



Report to Policy Committee

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Report of: Kate Martin, Executive Director City Futures

Report to: Finance Sub Committee

Date of Decision: 10 July 2023

Subject: Future High Streets Fund - Fargate and High Street– Front Door Scheme Update and Approval to Award Grant

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|---|-----|-------------------------------------|----|--------------------------|
| 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? 2215 | | | | |
| 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 checked="" type="checkbox"/> | No | <input 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: | | | | |
| The exemption applies only to Appendix C which contains information relating to the financial and business affairs for Sheffield Church Burgesses Trust and The Foundry Sheffield | | | | |
| <i>"The appendix C is not for publication because it contains exempt information under Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended)."</i> | | | | |

Purpose of Report:

To update on delivery of the Future High Streets Fund 'Front Door Scheme' and seek approval to award capital grants of :

- (1) £250,000 to The Sheffield Church Burgesses Trust, towards the costs of shop front improvements on Chapel Walk and internal access works and reconfiguration of vacant upper floors for new workspace; and
- (2) £650,000 to The Foundry Sheffield towards the costs of shop front improvements, internal ground floor access and reconfiguration works to vacant upper floors at Victoria Hall, Chapel Walk.

(3) £250,000 for the Council to commission works of Public Art in Chapel Walk and

(4) £90,000 dedicated small grants for Chapel Walk that will be made available through Renew Sheffield to assist new and small businesses with capital fit-out costs on occupying vacant property.

Recommendations:

It is recommended that Finance Committee approves the proposal that Sheffield City Council:

- (a) grants awards of £250,000 to Sheffield Church Burgesses Trust and £650,000 to The Foundry Sheffield;
- (b) allocates £250,000 to the Council for its commissioning of works of public art in Chapel Walk as set out in this report; and
- (c) grants £90,000 to Renew Sheffield to assist new and small businesses with capital fit-out costs on occupying vacant property in Chapel Walk.

Background Papers:

Appendix A Church Burgesses 15-31 Chapel Walk - Photographs and Existing and Proposed Elevations

Appendix B Victoria Hall 35-42 Chapel Walk – Photographs and Proposed Elevations

Appendix C **CLOSED APPENDIX:** Church Burgesses Chapel Walk (pgs 1-15) - feasibility cost study, Surveyors report, Victoria Hall the Foundry (pgs 16-24) - Budget costings and Victoria Hall - The Foundry Business Case

Appendix D Images of the Andrew Bell Entrance and Shop Signs

Appendix E 'Front Door Scheme' Climate Impact Assessment

| 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: Holly Nichol 29.6.23 |
| | | Legal: Marcia McFarlane 29.6.23 |
| | | Equalities & Consultation: Ed Sexton 29.6.23 |
| | | Climate: Kathryn Warrington 7.6.23 |
| <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 Zahira Naz (Chair) and Cllr Mike Levery (Deputy Chair) - 22.5.23 and 15.6.23 |
| 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 |
| | Date: 29.6.23 | |

1. PROPOSAL

- 1.1 On the 26th December 2020 the Government announced Sheffield City Council was successful in securing £15.8m from the Future High Streets Fund (FHSF) for Sheffield Fargate and High Street. On the 17th of March 2021, the City Council's 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.
- 1.2 In summary the FHSF funding is being used to deliver 3 interventions:
- The acquisition, redesign and refurbishment of 20-26 Fargate as an 'Events Hub'.
 - Enhance the public realm and infrastructure on Fargate and High Street to facilitate outdoor events, crime reduction by reducing the number of desolate locations in the city centre, improve green transport connectivity, and support to existing and new resident community in that development through improved services and waste management facilities. These works are now phased with Phase 1 on Fargate underway and Phase 2 on High Street/Castle Square subject to securing additional funding.
 - Support landowners through the 'Front Door Scheme' 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.
- 1.3 On the 25th August 2021 the Leader of The Council approved the inclusion of the £5.1m 'Front Door Scheme' FHSF intervention to the capital programme as part of the Month 3 Capital Approvals. A basic template grant agreement was drafted and referred to within that year's Month 3 Capital papers; included was the list of relevant buildings with estimated funding allocations based on the approved Government business case. The intention being that each recipient would be issued with the same grant agreements, that would not be amended materially, and any necessary amendments approved through a delegation to the Executive Director of Place (now Executive Director of City Futures), in consultation with the Director of Finance and Commercial Services and the Director of Legal and Governance (now General Counsel) when deciding on the final grant agreement terms. This delegation was used to approve grants awards to the Medical Research Council for the refurbishment of 33-35 Fargate, and the allocation of FHSF funds to ReNew Sheffield for a round of funding targeted at filling vacant property on and adjacent to Fargate and High Street.

- 1.4 The Council submitted a change control request to DHLUC in order to make further awards and on 7th November 2022 Finance Sub Committee approved a further three grant awards. The Committee approved awards 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). To date the City Council has made grant awards totalling £2.735m.
- 1.6 On 8th February 2023 Transport, Regeneration and Climate Committee approved a recommendation to reallocate £1.1m from the Front Door Scheme budget to the FHSF Public Realm and Infrastructure works to facilitate a start on site on Fargate. The reduction in scope and changes to the individual Front Door Scheme projects were subsequently approved by DLUHC. The same Committee report highlighted that the remaining Front Door Scheme budget would be targeted towards supporting landowners on Chapel Walk with those negotiations at an advanced stage.
- 1.7 Of the remaining budget, it is proposed to grant £250,000 to **Sheffield Church Burgesses Trust (15-31 Chapel Walk)** towards the costs of enhancing shop fronts on Chapel Walk and improved access to the upper floor (the former Howard Gallery). The grant along with investment from the owners will facilitate attracting new businesses and visitors to the City Centre and support existing and new businesses and retailers. Currently 5 of the units including the upper floor are vacant. Works to the external facades will enhance the environment by reintroducing some uniformity with a design closer to the original shop fronts. This will complement the internal shop unit and upper floor/gallery improvement works making the spaces more attractive to potential occupiers. Much of this space is suitable for new or small businesses not currently located in the City Centre. Once occupied, those businesses will contribute to increasing footfall, dwell time and spend on Chapel Walk to the benefit of new and existing businesses and occupiers. Plans and diagrams are at Appendix A. Feasibility Cost Study and Surveyor's report are included at Appendix C (Closed paper).
- 1.8 This report also proposes the grant of £650,000 to the charity **The Foundry Sheffield (35-42 Chapel Walk)** which has a lease with landlord, The Trustees for Methodist Church Purposes (also a charity), in respect of the premises at Victoria Hall which The Foundry Sheffield manages. The lease has 8 years remaining and its renewal is under negotiation.
- 1.9 The funding will be used to support the delivery of their 10-year building development plan of capital improvements, to deliver long term growth and their budget costings are at Appendix C (Closed paper). The building has a large footprint, set over 7 floors and encompassing 107 rooms. The impressive main entrance is opposite the Crucible Theatre, however, for most, the building is accessed via the reception entrance on Chapel Walk. The building is home to a community of charities and organisations including Age Active, Assist, Urban Theology Unit, DAB Music, The Samaritans, City of Sanctuary and The Sunday Centre. The building also includes 4 shop front units on Chapel Walk. The proposed investment will see the reinstatement

of the former stone frontage to Chapel Walk and improvements to internal access including the installation of lift access to increase the capacity of the Main Hall for events/conferences from 300-400 to 600 and attract a more diverse range of events. The improvements will also bring forward new uses for underused or vacant floorspace on the lower and upper floors. The Foundry Sheffield are pursuing other funding bids for developing this part of the city and the city council's financial commitment on this project might be construed positively when those bids are being considered for works in this part of the city.

- 1.10 Further details on the proposed investment for both schemes is attached at the closed Appendix C (Church Burgesses pgs 1-15 and Victoria Hall/The Foundry (pgs 16-24)). The Council has assessed and confirmed that without this grant funding, owners would not have undertaken this proposed work, or the work would be phased/delivered over a much longer time frame. Grant funding for Chapel Walk was included in the scope change approved by DLUHC and will contribute to achieving the aims and objectives of FHSF.
- 1.11 The grants will be awarded via funding agreements with building owners on terms drafted to ensure funds are used in accordance with the objectives of FHSF and the Memorandum of Understanding between the Council and the Government. These projects are programmed for commencement prior to the FHSF funding commitment deadline of 31st March 2024 and will contribute to delivering the economic, social and environmental outputs and outcomes agreed with the Department of Levelling Up, Homes and Communities.
- 1.12 In addressing members' feedback at the Transport, Regeneration and Climate Committee in February 2023 (on the importance of investment to support Chapel Walk), this report proposes that the council uses £250,000 of the Front Door Scheme's budget to fund the commissioning of works of public art for new and/or refurbished entrance and shop signs, and light installation art in Chapel Walk. The commission will also look at design, fabrication and installation of bespoke gates and fencing at both the rear of M&S and at the entrance to Black Swan Walk on Fargate to improve the environment and deter anti-social behaviour. The existing entrance signs which were designed, fabricated and installed by the artist Andrew Bell in 1996 have been removed and are in storage. An assessment of the condition and suitability for refurbishment/reuse shall be undertaken by Sheffield City Council's Public Art Officer in consultation with the appointed artist. Images of these entrance and shop signs are attached at Appendix D.
- 1.13 Further, this report also proposes the Council uses any remaining budget to contribute to a **Dedicated Small Grants for Chapel Walk** via Renew Sheffield. The grant would be used to support new and small businesses with capital fit-out costs on occupying vacant property in that area; total grant will not exceed £90k.
- 1.14 As explained at section 1.6 above, due to the reduction in budget these grants will be the final awards made through the 'Front Door Scheme'. The delivery and impact of these grants will be monitored and evaluated through

regular reporting to DLUHC, and a full impact assessment will be undertaken on completion.

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 Grant funding will secure private, third sector and potentially additional public investment at Chapel Walk. Those investments would contribute to delivering economic growth, jobs through the repurposing and retrofitting of vacant and/or underused buildings for new retail, workspace, events and community uses to support existing retail. The investment alongside the wider programme of FHSF interventions will contribute to attracting an additional 110,000 visitors to the City Centre, creating up to 505 jobs and 70 new homes.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 Extensive consultation was undertaken throughout 2019 and 2020 to inform the strategic case and final business case approved by Government. Officers have and will continue to meet with retailers, businesses, landowners and wider stakeholders to keep them updated and use feedback to inform any review of the interventions.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality Implications

- 4.1.1 There are no significant differential, positive or negative, equality implications arising from the recommendations in this report. The Equality Impact Assessment for the 'Future High Streets Fund – Fargate and High Street', which includes the Front Door Scheme interventions, anticipates that these should 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. The Front Door schemes in this report will require planning permission, which will ensure compliance with the Equality Act 2010. The improvements include a reconfigured ground floor lobby on Chapel Walk for the Victoria Hall property to improve level access to the building.

4.2 Financial and Commercial Implications

- 4.2.1 On 28th April 2021 SCC accepted a grant of £15.8m in respect of the Future High Streets Fund of which £2.75m allocated to the overall Front Door Scheme Programme. Following Strategy & Resources Committee on 15th March 2023 the total budget approved for the overall Front Door Scheme is £4.015m (approved as part of the Capital Approvals Month 10 2021/22 Appendix 3). This is made up from £2.75m from FHSF and £1.26m from the council's own resources as match funding. Payments under these Front Door Scheme agreements will be funded from what remains of the approved budget.

4.2.2 Of this total budget, £2.39m is already allocated to the ReNew Sheffield project, Medical Research Council (33-35 Fargate), Orchard Square and The Montgomery Theatre. The allocation to these new projects will leave circa £90k that can be allocated to further Renew grants.

4.3 Legal Implications

4.3.1 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. This enables the Council to pass the funding on to Sheffield Church Burgesses Trust and The Foundry Sheffield via separate grant agreements.

4.3.2 Grant agreements awarded under this report may in the course of discussions with recipient, require some changes to existing template terms in order to deliver these projects. Any changes not already permitted under the funding agreement between DLUHC and the council will be agreed with DLUHC and effected through existing officer delegations under the constitution.

Terms in the grant agreement between the council and grant recipients are intended to protect the fund and the project, such as:

- Significant change to the project must be agreed with the Council.
- Specific conditions that must be complied with prior to a grant claim being made; these include but are not limited to the works specification, project delivery programme and appraisal being produced, confirmation being received that the grant recipient has the funding available to pay for non-eligible expenditure, the grant recipient inputting their agreed investment, appropriate consents and the project being completed and signed off.
- Grant claims submitted to the Council with evidence.
- Quarterly reporting to monitor the progress of the project.
- The Council has the ability to withhold, suspend or require repayment of the grant in specific circumstances including if the Council is required to repay the grant to MLCG (now DLUHC).
- The grant can only be used for capital expenditure.
- Works delivered as part of the project shall be maintained for an agreed minimum period of years from completion.

4.3.3 Subsidy control assessments will be undertaken prior to awarding grants to Sheffield Church Burgesses Trust and to The Victoria Hall, ensuring grants are made in accordance with Subsidy Control law so as to not be an unlawful subsidy.

4.3.4 Further legal consideration may be required in relation to procurement process for selecting and contracting with a Public Artist. Contracting these works is permitted under the Local Government (Contracts) Act 1997.

4.4 Climate Implications

4.4.1 The Front Door Scheme seeks to bring back into use vacant or underused floorspace through repurposing of existing buildings, preventing demolition or need for new build. To support these conversions, a new underground recycling waste management system will be installed to prevent waste being stored on the highway. The investment seeks to attract new residents and businesses to the City Centre taking advantage of existing and proposed sustainable transport connections and the proximity of services and amenities. For these reasons the scheme is expected to make a positive contribution to reducing carbon emissions.

4.4.1 Negotiations with landowners on these grant awards were at an advanced stage prior to Council adopting the Climate Impact Assessment (CIA) process. For this reason the grant terms do not require the landowner to undertake an assessment of the climate impacts of the proposed works, for example in terms of design, materials used, energy performance, waste or resources use etc. However, projects will need planning permission and the applicants will be required to address the climate impact in an Environmental Impact Assessment. A full Climate Impact Assessment for the Front Door Scheme is attached at Appendix E.

5. ALTERNATIVE OPTIONS CONSIDERED

5.1 Do nothing - Without grant assistance the buildings are likely to remain vacant and/or underused and issues arising from anti-social behaviour will not be addressed. The enhancement of Chapel Walk was an integral element of the vision for Fargate and High Street approved by Government. The vision highlights the importance of this pedestrian route but also the opportunities to introduce new uses into vacant property.

6. REASONS FOR RECOMMENDATIONS

6.1 Approval of the grant funding to the landowners will secure additional private and public sector investment in the buildings. It will contribute to delivering a fully accessible concert/performance space and new and enhanced commercial floorspace.

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