



Report to Policy Committee

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Report of: Kate Martin, Executive Director City Futures

Report to: Transport, Regeneration and Climate

Date of Decision: 8th February 2023

Subject: Future High Streets Fund – Fargate and High Street Update

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If YES, what EIA reference number has it been given? 918				
Has appropriate consultation taken place?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-				
<p><i>“The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended).”</i></p>				

Purpose of Report:

Sheffield’s Future High Streets Fund (FHSF) scheme is made up of three distinct interventions:

- FHSF Public Realm and Infrastructure
- FHSF Event Central
- FHSF Front Door Scheme

This paper provides a general update on all interventions of the scheme and highlights the cost increases in relation to construction of the FHSF public realm and infrastructure works at Fargate, High Street and Castle Square.

Subject to Department of Levelling Up, Housing & Communities (DLUHC) approval to a project change request and approval from the Finance Sub-Committee (or Strategy & Resources, Officers seek an agreement in principle to reduce the area scope of the public realm project in response to those cost increases and proceed to deliver works to Fargate as a first phase. The report proposes High Street and

Castle Square could then be delivered as a future Phase 2, subject to securing further capital funds. On identifying suitable funding the Phase 2 proposals will be brought to Committee for consideration.

In addition to the de-scoping and phasing proposed above, the reduced project will require additional funding. It is proposed to:

- reallocate £1.1m of FHSF funds from the Front Door Scheme to the Public Realm
- to secure an additional £4.6m of South Yorkshire Mayoral Combined Authority (Gainshare) funding.

In order to maintain programme and instruct the public realm works to commence in March 2023 the Council will be required to underwrite that £4.6m until SYMCA have approved the Full Business Case (March or June '23). This budget uplift approval will be sought from Finance Sub-Committee or Strategy & Resources Policy Committee.

FHSF Event Central is facing additional costs in relation to design development and inflation, though on a much reduced scale. This report seeks an agreement in principle to reallocate £879,564 of funds released as a result of the Getting Building Fund - 'Supporting City Centre Investment' towards the Event Central project.

Separately to the FHSF issues described above, this report also seeks an agreement in principle to vary outputs from the Getting Building Fund - 'Supporting City Centre Investment' agreement towards the enhancement works at Balm Green Garden (to a value of £100,000) as part of the Barkers Pool animation.

These GBF reallocations and amendments to the outputs for GBF will be subject to approval through a contract variation with SYMCA and revised business cases and any budget uplifts being approved by Finance Sub-Committee or Strategy and Resources Policy Committee.

Recommendations:

It is recommended that Transport, Regeneration and Climate Committee:

- a) subject to approval by the Finance Sub-Committee or Strategy and Resources Policy Committee, agree in principle to
 - (i) the prioritisation and phasing of public realm and infrastructure works with Fargate as set out in this report;
 - (ii) submit a project change request to DLUHC under the MoU for their approval to the proposed prioritisation, phasing and scope change to the public realm and infrastructure;
 - iii) obtain DLUHC approval for a project change request before implementing the delivery of Phase 1 of Public Realm and Infrastructure, as set out in section 1.6 of this report
 - (iv) secure additional funds from SYMCA Gainshare to meet the budget shortfall on Phase 1;
 - (v) seek further capital funds to deliver Phase 2 of works to High Street and Castle Square at a future date.
- b) Agree to a recommendation being made to the Finance Sub-Committee or Strategy and Resources Policy Committee for approval to:
 - (i) implement a) (i)-(iv) above;
 - (ii) agree a budget increase as set out in section 6 of this report; and
 - (iii) underwrite the shortfall in funds to delivery Phase 1 until additional funds are secured from SYMCA Gainshare and/or alternatively for this shortfall to be met from the corporate investment funds (where SYMCA Gainshare is not achieved).
 - (iv) agree reallocation of GBF funds to FHSF Events Central, enhancement works at Balm Green Gardens and the Barkers Pool building as set out in section 3 of this report
 - (v) agree the reallocation of remaining Front Door Scheme funding to the FHSF public realm and infrastructure work as set out in section 1.4.2 of this report

Background Papers:

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

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

Form 2a – Funding Future High Streets Fund – Acceptance of MHCLG Grant, 28th April 2021

Getting Building Fund Update and Proposals – ‘Supporting City Centre Investment’, Leader Report, 18th February 2022

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: Damian Watkinson and Mark Wassell
		Legal: Rahana Kalid
		Equalities & Consultation: Ed Sexton
		Climate: Jennifer Ricks
	<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:	Kate Martin, Executive Director City Futures
3	Committee Chair consulted:	Cllr Mazher Iqbal (Co-Chair), Cllr Christine Gilligan Kubo (Deputy Chair) and Cllr Andrew Sangar (Group Spokesperson)
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 Committee 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: Matt Hayman	Job Title: Principal Development Officer, City Regeneration & Major Projects
	Date: 30 th January 2023	

1. PROPOSAL

1.2 On the 26th December 2020 the Government announced that Sheffield Fargate and High Street was successful in securing £15.8m from the Future High Streets Fund (FHSF). On the 17th of March 2021, Cabinet delegated authority to Officers to accept the Ministry of Housing, Communities and Local Government (now the Department of Levelling Up, Homes and Communities) funding and enter into a grant agreement subject to the grant terms being received and agreed. The grant terms and conditions in the form of a Memorandum of Understanding were reviewed by delegated Officers and accepted through an Executive Director Non-Key Decision Report on the 28th April 2021. The decision was published on the 4th May 2021.

1.3 In summary the FHSF funding is being used to deliver 3 interventions:

- FHSF Event Central - The acquisition, redesign and refurbishment of 20-26 Fargate as a community focussed cultural hub in the city.
- FHSF Front Door Scheme - Support landowners through the to open upper floor access and improve active frontage to Fargate and High Street and connecting pedestrian routes by providing grant funding for appropriate projects.
- FHSF Public Realm and Infrastructure - Enhance the public realm and infrastructure on Fargate and High Street to facilitate outdoor events, reduce crime, improve green transport connectivity, and support a resident community with improved services and waste management facilities.

An update on delivery of these interventions is provided below.

1.3 Event Central (20-26 Fargate) Update

1.3.1 The approved budget for the acquisition and refurbishment of a building for Event Central is £6,616,988. 20-26 Fargate was acquired by SCC in October 2021. Planning permission has been granted (Planning reference [22/01213/RG3](#)) for conversion of the building from retail to a mixed-use space for live music and performance, with café/juice bar, exhibition and flexible workspace. The latest RIBA Stage 4 cost estimate show the project to be within budget with the proposed reallocation of £879,564 GBF from an aborted purchase of another property at Fargate. However, there remains a high risk of cost increase here due to inflation rates and the general status of the construction industry. This proposed budget uplift and its impact on the benefit cost ratio of investment will be included in the project adjustment/change request submission to DLUHC.

1.3.2 The refurbishment works are now out to tender. Returns are due back in late February 2023. Refurbishment works are programmed to commence

in summer 2023 with a view to opening in the summer/autumn 2024. It is hoped that tender returns are within budget. If this is not the case a report with options will be presented to Committee for consideration.

- 1.3.3 Currently the ground floor of the building is being used to host a diverse programme of events curated by Access Space. These have included DocFest, Festival of the Mind, Black History Month and the Black Business Expo '22. These events have attracted hundreds of visitors and reaffirmed the demand for an event and exhibition space located on Fargate.
- 1.3.4 It is expected that a long-term operator and/or building manager will be selected in Spring 2023. This follows a call for expressions of interest in September this year. The proposals received are being evaluated and Committee will be updated in due course.

1.4 Front Door Scheme Update

- 1.4.1 The total budget approved for the Front Door Scheme is £5.1m (approved as part of the Capital Approvals - Month 3, 2021/22). Grants totalling £2.735m have been awarded to the Medical Research Council at 33-35 Fargate (access and workspace conversion), Orchard Square (open space improvements and a residential conversion), The Montgomery Theatre (access and reconfiguration works) and the ReNew Sheffield project (small business grants for fit-out works). Officers are in advanced discussions with other landowners on Chapel Walk regarding grant assistance to bring forward new homes and commercial uses for vacant floorspace. Approval for these grants will be sought from Finance Sub-Committee on 21st February 2023.
- 1.4.2 Following these further grant awards it is proposed that the remaining 'Front Door Scheme' funding will be reallocated to the wider FHSF scheme budget to reduce the requirement for additional funding. This amounts to £1.1m to be reallocated. Approval for this reduction in scope will be sought from DLUHC by assessing the impact on the benefit cost ratio of investment and including in the project adjustment/change request submission.

1.5 Public Realm and Infrastructure Works Update

- 1.5.1 Civils contractor John Sisk & Son were appointed on a design and building contract by SCC in March 2022. This was based on tender prices in Nov 2021. The approved (or estimated) budget for the works was £8.82m (based on the outline designs and the tender price of £7.2m plus SCC/Direct costs). The contractor has now completed the detailed design (RIBA Stage 4) and this has been costed at nearly £18m. The FBC cost of the scheme, at reduced area scope is £14.44m (contract price of £11.6m plus SCC/Direct costs and contingency). This price includes a number of value engineering measures and reusing existing materials (granite setts and c30% of the sandstone paving on Fargate) in the new scheme. Officers are also investigating the reuse of remaining

intact materials at Castlegate where suitable.

1.5.2 The increase is due to several factors. The design has now been fully detailed, from the outline design that was originally priced. The original contract price included a number of provisional items not costed at tender stage, such as the SUDS and the underground bin system, and a requirement to install Hostile Vehicle Mitigation (bollards and foundations) which required further intrusive surveys/works carried out before the designs could be developed and costed. Inflation and materials costs have increased significantly, and the revised quoted prices reflect that increase. The uplift also includes for a considerable client contingency and Ukraine price inflation risk contingency.

1.5.3 Based on the reduced scope the total shortfall is £5.7m.

1.6 Proposed Phasing of Public Realm and Infrastructure Works

1.6.1 Due to the above it is proposed to phase the works. Fargate would be prioritised given that the majority of the outputs and outcomes agreed with DLUHC are associated with the investment on Fargate through the events infrastructure and links with Event Central. High Street and Castle Square would then be delivered as a Phase 2 at a future date. The proposed Phase 1 works red line boundary is shown at Plan B. Phase 1 will also include improvements to the lighting on Chapel Walk.

1.6.2 This approach will require DLUHC approval through the submission of a project adjustment/change request, assessing the impact of the reduced scope by removing High Street and Castle Square, and the increase in budget required to deliver Phase 1 alone on the benefit cost ratio of the project. DLUHC guidance on the project adjustment process states *'Project Adjustment Requests should normally be assessed/appraised, and decision taken within 20 working days of receipt.'*

1.6.3 Whilst awaiting DLUHC approval the Council has two options:

- a. Accept the risk of commencing the Phase 1 works without formal DLUHC approval for the scope reduction. This could mean the Council is liable for all costs in the event DLUHC do not approve the changes and withhold funding or even clawback some or all of the grant funding. This scenario is deemed unlikely given the impact of inflation on projects across the country and DLUHC have issued comms to acknowledge this nationwide issue.
- b. Await formal approval from DLUHC before commencing the works and accept the risks of further cost increases associated with ongoing inflation and/or the loss of the appointed contractors, and time and cost associated with retendering the works. To mitigate the impact of this risk and given DLUHC are working to a 20 working day turnaround to consider project change requests, SCC Officers have commenced early discussions with DLUHC based on these draft proposals (making it clear that these are subject to the Council's governance processes). Thus far, DLUHC have not raised any concerns during these preliminary discussions.

- 1.6.4 This report recommends the second option i.e. that DLUHC approval for a project change is obtained before commencing works as the risks of a decision in 20 working days can be managed at this stage.
- 1.6.5 To deliver Phase 1 Fargate (as per the reduced scoping set out in this report) the Council will still require a substantial increase in budget of £5.7m, including a generous contingency allocation as described above. DLUHC have stated there is no additional funding available from FHSF. So, it is proposed that this increase is met through
- the reallocation of £1.1m from the FHSF Front Door Scheme budget.
 - an existing allocation of £3m SYMCA Gainshare (already secured through an approved Outline Business Case)
 - Officers are seeking a further £1.6m from SYMCA Gainshare (see section 2 below). This is to provide an adequate client contingency.
- 1.6.6 This approach has been endorsed by Officers at the SYMCA and, subject to approval from Committee, a full business case for a total of £4.6m Gainshare will be submitted in February '23 to the SYMCA for approval. The approval from SYMCA is expected in March or June '23 at the latest. This report is seeking an agreement in principle for the Council to underwrite these funds until this point. If SYMCA Board approval is not granted by June 2023, then the Council will be liable for this shortfall and will either need to fund these costs using its capital reserves or halt works on site to reduce this financial exposure (the latter will of course have implications with the DLUHC under the Council's funding arrangement and require a further project change request).
- 1.6.7 The proposed Phase 2 works to High Street, Castle Square, Hartshead Square, George Street and Mulberry Street are currently estimated to cost around £3m. The removal of these works from the scope of the revised DLUHC business case will be highlighted in the project adjustment/change request to DLUHC. Whilst the proposed Phase 1 and 2 can be delivered independently of each other, delivering the Phase 2 works remains essential given the importance of High St and Castle Square as a key pedestrian route linking Levelling Up Fund investment at Castlegate with Fargate and Heart of the City. The delivery of Phase 2 public realm improvements will be subject to identifying and securing future capital funds. There is potential to secure future SYMCA Gainshare and it is proposed that the High Street and Castle Square phase is considered through the Sheffield local authority Gainshare 'Place Based Plan' work to identify and prioritise projects.

2. SYMCA Gainshare Funding

- 2.1 SYMCA have already approved £3m from the 21/22 allocation of Gainshare to the Future High Street Fund project through the approval of an Outline Business Case. It is proposed a further £1.6m of Gainshare is

sought from the 22/23 allocation. This report seeks an agreement in principle (through recommendation a) (iv) of this report) to submit a full business case to the SYMCA for a total of £4.6m Gainshare funding for the FHSF Phase 1 public realm works on Fargate. Sections 1.6.5 - 1.6.7 of this report sets out the position in the event SYMCA approval is not granted.

3. Getting Building Fund – Updated Proposals

- 3.1 In 2020 the Government announced the £900 million ‘Getting Building Fund’ (GBF). The SYMCA was allocated £33.6m for investment in local, shovel-ready infrastructure projects to stimulate jobs and support economic recovery across the country. The timescale for submitting bids was extremely tight but Sheffield was successful in being allocated £10m towards two strategic projects - Heart of the City Breathing Spaces (Pounds Park) and Parkwood. The stated deadline for expenditure was 31st March 2022. Cabinet approved £4m of this to be spent on Pounds Park in January 2021.
- 3.2 Due to difficulties with the proposed Parkwood project it was agreed following consultation with SYMCA and DLUHC that the £6m previously allocated to Parkwood be redirected to support City Centre projects. The proposal was supported by DLUHC. Given the urgency a draft ‘full business case’ based on the proposal outlined below was submitted to SYMCA in October 2021. This was done at SYMCA’s request, to secure SYMCA Board approval for the reallocation and allow enough time for expenditure in the 21/22 financial year. This reallocation was formally approved on 24th January 2022 and a grant agreement for this £6m was signed between the Council and SYMCA in March 22’.
- 3.3 This was in addition to a prior approval and contract for £4m GBF for Pounds Park.
- 3.4 Following a Leader decision in Feb ‘22, a contract variation was approved by the SYMCA in June ‘22 to extend the dates for delivering the project outputs revisions to the funding allocations as shown in the table below. Subsequently, further changes to the scope of projects and funding allocations have been discussed with SYMCA. The changes are outlined in the table below with a view to seeking approval from SYMCA via a contract variation. An explanation for these changes is provided at section 3.5 to 3.8 below.

GBF Intervention	Original Funding Allocations (March '22)	Revised Funding Allocations (June '22)	Proposed Funding Allocations (February '23)
Fargate/High Street Property Interventions	£2,410,740	£879,564	£879,564

Town Hall Sq, Barkers Pool and Cambridge St Animation	£1,041,400	£1,000,000	£1,767,852
Heart of the City Shop Fronts and White Boxing	£2,547,860	£2,547,860	£1,780,008
Pounds Park	£4,000,000	£5,572,576	£5,572,576
Total Cost	£10,000,000	£10,000,000	£10,000,000

- 3.5 Delivery of the Heart of the City White-Boxing and Shop Front works, Pounds Park and elements of the Town Hall Square/Barkers Pool Animation (which included the container installation) are progressing. However, due to changes in circumstance this report seeks approval to amend the project allocations further as outlined in section 3.4 above.
- 3.6 The approved allocations included £879,564 for a property acquisition and refurbishment on Fargate with the aim of supporting the wider FHSF programme. The property identified was subsequently sold at auction to another bidder. Given the increased costs across FHSF interventions highlighted in this report it is proposed that these funds are now reallocated to FHSF to assist with delivering **Events Central**.
- 3.7 GBF funds were also allocated to projects to animate Town Hall Square, Barkers Pool and Cambridge Street. However, essential asbestos removal and the subsequent conservation listing of the Barkers Pool building have restricted the options for temporary use and/or dressing of the building. As an alternative, enhancements to **Balm Green Garden** have been identified to support the animation of Barkers Pool in the short term. It is proposed works to the value of £100,000 are delivered as part of the GBF outputs.
- 3.8 The Town Hall Square, Barkers Pool and Cambridge Street intervention also included a contribution to the **Barkers Pool building** asbestos removal works. Due to delays with the original programme for HoC2 white-boxing and shop fronts works its proposed that the GBF contribution to the asbestos works is increased to ensure expenditure for this intervention can be evidenced in full by 31st March 2023.
- 3.9 Agreement in principle is sought from Transport, Regeneration and Climate Policy Committee for the above project changes. The budget uplift for Events Central will be subject to a revised business case and Finance Sub Committee or Strategy and Resources Policy Committee approval. The project/output changes will be included in an existing contract variation awaiting signing with SYMCA. This is with a view to delivering the revised outputs this financial year. Any further slippage into

23/24 will require a new change request to SYMCA.

4. HOW DOES THIS DECISION CONTRIBUTE ?

- 4.1 The FHSF interventions 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 proposed Phase 1 works will have a striking visual impact, improving 100,000ft² 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.
- 4.2 The proposed introduction of Sustainable Urban Drainage (SuDs) as part of new high-quality public realm will contribute to climate resilience and the Councils zero carbon target of 2030.
- 4.2 The proposed Phase 2 works at High Street and Castle Square will improve 50,000ft² of public realm, increase the width of pedestrian routes where possible and introduce greening at Castle Square.
- 4.3 The interventions aim to ensure that Fargate, High Street and Castle Square 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.

5. HAS THERE BEEN ANY CONSULTATION?

- 5.1 Voluntary consultation has been undertaken throughout the development of this project. The Council worked with the University of Sheffield throughout 2019 to facilitate themed stakeholder workshops 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 for submission to government.
- 5.2 A day long public information event was held on the 19th November 2019 and attended by over 200 people. A further exhibition was held at Moor Market on 25th November 2019. A survey was 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.
- 5.3 Officers continue to meet with retailers, businesses, landowners and wider stakeholders to keep them updated. A formal stakeholder group has been formed and chaired by the BID to provide regular updates and feedback particularly throughout what is likely to be a congested period of construction across the City Centre including Fargate. In addition the Councils appointed contractor Sisk held a project information day at 20-26 Fargate in October '22. This event was well attended with the

overwhelming majority of feedback on the proposals being positive.

6. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

6.1 Equality Implications

6.1.1 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.

6.2 Financial and Commercial Implications

6.2.1 On 28th April 2021 SCC accepted a grant of £15.8m in respect of the Future High Streets Fund. In addition, the Council approved £5m match funding from the Corporate Investment Fund (CIF). Of this £20.8m, £8.67m is allocated to the public/realm and infrastructure works.

6.2.2 In addition to the above SYMCA have approved an Outline Business Case (OBC) for £3m Gainshare funding towards the Sheffield FHSF project. Officers are in discussion with the SYMCA to secure a further £1.5m Gainshare allocation to cover all the cost increases (and client contingency/risk allowance) on the public realm and infrastructure works highlighted above. A Full Business Case (FBC) will be submitted to SYMCA in February 2023. Due to the need to instruct the contractors and commence works asap (to meet the stated DLUHC stated funding expenditure deadline of 31st March 2024) the above amounts will need to be underwritten by SCC until the funding agreement with SYMCA is approved and signed. This is anticipated in March or June 2023. This temporary allocation of Corporate Investment Fund resources is subject to Finance Sub-Committee or Strategy and Resources Policy Committee approval.

6.2.3 The table below provides a summary of the current and proposed funding and budgets for FHSF:

APPROVED BUDGET	PUBLIC REALM	EVENTS CENTRAL	FRONT DOOR SCHEME	RENEW	Revenue Monitoring	TOTAL
	8,767,052	6,616,988	4,817,106	300,000	315,855	20,817,001
FUNDING						-
Future High Streets Fund	(6,448,496)	(6,616,988)	(2,451,518)	(300,000)		(15,817,002)
CIF	(2,318,556)		(2,365,589)		(315,855)	(5,000,000)
Gainshare						
TOTAL	(8,767,052)	(6,616,988)	(4,817,106)	(300,000)	(315,855)	(20,817,002)
CHECK	(0)	0	(0)	-	-	(1)
REVISED BUDGET	PUBLIC REALM	EVENTS CENTRAL	FRONT DOOR SCHEME	RENEW	Revenue Monitoring	TOTAL
	14,478,511	7,525,000	3,715,000	300,000	265,854	26,284,365
FUNDING						-
Future High Streets Fund	(6,448,496)	(6,616,988)	(2,451,518)	(300,000)		(15,817,002)
CIF	(3,470,664)		(1,263,482)		(265,854)	(5,000,000)
Gainshare	(4,559,351)	(28,448)				(4,587,799)
Fargate Purchase reallocation		(879,564)				(879,564)
TOTAL	(14,478,511)	(7,525,000)	(3,715,000)	(300,000)	(265,854)	(26,284,365)
CHECK	(0)	0	0	-	-	0

6.2.4 It is proposed that an amended SCC business case seeking approval to increase both the public realm/infrastructure and Events Central budgets be considered for approval by Finance Sub-Committee or Strategy and Resources Policy Committee.

6.2.5 Key finance points for the Project/Grant Manager(s) to note for these revised proposals are summarised below:

- The high risk of cost increases from inflation and construction industry factors and thus the need to manage cost pressures and keep within prescribed budgets
- Proposals to reallocate any grant funding to the wider FHSF scheme budget to be confirmed with / approved by the relevant funder where the grant MOU, terms and conditions require this.
- Seeking the necessary approval to accept new grant funding offers for the project.
- Proposals to reduce / change the area / scope of the projects are in line with any funder grant terms and conditions and their requirements.
- No additional funding is available from the Future High Streets Fund and proposed new grant funding sources whilst being developed (e.g. SYMCA Gainshare) have not been finalised at this point and SCC will need to underwrite/manage these costs and risks if these grant proposals do not materialise.
- The need to ensure that there are no ongoing, unfunded project costs after completion.

6.3 Legal Implications

6.3.1 This report seeks agreements in principle from the Transport, Regeneration and Climate Committee to agree recommendations subject to approval from the finance sub-committee and/or the Strategy and Resources Committee. The impact of the proposed reduction in scope and phasing of the works will need to be fully assessed and formal approval sought from DLUHC through a change request submission. This process will assess the impact on the Benefit Cost Ratio (BCR) of the FHSF investment. The approved business case stated a BCR of 4.2 to 1 across the FHSF interventions.

6.3.2 The additional SYMCA Gainshare funds proposed will be subject to the submission and approval of a Full Business Case by SYMCA, and acceptance of the terms and conditions of any subsequent funding/contract agreement with SYMCA.

6.4 Climate Implications

6.4.1 The FHSF Public Realm project has sought to minimise carbon

associated with excavation and waste. Subbase and surface materials are retained or reused where possible. Where new stone is required, local suppliers have been chosen where possible, reducing carbon miles now and for replacement/maintenance in the future. The scheme itself introduces significant green areas into the city centre, reducing the urban heat island effect, and providing sustainable urban drainage to manage surface water and reduce pressure on the city's drainage network. The full Climate Impact Assessment is attached at Appendix A.

6.5 Tree Removal, Tree Replacements, SUDs and Planting

6.5.1 The transformation of Fargate will see 7 existing large trees remain. However, to allow for the new layout 8 of the existing trees will be removed. The timber from these trees will be donated to local schools to be used for play and learning. To replace these 15 new trees will be planted. The Fargate proposals have been presented to the 'Sheffield Street Tree Partnership' and the feedback formally addressed by the design team. This process included demonstrating the uplift in Capital Asset Value for Amenity Trees (CAVAT) with the replacement trees. The case also considered the environmental benefits of introducing sustainable urban drainage and the extensive planting proposed.

6.5.2 The information boards attached at Appendix B have been prepared and will be installed on Fargate ahead of the proposed tree removal in February 2023.

6.6 Cycling

6.6.1 Currently cycling on Fargate is prohibited. Given the changing dynamic of the City Centre and the alignment to other projects within the vicinity of the Future High Streets Fund project, it is proposed that on completion of the works, cycling will be permitted. However, given the high footfall on Fargate pedestrians will continue to have priority and the scheme design will reflect this within the paving and surface treatments. Cyclists will be encouraged to use the service route when travelling on Fargate to maintain the pedestrian focus on the primary walking routes and desire lines. This proposal may require some minor changes to the design of the service route prior to construction commencing.

6.6.2 Access Liaison Group have and will continue to be consulted on these design changes ahead of construction commencing.

7. **ALTERNATIVE OPTIONS CONSIDERED**

7.1 Do Nothing – Value engineering has already been undertaken and is reflected in the cost estimates above. It is Officers view that even a much reduced scheme on Fargate alone within the approved budget would not deliver the transformational change consulted on and fail to achieve the outputs and outcomes approved by Government.

7.2 Do More – To deliver the full package of public realm and infrastructure

works in a single phase would require a total of c£8.7m of additional funding. It is not deemed viable to secure or underwrite this amount of funding to enable a start on site in Spring 2023. Further delay risks breaching the FHSF funding deadline of 31st March 2024, risk of construction costs increasing further, the loss of the appointed contractor with resultant reputational damage to the Council. For these reasons it is proposed that High Street and Castle Square are delivered at a future date.

8. REASONS FOR RECOMMENDATIONS

8.1 To ensure a first phase of transformational public realm and infrastructure works is commenced and substantially completed ahead of the DLUHC stated expenditure deadline of 31st March 2024.

Plan A FHSF Public Realm and Infrastructure Works Layout
Plan B Proposed FHSF Public Realm and Infrastructure Works Phase 1 Red Line

Appendix A FHSF Public Realm and Infrastructure Climate Impact Assessment
Appendix B Tree Removal, Tree Replacement, SUDs and Planting Info Boards

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