



SHEFFIELD CITY COUNCIL

Cabinet Executive Report

Report of: Simon Green

Report to: Cabinet

Date: 15 October 2014

Subject: Grey to Green Phase 1 Project

Author of Report: Simon Ogden

Key Decision: YES / NO*

Reason Key Decision: Expenditure over £500,000*

Summary:

1. The Grey to Green Corridor project aims to transform 1.3 km of redundant road surface and infrastructure in the Castlegate and West Bar area from a barrier and maintenance liability into an attractive new linear public space incorporating perennial meadows, sustainable drainage, rain gardens, walking and cycling routes which will dramatically improve the setting of a number of key businesses, development sites and civic buildings. This will accelerate the redevelopment. Phase 1 of the project will deliver 0.492 km.
2. This report concerns the final confirmation of the funding package for the Grey to Green Phase 1 project only and the financial, legal and programming issues involved.
3. This is an important project to kickstart regeneration of an underperforming strategic business area in the City Centre. The Leader signed an Executive Leader Report on 27 August 14 that authorised SCC entering into a funding agreement with South Yorkshire's European Regional Development Fund (ERDF), in consultation with the Interim Director of Legal and Governance and Interim Director of Finance. This was signed on[expected w/c 6th October].

4. The total cost for the Phase 1 element is £3,790,000. The ERDF contribution to the project is £1,426,000. The Sheffield City Region Investment Fund (SCRIF) and the Sustainable Transport Fund will contribute £2,139,000. [The SCRIF Business Case has been appraised and SCC were informed on 15 September 14 that there is a positive recommendation going forward to the Board meeting on 6th October 14]. SCC has contributed £225,000 towards design costs [NOTE: As outlined in previous reports, in the unlikely scenario that the SCRIF funding package does not materialise, there is an alternative funding package to provide the match for ERDF as described in section 5.3 of the report].

Reasons for Recommendations:

This is a high priority project that has used the final opportunity to access ERDF funding from the current programme for delivering a high priority scheme. To draw down the full ERDF contribution, the project must start and complete by autumn 2015. To meet this programme, it is necessary to progress the design and tendering process now hence the request for conditional approval in advance of the final SCRIF decision. Confirmation of the detailed design of the project and the match funding package means that the project can now physically go ahead.

RECOMMENDATIONS

- 1) That the proposed scheme, as detailed in this report and with the timeline described in section 4.6, subject to the required funding package being in place, be approved.
- 2) To note that a capital approval submission has been submitted in the Month 4 Budget Monitoring report for the necessary authority to undertake and procure the proposed works, in accordance with Council procedures.
- 3) That the Director of Regeneration and Development Services, in consultation with the Interim Director of Legal Services, Interim Director of Commercial Services and Interim Director of Finance be authorised to negotiate and agree any agreements additional to those in paragraph 2 above required to deliver the works for the above scheme, subject to the required funding being in place.

Background Papers: Sheffield City Centre Master Plan 2013

Category of Report: **OPEN**

If CLOSED add '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).'

Statutory and Council Policy Checklist

Financial Implications
YES Cleared by: Paul Schofield
Legal Implications
YES/ Cleared by: Deborah Eaton
Equality of Opportunity Implications
YES/NO Cleared by: Anne Marie Johnston
Tackling Health Inequalities Implications
YES/NO
Human Rights Implications
YES/NO
Environmental and Sustainability implications
YES/NO
Economic Impact
YES/NO
Community Safety Implications
YES/NO
Human Resources Implications
YES/NO
Property Implications
YES/NO
Area(s) Affected
Central ward
Relevant Cabinet Portfolio Lead
Councillor Leigh Bramall
Relevant Scrutiny Committee
Economic and Environmental Well-Being
Is the item a matter which is reserved for approval by the City Council?
YES/NO
Press Release
YES/NO

REPORT TO CABINET

Sheffield's Riverside Business District – Transforming a key economic corridor in the City Centre from “Grey to Green”

1.0 SUMMARY

- 1.1 The overall project proposes to transform 1.3 km of redundant road surface and infrastructure in the Castlegate / Riverside area from a barrier to economic regeneration into an attractive new linear public space incorporating perennial meadows, sustainable drainage, rain gardens and walking cycling routes. This will improve the setting of a number of development sites in the vicinity (See Annex B). It will be high-profile and innovative but low maintenance, linking together a number of priority regeneration areas and sites and will attract national attention. Phase 1 forms about half of the total project.

2.0 WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE

- 2.1 It will improve the links from the core of the City Centre ('Heart of the City'), to the Riverside Business District and to the northern City Centre quarters, namely Kelham Island, Wicker/ Nursery St and Castlegate/ Victoria Quays (please see Annex A for location plan) to maximise investment and pedestrian movements, connecting to and maximising the use of the emerging Steel Route.
- 2.2 It will create a network of high quality public spaces which will establish Sheffield's Central Riverside as a distinctive and high quality location for new businesses, and will change investors' and existing occupiers' poor perceptions about the area and thereby improve investment and bring new jobs to the City.
- 2.3 It will help to create a wider context for the proposed Castle Hill Park on the former Markets site; improve the setting and accessibility of the existing cluster of seven hotels in the area; provide an appropriate civic setting for the Crown and Family Courts.
- 2.4 It will exploit the benefits of the construction of the Inner Relief Road (completed in 2007) to assemble and bring forward new sites for quality employment use, creating much needed investment particularly in office and professional and knowledge intensive business services.
- 2.5 It will support Sheffield's bid for the location of the High Speed 2 Station in the city centre (the Council's preferred option is at Victoria Station) which is in close proximity to the proposed works.
- 2.6 It will develop an innovative and aspirational model for the recycling of

redundant highway infrastructure – Sheffield’s own take on Manhattan’s “High Line Park” and Paris’ ‘Promenade Plante’ based on Sheffield’s acknowledged expertise in the field and which can be reproduced locally by Streets Ahead and nationally by Amey as a new technique.

- 2.7 It will provide a 1.3 km (0.492 Km in Phase 1) corridor of porous surfaces providing a sustainable solution to surface water drainage reducing run off to the River within the ‘flood zone’ and helping to mitigate flood risk from surface water
- 2.8 It will increase tree street cover and shade to mitigate increasing heat island effect of climate change.

3.0 OUTCOME AND SUSTAINABILITY

- 3.1 This project will help a key objective of the City, as set out in the City Centre Master Plan, to transform the Castlegate / Riverside area into a desirable location for new investment, maximising the opportunities offered by the inner ring road (and minimising travel distances) and the availability of large vacant or semi vacant sites to bring new jobs and wealth to the City.
- 3.2 It will create a significant section of attractive and safe walking and cycling routes into and around the City Centre.
- 3.3 It will complement the proposed HS2 station which would add further advantage to this location for new businesses. However should the city centre option be rejected, this project will provide a highly sustainable location in terms of the highways network and direct links to the M1.
- 3.4 It also offers an opportunity to bring greenery as well as providing a 0.492 km corridor of porous surfaces reducing run off to the River within the ‘flood zone’ and helping to mitigate flood risk from surface water. This is particularly important to deal with the expected impact of climate change.

4.0 PROPOSALS

Background

- 4.1 For the past 15 years, Sheffield City Centre has experienced a significant transformation, spreading out from the ‘Heart of the City’ and the other key projects that originated from the 2000 Sheffield One Masterplan, which were in part funded by Objective 1. Dramatic improvement of the physical environment, linked to key development sites and partnerships have played a key role in establishing a new Central Business District, Cultural Heart and regeneration of the Moor

Physical Works

- 4.2 The “Grey to Green” project uses a similar approach, albeit adapted to an era of scarce resource and greater sustainability. It has grown out of proposals in The City Centre Masterplan 2013 (Draft) and is a key step towards the vision of where the City wants to be over the next 10-15 years. It proposes the transformation of the corridor linking Riverside Business District and Castlegate to the rest of the City Centre (see Annex A for location) with a strong emphasis on climate change resilience and low maintenance costs. Some visuals for the project are included in Annex C and D.
- 4.3 The project has received strong endorsement from both businesses and wider public (see Annex E1, E2 and E3 for letters of support). It also forms part of the package of measures in the City Centre’s Sheffield City Region Investment Fund (SCRIF) submission as well as a current ERDF submission.
- 4.4 Grow Wild UK’ is a four year campaign funded by the Big Lottery to bring people together to grow UK native wild flowers. On 28th February Sheffield University submitted an Expression of interest for a small part of the ‘Grey to Green’ project (Love Square) a privately owned site occupying a pivotal location in the corridor at the junction of West Bar and Bridge St – the gateway to Riverside Exchange. This has been successful in reaching the shortlist of six and the University has been asked to submit a full application. The winning project will be decided by a public TV vote on the Country File programme, providing good publicity for Sheffield and the wider ‘Grey to Green’ project. Smaller grants will be offered to the runners up.
- 4.5 Major Risks and Mitigation
- ERDF Defrayal - all eligible work has to be completed by end of November 2015 (post agreement with DCLG, see 4.6 below) to be able to draw down the ERDF funds so there is some mitigation. Some residual risk remains (for example in extreme bad weather).
 - Technical problems once construction starts such as utility diversions or bad weather causing severe delays. The design is flexible so that it can be amended without having an impact on the overall scheme design or outputs.
 - A full project risk register has been produced by the project team which includes mitigation measure for each event

4.6 Timeline

- January 2014 – ERDF Outline Application Form agreed
- July 2014 ERDF agree to fund the project and draft Funding Agreement sent to SCC for consideration
- 27 August 2014 SCC Leader signed Executive Leader Report; report now on SCC's website.
- 17 July 14 and 26 August 2014 Final Business Case approved by Competitive City Board
- 29 August 2014 Project achieves financial approval (Gateway 4) at Capital Programme Group
- 5 September 2014 – ERDF has accepted the extension of the ERDF project (for physical works to end by end November 15 instead of end September 15)
- 9 September 2014 – EMT meeting
- 22 September 2014 – CMT/ EMT meeting
- October 2014 – SCC signs ERDF funding agreement
- Friday, 10 October 2014 – Completion of Detailed Design (RIBA Stage E). This is funded by New Homes Bonus. Critical date to achieve ERDF timescales
- 6 October 2014 – SCRIF decision
- 14 October 2014 – Report to EMT on the outcome of SCRIF/ SLTF process
- 15 October 2014 – Cabinet Meeting
- 26 January 2015: CPG - Construction Contract awarded by Capital Programme Group
- February - March 2015 Contractor Mobilisation
- March 2015 to November 2015 – Construction
- 31st Dec 2015: Financial closure

5.0 FINANCIAL IMPLICATIONS

- 5.1 The **overall estimated cost** for this project is **£3.565m** plus a further £225K to undertake the detailed design for the Grey to Green Phase 1 project to be funded from:

<i>Source</i>	<i>Amount £m</i>
ERDF	1.426
SCRIF including SLTF	2.139
New Homes Bonus	0.225
Total	3.790

- 5.2 The European Regional Development Fund (ERDF) funding is based on an intervention rate of approx. 40%. The outline SCRIF Business case has also been approved and the Detailed Business Case was submitted to SCRIF on 29 August 14A final decision on the SCRIF funding will be made on 6 October 2014.

- 5.3 In accepting the ERDF funding, the Council will therefore be committing to providing match funding in line with its application to ERDF (including any declared outputs). The outcome of the SCRIF and SLTF bids is expected by October at the latest. If these bids are unsuccessful, the Council proposes to provide the match funding from the following sources which will require some re-prioritisation of expenditure:

- New Homes Bonus
- Section 106 Agreements, in relation to City Centre developments
- Local Transport Plan programme

- 5.4 A further sum of £225,000 has been approved from the New Homes Bonus Fund for the detailed design, which will enable procurement of a contractor for the scheme and its construction. However this expenditure is deemed to be eligible for SCRIF funding so should be reclaimed in due course, subject to SCRIF approval.

- 5.5 In any of the events below, the Council will become liable to increase its own contribution to the project. This applies equally to ERDF, the SCRIF and LSTF funding but will not be known until that grant offer is made:

- The project is not complete by the proposed ERDF eligible expenditure deadline of 30th November 2015, any unspent ERDF cost would fall 100% on the Council;
- If the Council incurs ineligible expenditure, acts in a non-compliant way, overspends on the construction budget (beyond the allowed contingency), any resulting claw back or penalties will be payable by the Council
- The Council and its partners fail to deliver the projected outputs over the next ten years

European Regional Development Fund (ERDF)

- 5.6 The Council was invited to submit an 'outline expression of interest' for ERDF funding for this project at the end of December 2013. This was approved and a Full Business Plan was submitted on 31st March 2014.
- 5.7 In order to meet the tight timescales for delivery, the ERDF bid addresses only Phase 1 - the central section (i.e. West Bar) of the Grey to Green corridor. Phase 2 will be 100% funded through SCRIF/SLTF subject to approval of a further Full Business Case.
- 5.8 The project was approved by ERDF Programme Board on Tuesday, 17 June 2014. A formal letter and conditions have now been received. Legal and External Funding Teams have confirmed that the conditions are standard. There are specific clauses which require the project to be delivered to the approved spending plan and 10% of the funding will be withheld until the final monitoring report has been approved and all audit issues resolved.
- 5.9 This paves the way for the Council to sign the ERDF funding agreement. [Expected w/c 6 October 14].

Sheffield City Region Investment Funding (SCRIF)

- 5.10 This project forms part of a wider Sheffield City Centre Programme which has been accepted to proceed to submission of Full Business Plan within SCRIF with a spend profile of £7.6m in 2015/16. The "Grey to Green" project is part of the Year 1 City Centre programme. It is explicitly mentioned in the Sheffield City Region's "Strategic Economic Plan for Regional Growth Fund" document and will form an early win for the programme which is under pressure from national government to produce schemes which can start in 2015. One of the factors in the SCRIF appraisal is the ability of projects to bring match funding to the programme which the proposed ERDF application does.
- 5.11 The SCRIF Business Case has been appraised and SCC were informed on 15 September 14 that there is a positive recommendation going forward to the Board meeting on 6th October 14, which will make a final decision.

Sustainable Local Transport Fund

- 5.12 The project has also been included in Sheffield's latest programme for the Local Sustainable Transport Plan 2015-16. Approval of this programme is also expected before the end of October.

Design Costs

- 5.13 Design and development costs of the project (which are required for the SCRIF programme anyway), need to be incurred in advance of the SCRIF and LSTF grant awards. Normally any pre-award expenditure is ineligible but the City region office have confirmed that the detailed design costs associated with a successful SCRIF Project are eligible expenditure so should be recoverable in principle from SCRIF. However if this proves not to be the case, the Council will have to provide its own funding.

Future revenue implications

- 5.14 The Streets Ahead contractor and the Council's Client Team have been involved in development of the 'Grey to Green' project and are very supportive as it offers wider savings opportunities for the programme. The initial calculation of the commuted sum to Amey is an increase of £25,000. This is ineligible for ERDF but has been requested as part of the SCRIF bid.

Timescale Issues

- 5.15 The original programme for construction to meet ERDF Financial close-down in September 2015 was extremely tight and ERDF have accepted to move this date to end November 15. An allowance of three weeks has also been made in the programme for bad weather delay as well as a contingency of £467,000 for unforeseen items, acceleration and inflation.

6.0 LEGAL IMPLICATIONS

- 6.1 The Council has a general power under the Localism Act 2011 to act in any way that it sees fit, provided that the activity falls within the law and is in the best interests of their local area. This power would supplement the specific powers in the Highway Act 1980 to improve the highway, to plant trees, shrubs and lay grass to vary the relative widths of the carriageways and footpaths and to carry out drainage works.
- 6.2 Once the ERDF funding agreement has been entered into, there is no right for the Council to terminate the agreement in the event of anticipated match-funding being unavailable. This could trigger an event of default which would enable the DCLG to claw back any funding already paid. However, if the Council has not drawn down any funds, there is nothing to claw back and therefore there would be no sums on which interest would be payable. In any event, the alternative match funding outlined above mitigates the risk of the Council triggering this event of default.
- 6.3 The works elements of the project must be procured following the Council's standing orders and all relevant EU procurement directives. The procurement process will therefore have to be open, transparent, fair

and non-discriminatory. The contract awarded to the successful tenderer/s must ensure compliance with all applicable legislative requirements and provide for effective service delivery, value for money and ensure the delivery of the project outcomes.

7.0 COMMUNITY SAFETY IMPLICATIONS

7.1 Parts of the Castlegate and Riverside area are characterised by declining footfall, which will be exacerbated as the full impact of the closure of Castle Market are felt. On others such as Snig Hill/Bridge St footfall has increased dramatically but still in a poor environment. It is somewhat AN isolated part of the city centre dominated by roads that have very little traffic but still make the area look unfriendly.

7.2 This project will help to transform the areas image both to investors and to members of the public. This should lead to increased footfall and dwell-time and in turn help improve the perception and therefore safety that people feel.

8.0 EQUALITY IMPLICATIONS

8.1 The scheme will have a positive impact for all sections of the community by creating a more pedestrian friendly environment. In particular older people and people with disabilities will benefit from removal of kerbs, provide wider footpaths and ensuring appropriate materials are incorporated to help blind people navigate.

8.2 A potential pedestrian / cyclist conflict on the proposed shared footpath / cycle lane has highlighted. However it was acknowledged that this raises strategic issues about the Council's broader approach towards encouraging cycling and the appropriate balance to be struck between such conflicts. There is ongoing work with disabled access officers to ensure their needs are properly addressed.

9.0 ALTERNATIVE OPTIONS CONSIDERED

9.1 A more traditional reclamation and renewal of redundant carriageways could be undertaken and this group of highways is due for renewal in 2017 under the current Streets Ahead programme. However this would simply replace like with like and at a similar maintenance cost and would not deliver the transformative benefits outlined above.

9.2 Do nothing. For the reasons mentioned in Section 7 above, this is not a viable option. It would lead to further decline in the area, depressing property prices, sustainability of businesses which in turn would affect the Council's National Non Domestic Rate income. Finally because of higher risk of flooding, marginal it may be, translated into both lack of an appetite for new investment and higher insurance premiums. The Council's own property in this area would suffer directly.

10.0 REASONS FOR RECOMMENDATIONS

10.1 This is a final opportunity to access ERDF funding for delivering a high priority scheme. To draw down the full ERDF contribution, the project must start and complete by Autumn 2015. To meet this programme, it is necessary to progress the design and tendering process now hence the request for conditional approval in advance of the final SCRIF decision. The detailed design, work has had to be undertaken concurrently with the approval process but will be completed by the Cabinet date.

11.0 RECOMMENDATIONS

- 1) That the proposed scheme, as detailed in this report and with the timeline described in section 4.6, subject to the required funding package being in place, be approved.
- 2) To note that a capital approval submission has been submitted in the Month 4 Budget Monitoring report for the necessary authority to undertake and procure the proposed works, in accordance with Council procedures.
- 3) That the Director of Regeneration and Development Services, in consultation with the Interim Director of Legal Services, Interim Director of Commercial Services and Interim Director of Finance be authorised to negotiate and agree any agreements additional to those in paragraph 2 above required to deliver the works for the above scheme, subject to the required funding being in place.

ANNEXES

Annex A – Sheffield City Centre Plan
Annex B – ‘Grey to Green Boundaries, March 2014
Annex C and D – Visuals
Annexes E1, E2 and E3 – Letters of support

Simon Ogden
Head of City Regeneration
6 October 2014

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