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Report of: *Laraine Manley, Executive Director of Place*

Report to: *Cabinet*

Date of Decision: *18th March 2020*

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

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
- Expenditure and/or savings over £500,000	<input checked="" type="checkbox"/>
- Affects 2 or more Wards	<input type="checkbox"/>
Which Cabinet Member Portfolio does this relate to? <i>Business and Investment</i>	
Which Scrutiny and Policy Development Committee does this relate to? <i>Economic and Environmental Wellbeing Scrutiny and Policy Development Committee</i>	
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>	
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"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."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:

To update Cabinet on the Future High Streets Fund (FHSF) and progress with developing a full business case for capital interventions on Fargate and High Street, for submission to MHCLG.

To seek delegated authority for the Executive Director of Place in consultation with the Cabinet Member for Business and Investment, the Executive Director of Resources and the Director for City Centre Development to submit the full business case.

To seek delegated authority for the Chief Property Officer and Director of Legal and Governance, in consultation with the Cabinet Member for Finance, Resources and Governance and Deputy Leader, Cabinet Member for Business and Investment, the Executive Director of Resources and the Director for City Centre Development to negotiate and enter into time limited option agreement(s) and or contractual agreement(s) to purchase property, to facilitate the key interventions proposed and which will be subject to securing funds from FHSF.

To note that if the business case is successful a further report will be presented to Cabinet with further details on the key interventions, capital programme and to seek approval to enter into a funding agreement [once the terms and conditions are known]. All interventions/projects will be then be brought through the capital approvals process.

Recommendations:

Cabinet is recommended to:

- i. Delegate authority to the Executive Director of Place in consultation with the Cabinet Member for Business and Investment, the Executive Director of Resources and the Director for City Centre Development to submit the full business case.*
- ii. Delegate authority to Chief Property Officer and Director of Legal and Governance, in consultation with the Cabinet Member for Finance, Resources and Governance and Deputy Leader, Cabinet Member for Business and Investment, the Executive Director of Resources and the Director for City Centre Development to negotiate and enter into time limited option agreement(s) and or contractual agreement(s) to purchase property, to facilitate the key interventions proposed and which will be subject to securing funds from FHSF.*
- iii. Note a further report will be presented to Cabinet should the business case be successful in securing funding.*

Background Papers:

Form 2a Director Non-Key Executive Decision Report, 23rd January 2020, Acceptance of a government grant offer from MHCLG of £127,000 to work up a full business case to seek capital funding from the Future High Streets Fund.

Form 4 Officer Executive Decision Record (Non Key), 23rd January 2020

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.	<div>Finance: Tim Hardie</div> <div>Legal: <i>David Cutting / David Sellars</i></div> <div>Equalities: <i>Annemarie Johnston</i></div>
	<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	EMT member who approved submission:	<i>Laraine Manley</i>
3	Cabinet Member consulted:	<i>Mazher Iqbal, Terry Fox and Julie Dore</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: <i>Matt Hayman</i>	Job Title: <i>Principal Development Officer</i>
	Date: <i>18th March 2020</i>	

1. PROPOSAL

1.1 Background

The Future High Street Fund (FHSF) was launched by the Ministry for Housing, Communities and Local Government (MHCLG) in December 2018. It was set up as a £675m fund to reinvigorate struggling high streets and town centres. The fund aims to renew and reshape town centres and high streets in a way that improves experience, drives growth and ensures future sustainability.

1.2 Based on guidance in the fund prospectus Sheffield submitted 3 expressions of interest (EoI) in March 2019 for Attercliffe, Fargate/High Street and Stocksbridge. In July 2019 MHCLG announced that Fargate/High Street had been shortlisted along with 50 other areas across England to proceed to the next stage.

1.3 In August 2019 MHCLG announced a further 50 towns would proceed to the second stage with additional funding from the £3.6 billion Towns Fund. This brings the total funding for FHSF to £1 billion.

1.4 In the EoI for Fargate/High Street SCC requested a resource grant of £127,000 towards the costs of preparing the detailed business case. The funds have been received and are being used to fund the consultation and officer and specialist consultant time in preparing the business case to FHSF. Shortlisted projects can bid for up to £25m of FHSF funds with the completion of a detailed business case, to deliver their vision for the High Street.

1.5 MHCLG have stated that the strategic objective of FHSF *'is designed to renew and reshape town centres and high streets in a way that improves experience, drives growth and ensures future sustainability*. And that proposed projects should fall within the following themes:

- *Investment in physical infrastructure*
- *Acquisition and assembly of land including to support new housing, workspaces and public realm*
- *Improvements to transport access, traffic flow and circulation in the area*
- *Supporting change of use including (where appropriate) housing delivery and densification*
- *Supporting adaptation of the high street in response to changing technology'*

1.6 In July 2019 MHCLG published FHSF business case guidance. Business cases need to demonstrate that they meet several gateway criteria which are market failure requiring grant funding from government, deliver investment, meet the spending deadline of 31st March 2024 and demonstrate co-funding for the scheme.

The guidance mirrors the five-case business case model as set out in the published HM Treasury Green Book and as such will include information relating to:

- a) **Strategic case:** setting out the rationale for activity and the objectives of the proposal. It will be used to assess the extent to which proposals successfully meet the overall objectives of the fund.
- b) **Economic case:** including an appraisal of a number of options and a robust assessment of the predicted costs/ benefits of the project. This is used to assess the overall value for money of projects.
- c) **Commercial case:** setting out the delivery model including procurement and commercial arrangements that are needed to implement the project. This is used to assess whether the proposal can be effectively delivered and is commercially feasible.
- d) **Financial case:** Including details on the costs of the project demonstrating that the preferred option can be delivered successfully within the funding available.
- e) **Management case:** setting out the planning and practical arrangements for implementing the project, including any risks and monitoring and evaluation. It is used to assess if the proposal is practically deliverable.

Business cases will be assessed against three main criteria: Value for Money (50%), the Strategic Fit (20%) and their Deliverability (30%). A draft business case was submitted to MHCLG on the 15th January based on the strategic case set out below. Feedback is anticipated in early March 2020.

1.9 The Strategic Case for Fargate and High Street

Sheffield's historic high street is central to the city's emotional identity and economic history. Fargate and High Street account for one tenth of city centre retail space, with 103 retail and leisure units. Vacancy rates currently stand at just under 25%, above national trends, with a high risk of increasing. Fargate and High Street are deemed to be unsustainable in their current form. Sheffield's retail economy is undergoing fundamental restructuring and is increasingly dependent on experience and quality of place.

1.10 The Strategic Case proposes the creation of an environment for success through improvements in essential infrastructure, and aspiration to take the city's cultural renaissance to new levels by providing the buildings and facilities to support a year-round programme of top-quality events via a new cultural hub, Event Central. Two key interventions are proposed, designed to future-proof the city centre and create an experience-centred environment that will attract visitors and increase dwell time.

1.11 First, the creation of an environment for success through infrastructure

improvements. We will increase climate resilience through sustainable urban drainage and greening, while creating new spaces to sit, socialise and play in Fargate (see Appendix A). With the installation of digital infrastructure and utilities to support international-standard events, and a controllable lighting scheme to improve visitor experience, highlight heritage and deter crime.

- 1.12 Second, is the potential acquisition of a key building(s) currently vacant on the upper floors and used for short-term retail on the ground floor. It is proposed this property will become 'Event Central' facilitating a year-round programme of events that will bring an estimated 44,800 extra visitors to the city centre annually. 'Event Central' will host space for exhibitions and events management; a café; co-working space; and flexible workspace and/or residential accommodation on the upper floors with a separate front door entrance. It seeks to demonstrate the viability of creative mixed-use to nearby landlords and property owners. A plan is also being investigated with landowners to open up new front door access to upper floors in nearby buildings to enable their conversion for new uses.
- 1.13 The interventions are designed to generate investor confidence, attract and retain new visitors and residents, and build on Sheffield's unique offer as a creative, climate resilient and sustainable 'Outdoor City'.
- 1.14 The cost of these interventions is estimated at between £15m-£20m. The majority of which will be requested from FHSF through the business case submission. The costs will be refined ahead of full business case submission through further design, feasibility work and discussions with MHCLG, landowners and stakeholders.

2. HOW DOES THIS DECISION CONTRIBUTE ?

- 2.1 The business case seeks to secure funding for 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 proposal will have a striking visual impact, improving more than 3 million ft² 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.
- 2.2 The proposed introduction of Sustainable Urban Drainage (SuDs) and a cycle route as part of new high quality public realm will contribute to climate resilience and the Councils zero carbon target of 2030. The project will compliment potential investment through the Transforming Cities Fund (TCF) which seeks to improve public transport journey times and encourage greater numbers of journeys to, from and through the City Centre by foot and bicycle.
- 2.3 The intervention seeks to ensure that Fargate and High Street 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.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 The Council worked with the University of Sheffield to facilitate themed stakeholder workshops to discuss the future vision for Fargate and High Street. The feedback from these workshops is being used to form the Strategic Case and final business case for submission to government.
- 3.2 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 has been positive and supportive of the proposals.
- 3.3 Officers will continue to meet with retailers, businesses, landowners and wider stakeholders to keep them updated with the business case development. Key stakeholders will be asked to provide letters of support for the final business case submission.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

- 4.1.1 There are no significant differential, positive or negative, equality implications arising from the recommendation in this report. The business case development work and potential future capital interventions 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.
- 4.1.2 Further equality impact assessments will be carried out to inform the full business case decisions and the decision regarding the key interventions identified for capital funding.

4.2 Financial and Commercial Implications

- 4.2.1 The key interventions highlighted above have been costed at between £15m-£20m. It is proposed that the funding for securing option agreement(s) comes from existing acquisition budgets.
- 4.2.2 The draft business case submission to MHCLG put forward options for Council match/co-funding. This included the potential for £5m from the Council's 'Capital Investment Fund'. Feedback from MHCLG on these options is awaited. MHCLG have previously stated that '*Co-funding should be legally committed subject only to formal confirmation of a grant award from the Future High Streets Fund*'. Confirmation of the match/co-

funding will be required for submission with the full business case.

- 4.2.3 If the full business case is successful a further report will be presented to Cabinet to seek agreement to the MHCLG grant offer funding terms and conditions. All interventions/projects will be brought through the capital approval process.

4.3 Legal Implications

- 4.3.1 The Localism Act 2011 sections 1 to 6 provides local authorities with a “general power of competence” enabling them to do anything that an individual can do (with some limits not applicable in this case). A purpose of the Act is to enable local authorities to work in innovative ways to develop services and infrastructure that meet local need – which would include the proposed preparation of a scheme business case and entering into option agreements if required. Accordingly, the Council is empowered to produce and promote the business case proposed in this report.

- 4.3.2 The Director of City Growth has approved the process for acceptance of the initial grant funding of £127,000 (again under section 1 of the Localism Act 2011) in consultation with the Head of Strategic Finance under Articles 6.2.1 which will then be managed by an Executive Director (or their delegate) under Article 6.2.2 of the Financial Procedure Rules.

4.4 Other Implications

- 4.4.1 Property - Key interventions include the purchase, refurbishment and repurposing of property to provide new event space, flexible workspace and/or residential accommodation. Discussions with landowners are ongoing and this report seeks delegated authority to enter into option agreement(s) and/or contractual agreements. This agreement(s) would cover the period up until a decision on funding is made by MHCLG and acquisition subject to securing funding. MHCLG have stated a decision will be made by summer 2020.

5. **ALTERNATIVE OPTIONS CONSIDERED**

5.1 Do Nothing

Not submitting a full business case would mean missing the opportunity to secure up to £25m in MHCLG funds to deliver significant capital interventions along Fargate and High Street. Not securing the option to acquire property could mean viable opportunities to deliver key interventions with FHSF are lost.

6. **REASONS FOR RECOMMENDATIONS**

- 6.1 The Future High Streets Fund provides an opportunity to bid for significant funding to address current and future issues and challenges

on Fargate and High Street.

- 6.2 Delegated authority will enable the Council to secure options to purchase property subject to securing FHSF, which will facilitate new uses particularly on vacant upper floors.

Appendix A Fargate/High St - Environmental and Infrastructure Improvements

Appendix B Example cross-section of proposed new uses on Fargate

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