill Art Space	£15,930,162 (in total)	N	Project not delivered / Outputs & Outcomes not achieved	SCC can abort the project and return the LUF grant to DLUHC if match funding is not secured / however, there might be some abortive costs (i.e. legal fees, officer time etc)	NLHF - S1 Artspace / S1 Artspace - Trusts, foundations, fundraising / LEP

The risks and implications included in the table above, and any other risks will be detailed within the business cases, including any agreements with the third parties, and will be subject to further approval by the Council.

All capital expenditure will be subject to compliance with the Council's budget processes, financial regulations and capital approval process, and the risks will be detailed in individual business cases

### Commercial Implications

- All public sector procurement is governed by and must be compliant



with both 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

### 4.3 Legal Implications

- 4.3.1 At this stage t/he Council is required to enter into two Memorandum of Understanding, and what a basic level it is accepted that such agreements are not a legally enforceable, it should only be entered into with some consideration and appreciation as to its contents and requirements.

Within the MOU's, of note:

1. Sets out the working relationship between DLUHC and SCC and applies to two financial years 21/22 and 22/23.
  2. There are no clawback provisions within the MOU, although funding could be withheld if we fail to evidence delivery.
  3. There is an expectation that SCC will only use funding for such approved projects, where such funding is provided under Section 50 of the UK Internal Markets Act 2020 and should only be used for capital expenditure.
  4. Reporting requirements will be determined by DLUHC.
  5. SCC agree to meet any costs over and above the grant if there are overruns.
- All grant funding must be spent by 31 March 2025.

Whilst the Council is required to agree to two MOU's for the respective amounts, care needs to be given that any such documents could not be construed as grant agreements and therefore legally enforceable. Particularly so, as it states that the funds to be provided will be issued to the Council as grant payments under Section 50 of the United Kingdom Internal Markets Act 2020 ('UKIM'). Essentially, even though it is titled a MOU, it could possibly be enforced as a binding legal agreement. Ultimately, if expenditure is incurred or agreed to, whether that is under a MOU or arguably an agreement, and the funding did not materialise, we want to be satisfied and ensure that the Council is not left financially exposed.

The report seeks approval only to accept funding from the Levelling Up Fund to deliver a package of projects as outlined, the detail of these proposals will be set out within future additional reports when authority will be sought.

#### 4.4 Other Implications

4.4.1 None identified at this stage but will be detailed in the business cases.

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

#### 5.1 Do nothing

Not accepting LUF funding would mean foregoing the opportunity to deliver significant capital interventions in both Attercliffe and Castlegate and the associated economic, environmental and social benefits. No benefits would be delivered along with no contribution to the one-year plan.

If the proposed programme does not come to fruition, the impact will be a continued decline in areas that have already suffered years of economic and social deterioration. These areas cannot continue to be ignored, if this funding is lost alternative funding will need to be sought to allow the necessary investment to be made to support the regeneration of these parts of the city.

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

6.1 The preferred option, to accept the funding and deliver the projects within the bids, takes advantage of an opportunity to regenerate key parts of the city. The funding will allow us to deliver improvements that residence, business owners and other key stakeholders are keen to see happen and will make a real difference to the local communities.

It is therefore recommended that approval is given to accept the funding offered by the Department of Levelling Up, Housing and Communities.

#### Appendix 1

##### Memorandum of Understanding LUF0138 – Castlegate



LUF0138%20DLUHC  
%20LUF%20Memora

#### Appendix 2

##### Memorandum of Understanding LUF0139 - Attercliffe



LUF0139%20DLUHC  
%20LUF%20Memora