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Report of: Director of Legal & Governance
Report to: Cooperative Executive
Date of Decision: 16th March 2022
Subject: Stocksbridge Town Investment Plan Update

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? Councillor Paul Turpin, Executive Member for Inclusive Economy, Jobs and Skills.		
Which Scrutiny and Policy Development Committee does this relate to? Economic and Environmental Wellbeing Scrutiny Committee		
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? 1160		
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: -		
<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"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."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>		

Purpose of Report: The purpose of this report is to update the Co op Executive on the Stocksbridge Town Deal ahead of the submission of Business Cases to the Department for Levelling Up, which will trigger the drawdown of the £24.1m funding;

to seek approval to progress negotiations regarding the acquisition of the properties and all other interests needed to assemble the required development site and for the Co op Executive to in principle agree to the possibility that if the properties and interests cannot be acquired by negotiation then the Council as a

last resort will use the Council's Compulsory Purchase Order powers.

Recommendations:

Cabinet is recommended to:

- i. Note that the Council has been successful in being awarded in principle £24.1m from MHCLG and will shortly be submitted Business Cases to Government to draw down the allocated funding to deliver the investment programme.
- ii. Delegate authority to the Chief Property Officer in consultation with the Executive Member for Finance and Resources, the Executive Director of Resources and the Director of Legal and Governance to enter negotiations to acquire all property interests and for the Director of Legal and Governance to draft and complete all necessary legal documentation to complete these transactions.
- iii. Agree in principle to the possibility that should any of the properties or interests required to assemble the development site not be acquired by negotiation then the Council be able to use its Compulsory Purchase Order powers as a last resort.

Background Papers:

The following are available upon request.

Form 2 Cabinet Report, of 9th June 2021, Stocksbridge Town's Deal Update

Form 2a Director Non-Key Executive Decision Report, of 10th March 2021, Acceptance of a government grant offer from MHCLG of £24.1millions to work up a Town Investment Plan

Form 2a Director Non-Key Executive Decision Report, of 9th March 2021 Acceptance of a government grant offer from MHCLG of £40,0000 to work up the projects within the Stocksbridge Town Investment Plan

Form 2 Cabinet Report, of 7th December 2020, Stocksbridge Town Deal

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: Natalia Govorukina
		Legal: David Sellars
		Equalities: Annmarie Johnston
<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>Mick Crofts</i>

3	Cabinet Member consulted:	<i>Councillor Paul Turpin</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: Gillian Duckworth		Job Title: Director of Legal & Governance
Date: 1st March 2022		

1. PROPOSAL

1.1 Background

- 1.1.1 On 6 September 2019 the government invited 100 places in England to develop proposals for a Town Deal, forming part of the £3.6 billion Towns Fund announced by the Prime Minister in July 2019. Stocksbridge was one of the towns invited to bid.
- 1.1.2 The Towns Fund is seen by Government as a key element of their 'levelling up' agenda, focusing on some of the economic growth constraints that some towns face, harnessing local assets and engaging local businesses to drive the sustainable economic regeneration of towns to deliver long term economic and productivity growth through:
- Urban regeneration: Ensuring towns are thriving places for people to live and work, by: Increasing density in town centres; Strengthening local economic assets including local cultural assets; Site acquisition, preparation, remediation, and/or development; and making full use of planning tools to bring strategic direction and change.
 - Skills and enterprise infrastructure: Driving private sector investment and small business development; and Ensuring towns have the space to support skills and small business development
 - Connectivity: Developing local transport schemes that complement regional and national networks; and supporting the delivery of improved digital connectivity.
- 1.1.2 Following submission of the Town's Investment Plan, Stocksbridge received confirmation from Department for Levelling Up (DLU) on the 3rd of March 2021, that the Government will provide up to a total of £24.1 million from the Towns Fund. The 'Town Deal' for Stocksbridge will be used to re-set the economic trajectory for Stocksbridge, build on the many opportunities that the town presents and create a productive, prosperous and healthy future for local people.
- 1.1.3 Town Deals cover a period of up to five years and are an agreement between Government, the Lead Council (Sheffield City Council) and the Town Fund Board. This arrangement was confirmed locally in a Heads of Terms document signed by all parties in March 2021.
- 1.1.4 The Stocksbridge Towns Fund Board, made up of local business, community, and public sector representatives, came together to develop the Town Investment Plan (TIP) for submission in January 2021. The Board has played a critical role in project development and engagement with local resident and stakeholders.
- 1.1.5 The Council's role is that of Accountable Body for all funding associated with the Towns Fund and is responsible for putting in place appropriate arrangements to ensure projects are developed in accordance with the guidance and Council regulations. The Council is responsible for the

submission of Business Case summary documents which are targeted to be completed and submitted from May 2022 onwards.

1.1.6 In June 2021, a report to Cabinet outlined the approach the programme would take in securing the funding. This confirmed that the release of funding is subject to successfully completing detailed project design and development tasks, and then Business Cases which will demonstrate the feasibility, viability and value for money of each of the projects.

1.1.7 DLU then require submission of a Town Deal Summary Document, which includes:

- A list of agreed projects
- A summary document of each of the project business cases
- Details of business case assurance processes followed for each project
- An update on actions taken in relation to the Heads of Terms key conditions and requirements
- A Delivery Plan
- A Monitoring and Evaluation Plan
- Confirmation of funding arrangements and financial profiles for each project

1.1.8 This Submission deadline was initially 23rd March 2022 however Government have granted an extension to this deadline to allow projects to respond to feedback and changes made in response to community consultation, and to also allow for a period of greater cost analysis, and value engineering, if necessary, due to the extraordinary cost price inflation that is currently present in the wider UK economy.

1.1.9 The deadline for submission for all projects has been extended to 23rd August 2022 and once DLU is satisfied with the financial profile and Summary Documentation provided, funding will be released.

1.2 **Project and Business Case Development Progress**

1.2.1 The overarching vision set out in the TIP is *to make Stocksbridge strong, vibrant and fit for future generations and to ensure local people benefit from these changes through six strategic priorities:*

- *To create a vibrant and attractive town*
- *To develop a strengthened and diversified economy*
- *To provide enhanced learning opportunities*
- *To be a more accessible town*
- *To provide first class sport, leisure, cultural and community facilities*
- *To deliver clean growth”*

1.2.2 The Town Investment Fund sets out ten projects that will contribute towards achieving this vision:

- New Library and Community Hub
- Town Centre Placemaking

- Funicular Town Centre link
- Enhanced Cycling and Walking Trails
- Bus Improvements
- Post-16 Education Hub
- Stocksbridge Sports Hub Improvements
- Wellbeing Hydrotherapy Centre
- Oxley Park Phase 2
- Little Don River Enhancements

1.2.3 Throughout 2021, these projects have worked through a design and development process so the Town's Fund Board, and the Council, can understand their feasibility and viability, along with the delivery costs of each project. This development and testing process, and the subsequent consultation with the local community, has driven a number of changes to the package of projects originally envisaged. These are outlined at 1.2.5 – 1.2.7.

1.2.4 A key overarching factor has been the impact of the extraordinary levels of cost price inflation present in the wider economy. This has borne down heavily on the scope of a number of the projects and as a result, in some areas, meant scopes have been reduced, or value engineering solution have been sought, so projects can be delivered on budget.

1.2.5 *New Library and Community Hub* - The combination of an over ambitious vision, and inflationary impacts, have seen quite a radical change to the size and style of the new Library and Community Hub. Its footprint has been reduced significantly to bring the building's function and budget back into alignment. Positively, the opportunity to re-start the design development process has enabled a re-purposing option to be considered, utilising components of the buildings that are currently in situ. This has greatly assisted in terms of affordability and carbon neutrality. By re-purposing the foundations and frames of the existing buildings, the ability to achieve a far more carbon efficient scheme is greatly enhanced and this of great benefit to the development.

1.2.6 *Funicular* - A further change to the programme is the removal of the Funicular from the TIP. The complexities around engaging with Liberty Steel to secure the necessary land, and the general lack of community support for the initiative led the Town's Board to un-fund this project and reallocate its budgets to other parts of the programme. This has helpfully mitigated some of the inflationary cost pressures being experienced.

1.2.7 *Education and Skills Hub* - Initially it was envisaged that capital would be invested directly into Stocksbridge High School to establish a post-16 educational offer that the school would operate. This would provide a traditional 16 to 18 educational offer as well as adult learning opportunities. After detailed consideration, the school has concluded that they have concerns about the current demand for a 16 to 18-year-old offer and have confirmed to the Town's Fund that they will not

progress with this project. This has driven a change of focus in the provision of a facility to support adult educational and skills from within the new Library and Community Hub. Discussions are underway with Further Education (FE) providers and in-principle interest has been confirmed with a local college regarding delivering services in Stocksbridge.

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 The Government envisages a coherent evidence-based submission and an approach which aims to ensure alignment across the key components of a strategy – often referred to as the “Golden Thread”. It should nevertheless address both the negative factors, such as market failure and impact of Covid, as well as exploit opportunities offered. It must link into other existing strategies – such as Local Plan or Regional Strategy.
- 2.2 We are committed to building a strong economy for Sheffield with thriving local neighbourhoods and communities across the city. The Towns Fund will support our commitments to tackle inequality in neighbourhoods across the city, working alongside local communities and businesses to regenerate our local centres and create new, sustainable jobs.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 The Stocksbridge Towns Fund public consultation ran throughout October 2021 and has been supplemented by a wide range of specific stakeholder meetings and communication events. The purpose of the consultation was to test the measures and projects in the TIP with the local community’s priorities for the town to ensure they were aligned, and that the development and impact of the Towns Fund projects were optimised and welcomed.
- 3.2 The consultation was led by the Town’s Fund Board and supported by Council Officers. It utilised surveying and community engagement sessions. The sessions were generally well attended and focussed on highlighting and explaining the purpose and delivery approach for each of the projects. The Towns Fund Board believes that the consultation and wider conversation with the community has been invaluable, and it has directly led to a several changes to project’s which it believes will contributed to optimising the programme’s impacts.
- 3.3 Each of the projects will consult further, either through the community-led process planned for late March 2021, or through the planning process where that is applicable. The Town’s Fund Board want to engage again with the local community to present changes and underline the fact that the projects have been adapted based on the community’s feedback.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

4.1.1 There are no significant positive or negative equality implications arising from the recommendations in this report. Accessing the funding should benefit all local people and should be positive for financial inclusion and health and well-being as it will create investment in the local economy and the potential for job creation.

4.1.2 Further equality impact assessments will be carried out during the preparation of the full business cases for individual projects to inform and guide final decisions. These assessments will identify any positive or negative impacts and if there are any potential negative impacts, what actions can be taken to mitigate these.

4.1.3 Any consultation will follow best practice guidelines to ensure that it is as inclusive and accessible as possible and aiming for good representation from the local community.

4.2 Financial and Commercial Implications

4.2.1 Sheffield City Council will act as Accountable Body for all expenditure associated with the Towns Fund and it will therefore ensure all activity complies with the Towns Fund guidance as well as SCC regulations.

4.2.2 To develop the necessary Outline Business Case, it was estimated that £1.5m of funding would be required. This funding would meet the costs of project development which include necessary site investigations, design, consultation, business case development and programme management. A request was made to Cabinet in June 2021 for the Council to provide the funding however this proved not necessary as Government agreed in July 2021 to provide 5% (£1.2m) of the total funding to the Council up-front to enable development works.

4.2.3 In addition to Towns Fund monies, the Council plans to submit a £1.8m funding bid to the Mayoral Combined Authority to secure funding to support the acquisitions of land associated with the programme. The Council now intends to enter negotiations with the appropriate landowners and secure the sites through negotiation, without the use of Compulsory Purchase Orders (CPO), however the option to utilise CPO power is still to be in principle an option if negotiations cannot be concluded. A further report would be brought to Co op Executive or other appropriate decision maker seeking a Compulsory Purchase Order and the case for this should this become necessary.

4.2.3 The Council may face a future revenue implication in relation to the

development and operation of the new Library and Community Hub. If the building does not achieve commercial sustainability via commercial lettings, the Council may need to provide support for any shortfall in operational costs. This risk has been closely managed through the design development stage of the scheme and the reduction in the size and volume of the building has greatly reduced the Council's potential exposure. However, a worst-case revenue risk of between £250 – 300K is possible if there is no take-up.

- 4.2.4 The risk can only be avoided if the Council withdraws support for the development and cancels the scheme. This will have major consequences on delivering the step-change that is sought in Stocksbridge, and particularly the expected up-lift to the high street. To ensure the benefits of the investment are captured, the following four-fold strategy is being worked through to ensure that the potential revenue liability to the Council is managed and mitigated, by:
 - 4.2.4.1 Professionally marketing the building via Agents to understand local demand, local capacity, and possible rental income. Agents will also proactively engage with potential occupiers. There is evidence within Stocksbridge that there is a demand for quality, managed office space and this needs substantiating and understanding.
 - 4.2.4.2 The Town's Fund Board and Council engaging with public sector service providers to understand the demand for public sector service delivery in and around Stocksbridge. Numerous organisations and healthcare providers signalled at the time of the bid that they sought to deliver services in Stocksbridge. This needs to be explored and substantiated.
 - 4.2.4.3 Engaging with the Further Education (FE) sector regarding offering services from the building. An expression of interest has been made from a local college but the educational offer, along with a business model, to substantiate this still need to be developed and then analysed.
 - 4.2.4.4 The Council itself looks to operate some of its services for the building while commercial interest and community capacity develops. Many Council services are delivered from the city centre and that distance from Stocksbridge is an issue for some of those services. Numerous Directors have expressed an interest in, and advantage to, operating services from this new building. If Council's occupancy is tied to an asset rationalisation exercise in Stocksbridge and the surrounding areas this could create a sustainable and revenue neutral occupancy option for both the Council and new Library and Community Hub building.

4.3 Legal Implications

- 4.3.1 As the TIP submission was successful and Heads of Terms have been agreed with DLU, grant funding to the Stocksbridge Town Deal Board via the City Council acting as Accountable Body by virtue of the power

conferred to DLU by section 31 of the Local Government Finance Act 2003 is expected. Subject to the development of deliverable schemes and the submission of Full Business Cases to DLU.

4.3.2 Any further grants accepted by the City Council can only be received following the approval of the Director of Resources & Head of Strategic Finance (Art 6.2.1 & Art. C.2.1.5 'Grant Funding') and then managed by an Executive Director (or their delegate) under Article 6.2.2 of the Financial Procedure Rules.

4.3.3 The Localism Act 2011 s.1 provides local authorities with a "general power of competence" which enables them to do anything that an individual can do so long as the proposed action is not specifically prohibited. A purpose of the Act is to enable local authorities to work in innovative ways to develop services that meet local need. The proposed TIP programme can be delivered through the council using its general power of competence.

Section 120 of the Local Government Act 1972 gives the Council power to acquire by agreement any land or property for amongst other things the purposes of the benefit, improvement or development of the Council's area. For the reasons set out in this report it is considered that the proposed acquisitions fall within this criteria.

Section 226 of the Town and Country Act 1990, the Council may acquire any land in its area if the Council think that the acquisition will facilitate the carrying out of development, re-development or improvement on or in relation to land.

At the present the recommendation is to be minded to make a CPO and no statutory process is being engaged. Negotiations should continue to buy all the interests required by negotiation. Should the Council decide to resolve to make an order this does not prevent negotiations continuing and should not as CPO should only be used as a last resort.

4.4 Impact of Covid 19

The Towns Deal presents an opportunity to take decisive action now. The principles underpinning the scheme are deemed to be even more relevant given the medium to long-term stresses facing Towns like Stocksbridge. Creating uses that attract and strengthen footfall and enable the Town to diversify will now be even more important as part of an economic recovery and in adjusting to new economic realities.

5. **ALTERNATIVE OPTIONS CONSIDERED**

5.1 Do nothing – we could choose not to progress the work to submit Business Cases to secure the Towns Deal. This would be a missed opportunity to regenerate one of City's neighbourhoods. Fundamentally this is a once in a generation opportunity to address some key

infrastructure problems faced by Stocksbridge with its unique geography and challenges, compounded by the pandemic.

6. REASONS FOR RECOMMENDATIONS

- 6.1 The Stocksbridge Town Deal provides a major opportunity to fund significant interventions to address current and future issues and challenges within the Town. The requirement on the Council to accept and manage the potential revenue implications of developing the new Library and Community Hub, and the ability to use CPO powers as a last resort, if negotiations cannot be concluded, are essential to deliver £24.1m investment programme in Stocksbridge.