



Report to Policy Committee

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Report of: *Ajman Ali, Executive Director – Operational Services*
Report to: *Strategy and Resources Committee*
Date of Decision: *12 December 2022*
Subject: *Fargate Containers*

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, what EIA reference number has it been given? <i>(Insert reference number)</i>				
Has appropriate consultation taken place?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	<input type="checkbox"/>	No	<input checked="" 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"The appendix 1 is not for publication because it contains exempt information under Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended)."				

Purpose of Report:

Is to set out options to agree the approach to completion and relocation of the shipping container development temporarily sited at the top of Fargate.

Recommendations:

It is recommended that the Strategy and Resources Committee approve:

- **Option 1:** To pause further work to complete the first-floor bar, balcony and lift access until an options appraisal can be developed setting out the choices for the future of the container development.
- To fund, from revenue, the operational costs required to continue operating the retail, food, screen and temporary bar on the ground floor until at least 1 January 2023.
- To support the current tenants with advice and guidance to continue trading in January or find alternate retail units in the city centre if desired.
- To bring forward a further paper for decision in January once an options appraisal has been produced with proposals on the use of the containers after removal from Fargate.
- In line with good reflective practice, a review is undertaken on the container project outlining learning for future projects.

Background Papers:

none

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 Nicholl
	Legal: Haroon Iqbal (& Rahana Khalid)
	Equalities & Consultation: Ed Sexton
	Climate: <i>not applicable</i>
	<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>
2	SLB member who approved submission: Ajman Ali
3	Committee Chair consulted: Councillor Terry Fox

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: Ben Brailsford	Job Title: Theme Lead - Development, Climate and Economy	
Date: 9 December 2022		

1. PROPOSAL

- 1.1 This report will present options to Strategy and Resources committee to enable a decision to be made about the completion and future proposed relocation of the Shipping Container Development currently located at the top of Fargate, by Town Hall Square.

Background

- 1.2 In 2021, to support economic recovery post pandemic, a proposal for a meanwhile use container park concept was developed to help new and pop-up businesses grow and incubate in the city, as well as support encouraging the return of footfall to the city centre. The contract to develop the container park followed a period of market testing in September 2021 researching existing container park developments in England. The specification was for a company to design, build and operate a container park on Fargate for a temporary period, until the future high street fund development began. The only response to the market testing came from a company known as Steelyard. Approval of the procurement strategy followed in October 2021. A proposal was received from Steelyard in November. A direct award was approved in December 2021 as the value was below the threshold of £5,336,937 for Concession Contract Regulations 2016 and in line with council standing orders.
- 1.3 The development of a planning application began in November 2021, with planning permission being granted in March 2022.
- 1.4 The funding to build the container park was approved in a Leaders report on 22 February 2022, with funding of £300,000 This was part of £6million allocated to the city centre from the Get Building Fund grant from central government. The Get Building Fund grant had been provided in 2020 for shovel ready infrastructure projects to stimulate jobs and support economic recovery. Initially allocated to a Parkwood project, difficulties in bringing that project forward led to consultation with South Yorkshire Mayoral Combined Authority and the Department for Levelling Up, Housing and Communities (DLUHC). The £6m previously allocated to Parkwood was agreed to be redirected to support City Centre projects. Overall, this funding was to support interventions to procure property on Fargate / High Street, improve animation in the city centre, support Heart of the City shop fronts and the development of pounds park. The conditions of its use meant that the grant can only be used on city centre infrastructure projects, not to support ongoing revenue activity.
- 1.5 A contract discussion to deliver the container park took place in March 2023 with Steelyard, with an agreed contract commencement date of 31 March 2022. The contract awarded the design and build of the container development, as well as its operation once built. The revenue costs of operation were to be met by Steelyard, with a profit share arrangement in place with the council.

- 1.6 In May costs were revised due to material price increases since the initial quote was provided. A decision to increase budget to £446,000 was taken at finance sub- committee 7 June 2022, with all funding coming from the Get Building Fund.
- 1.7 The original installation date of 6 May 2022 had to be revised to accommodate a repositioning of the planned location, to ensure access was maintained to Yorkshire Water sewage chambers. The installation took place on 5 August 2022.
- 1.8 The opening of the ground floor was delayed from 17 October 2022 in order for essential safety information to be provided by the operator to the council's Building Control service. The opening took place on 22 October 2022.

Current Position

- 1.9 The ground floor of the containers, comprising of three food outlets, three retail units, two offices, a temporary bar, toilets and big screen are operating. However, the covered bar with seating on the first floor and the terracing with lift access hasn't yet been completed.
- 1.10 To complete and operate the bar on the upper terracing further information must be supplied by the operator to Building Control to ensure building safety, as well as health and safety compliance. This is usual for all permanent and temporary buildings in the City. The outstanding information requires a fire engineering report to be produced, and structural sign off to an upper terrace extension and lift access. The council has not been given a confirmed date for this report to be provided and terrace / lift access to be built
- 1.11 In light of the outstanding information, substantial slippage, and without a confirmed deadline, it is unlikely that the bar will be operational prior to Christmas. The containers must be relocated in Spring 2023 as the site will be used for the Future High Street Fund works on Fargate, and in line with when the planning permission period expires. A final date for relocation is to be confirmed
- 1.12 Current capital spend from the Get Building Fund (as of 30 November 2022) stands at £420,914, which includes some unplanned costs due to the requirement to relocate the container footprint for sewer access. There is a further £75,500 of costs for services that have been provided but not yet invoiced. However, there are still further outstanding costs that are yet to be quantified to complete the build. Revenue operational costs are currently running at approximately £17,000 a month. £10,000 of which includes the cost of generator hire and fuel that was unexpected following the discovery during build that mains power cables had been removed during emergency repairs. This had not been known in the planning phase, so the requirement for a generator only became identified during the build phase.

Proposal / Options

1.13 The partial completion of the development, with no confirmed end date, and with relocation due in Spring means there are a number of options that can be considered at this point. Further details of each option are set out in section 5 of this report;

1. Continue with the operation of the ground floor, but pause any further building work to open the first-floor bar and terrace while we review options for the next site
2. Continue with the operation of the ground floor and continue the build work to open the first-floor bar and terrace with steelyard.
3. Continue with the operation of the ground floor and continue the build work to open the first-floor bar and terrace with other contractors.
4. Cease operation of the ground floor and pause building work on the first floor while we review option for the next site.

Recommendation

1.14 Option 1 - The recommended proposal is to continue the ground floor operation through the Christmas period but pause any further building work. This will enable an options appraisal to be undertaken to assess next steps. This approach will enable the current tenants to maximise the opportunities for sales due to the Christmas shopping period, and ensure they aren't put at financial disadvantage from circumstances beyond their control. We will discuss with tenants the options available to them after Christmas, and commit to support them with continuing to trade in January or advice to support the search for new premises. This proposal will support the Christmas Market and permanent retail offer in Orchard Square and Fargate at the busiest trading period of the year. In the meantime, it allows further work to be undertaken to develop full costs and timeline to complete the upper level and allow this to be assessed against proposal for the next site of the container.

1.15 An options appraisal will be developed over the few weeks to present high level choices and costs for the next site of the containers. The appraisal will consider all currently available sites, including options for storage of the containers, if a future site isn't available at the removal date, and also consider any opportunities for other ways to maximise the use of the containers by third parties.

- 1.16 Although the ground floor operation has led to some of the desired outcomes being achieved, such as six fully let units for small independent sheffield businesses, the added attraction of the large screen, additional toilets in the city centre, and links with the Christmas Market, the shipping container development hasn't fully achieved all the expected outcomes. To ensure future opportunities are successful we must learn from what hasn't worked this time. In order to do that a review of the project will take place.

2. HOW DOES THIS DECISION CONTRIBUTE ?

- 2.1 The Our Sheffield 22/23 delivery plan sets out an ambition for clean economic growth as one of the council's six strategic goals. The city centre regeneration and development is identified as key area of ongoing work in that plan, with the opening of the container park being one of the milestones identified.
- 2.2 The recommended proposal enables that milestone and will support small independent businesses and footfall in the city centre. It supports the Christmas Market offer on Fargate and the concept of more meanwhile uses and incubator business space in the City centre.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 The council is not required to consult on this decision, however discussions have taken place with the current tenants.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality Implications

- 4.1.1 Equality impact assessment for the development took place within the remit of the Heart of the City and Future High Streets projects. The equality implications for the proposal now under consideration have been considered alongside the Council's duties as a public authority and its policy commitments.
- 4.1.2 Due to the universal nature of the facility, no communities of interest are likely to disproportionately impacted by the decision. However, in support of the recommendation above, the ground floor site is fully accessible, including the public toilets. The Council's broader equality considerations include impacts on the voluntary, community and faith sector; however, none of the businesses currently occupying the site are in that category.
- 4.1.3 The overall assessment therefore is that, in equality terms, impacts would be limited.

4.2 Financial and Commercial Implications

- 4.2.1 The proposal commits the council to a minimum of £17,000 of operational costs for December. There could be further costs for January and February if the tenants wish continue to trade. It doesn't commit any further build costs but does leave the bar on the first floor as unusable, reducing opportunities to off set against operational costs.

4.3 Legal Implications

- 4.3.1 This report asks the Policy Committee to consider 4 possible options in respect of the shipping container development at Fargate and recommends the approval of Option 1. Appendix 1, Part 2 sets out a summary of the key legal implications in respect of each option.

4.4 Climate Implications

- 4.4.1 Not applicable for this decision, however one will be carried out for the next phase of the scheme in line with the options appraisal

4.4 Other Implications

- 4.4.1 None

5. **ALTERNATIVE OPTIONS CONSIDERED**

- 5.1 **Option 2** : Continue with the operation of the ground floor and continue the build work to open the first floor bar and terrace with Steelyard.
- 5.1.1 This option would support the tenants in the lead up to and post Christmas, as does the recommended proposal. However as Steelyard currently cannot provide a confirmed timeline of completion or estimated cost, it introduces more uncertainty and cost risk for both the council and Steelyard. The council also have reduced assurance about deliverability.
- 5.2 **Option 3**: Continue with the operation of the ground floor and continue the build work to open the first floor bar and terrace with other contractors
- 5.2.1 This option would support the tenants in the lead up to and post Christmas, as does the recommended proposal. It would enable the council to utilise its current contracts with construction contractors which would introduce more control over setting timescales and forecasting costs. It is unlikely that alternative contractors would be in place before Christmas.

It also commits more capital costs without understanding the preferred option for moving sites, which will be presented in an options appraisal for decision in January.

- 5.3 **Option 4:** Cease operation of the ground floor and pause building work on the first floor while options for the next site are reviewed.
- 5.3.1 This would financially harm the independent small businesses trading from the first floor. It would negatively impact the footfall and vibrancy on Fargate in a key trading period for city centre retail. It would introduce further operational costs for the council as security barriers and patrols would be needed while the containers were still located at Fargate.

6. REASONS FOR RECOMMENDATIONS

- 6.1 This approach will enable the current tenants to maximise the opportunities for sales due to the Christmas shopping period, and ensure they aren't put at financial disadvantage from circumstances beyond their control.
- 6.2 It allows time for discussion with tenants about the period after Christmas and enables the council to support them with advice regarding options to continue trading in January or in the search for new premises.
- 6.3 It will support the Christmas Market and permanent retail offer in Orchard Square and Fargate at the busiest trading period of the year.
- 6.4 It allows further work to be undertaken to develop full costs and timeline to complete the upper level and allow this to be assessed against proposal for the next site of the container, without committing to further expenditure at this stage.
- 6.5 The ambitions and outcomes expected at the outset of the project haven't been realised. As well as acknowledging this fact we need to learn what went wrong and how to ensure the same mistakes aren't made again. Recommending a review will support improvement in process and decision making in future.
- 6.6 Developing an options appraisal before committing to the next site of the project is part of the learning from the project so far. We will mitigate the risk of unforeseen delays and costs in the future site of the project by learning the lessons from the challenges at the Fargate site

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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