



## Report to Policy Committee

**Author of Report:** Howard Varns, Senior Programme Manager

**Email:** howard.varns@sheffield.gov.uk

**Report of:** *Kate Martin, Executive Director City Futures*

**Report to:** *Strategy and Resources Committee*

**Date of Decision:** *5<sup>th</sup> December 2022*

**Subject:** *Stocksbridge Towns Fund Programme*

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? (829, 1160, 1209, 1213, 1223, 1225, 1229, 1230, 1231, 1232)				
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 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:-				

### Purpose of Report:

The purpose of this report is to provide the context for a recommendation to accept the government grant from the Department for Levelling Up, Housing and Communities ('DLUHC') of £24.1m, as part of the Towns Fund, and for the Council to act as the accountable body for this grant. This will fund the Stocksbridge programme through further feasibility, design and delivery.

The report seeks an approval for the proposed additions and variations in the Capital Programme for Stocksbridge projects listed in Appendix 1.

The report also outlines the strategy for the Stocksbridge Programme, and provides an update on the programme's progress.

**Recommendations:****It is recommended that the Strategy and Resources Committee:**

1. Accepts £24.1m Towns Fund grant from DLUHC and approves for the Council to act as the accountable body for this grant; takes note of the terms and conditions of this grant, and the financial implications of this decision included within the section 4.2 of the report;
2. Notes that an application for South Yorkshire Mayoral Combined Authority ('SYMCA') Gainshare grant of up to £3m has been submitted for Manchester Road Placemaking (£2m) and Community Hub (£1m) projects of which £1.8m has been approved in principle to date (subject to a formal approval of Strategic Business Case in 2022/23 and Final Business Case by SYMCA Board in 2023/24). Section 4.2 sets out the risks if SYMCA Gainshare grant is not secured;
3. Approves the proposed additions and variations in the Capital Programme listed in the Appendix 1;
4. Notes the strategy and delivery plans for the Stocksbridge Programme, included within the section 1.3

**Background Papers:**

Co-operative Executive Report, 16th March 2022, Stocksbridge Town Investment Plan Update

Co-operative Executive Report, 9th June 2021, Stocksbridge Towns Fund

Cabinet Report, 16th December 2020, Stocksbridge Town Investment Plan

Executive Director/ Director Non-Key Executive Decision Report, 9th March 2020

<b>Lead Officer to complete:-</b>	
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: <i>Natalia Govorukhina and Mark Wassell</i>
	Legal: <i>David Sellars and Rike Ridings</i>
	Equalities & Consultation: <i>Ed Sexton</i>
	Climate: <i>Jessica Rick</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	<b>SLB member who approved submission:</b> <i>Kate Martin, Executive Director City Futures</i>
3	<b>Committee Chair consulted:</b> <i>Councillor Terry Fox (Chair) and Councillor Julie Grocutt (Deputy Chair)</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 Committee by the SLB member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.
	<b>Lead Officer Name:</b> <i>Howard Varns</i>
	<b>Job Title:</b> <i>Senior Programme Manager</i>
	<b>Date:</b> <i>14<sup>th</sup> November 2022</i>

## 1. PROPOSAL

### 1.1 Background

- 1.1.1 On 6th September 2019 the government invited over 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. 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, planning and land use:** ensuring towns are thriving places for people to live and work, including by: increasing density in town centres; strengthening local economic assets including local cultural assets; site acquisition, remediation, preparation, regeneration; and making full use of planning tools to bring strategic direction and change.
- Skills and enterprise infrastructure:** driving private sector investment and ensuring towns have the space to support skills and small business development.
- Connectivity:** developing local transport schemes that complement regional and national networks, as well as supporting the delivery of improved digital connectivity.
- 1.1.2 The Stocksbridge Town Deal 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. 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.
- 1.1.3 Following the submission of the Town's Investment Plan, Stocksbridge received a confirmation from DLUHC 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 to 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.
- 1.1.4 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 Deal Board. This arrangement was confirmed locally in a Heads of Terms offer document signed by all parties in April 2021.
- 1.1.5 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 Town Deal Business Case Summary Documents which will demonstrate the feasibility, viability and value for money of each of the projects. These documents were submitted to DLUC in August 2022 after being signed off by the Chairs of the Towns Fund Board and the Council S151 officer.

- 1.1.6 Throughout 2021, Stocksbridge projects have worked through a design and development process so the Town Deal 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 changes have been outlined in the Co-operative Executive Report on 16th March 2022.

## 1.2 **Stocksbridge Programme Update**

- 1.2.1 The Council, in consultation with the Stocksbridge Town Deal Board, developed the Town Deal Summary Documents, Delivery plans, Monitoring and Evaluation Plans, and other supporting documents for all projects, and submitted these to DLUHC for approval in August 2022.
- 1.2.2 These documents are in process of being approved by DLUHC, which is confirmed on a project-by-project basis. The signalling from DLUHC suggests that funding will be confirmed for the 10 projects throughout November/ December 2022 and we are advised that the funding will be released to the Council in January 2023. Once funding has been confirmed, it is the Council's intention to then develop tender documents and engage with suppliers with the aim of contracting for the delivery of the projects.
- 1.2.3 The key delivery risk that the Towns Fund Programme faces is the impacts of the current extraordinary levels of cost price inflation present in the market, which is exacerbated further by an array of supply side shortages and bottlenecks. This may constrain the ability to deliver the full extent of the ambition outlined in the Town's Investment Plan and it is possible that some trade-offs and choices, in terms of scope and priority, will need consideration. The Town Deal Board are well aware of this risk and the likelihood that the project budgets, that were initially constructed in 2019/20, will be under pressure and may not be adequate.
- 1.2.4 The inflation risk to the programme will therefore be managed through a two-fold strategy. Firstly, across the programme as a whole a contingency budget has been established. This represents around 15% of the programme's overall value and will be deployed to: mitigate inflationary shocks that may materialise through the tendering phases, combat unknowns and abnormal, and also temper any optimism bias within each project. Secondly, the Council will also look to work in lock-step with the Town Deal Board and DLUHC to establish a definitive

priority list of projects which will enable us sequence tendering and contracting and therefore funding. This will allow delivery certainty for those projects that have the most significant impact on the residents and businesses of Stockbridge. It is expected that those projects that deliver the greatest economic benefit will be the priority and secured first.

1.2.5 The programme approach outlined at 1.2.4, in short, will result in some projects being paused until those deemed as priority are contracted. If the Town Deal Board wish to secure their priorities it is possible that this approach may result in insufficient residual funding being available to deliver the full extent of those paused projects. Although contingency and flexibility should reduce this possibility it maybe that this will lead to the demise, amalgamation or re-design of certain Towns Fund projects. This risk will be closely managed by the Council, the Town Deal Board and DLUHC and any such changes will be proactively communicated to the wider community. It is expected that the Town Deal Board will agree its list of priorities in December.

1.2.6 The Council also submitted a Strategic Business Case to SYMCA in August 2022 to secure £3m Gainshare grant which will contribute to the delivery of Manchester Road Placemaking (£2m) and Manchester Road Community Hub (£1m) projects. The Strategic Business Case will go to MCA Board for approval and a decision is expected at the end of 2022/23 financial year. The Final Business Case will then be submitted to SYMCA for a final formal approval, and a decision is expected during the summer 2023. This funding is essential and also supports the delivery of the full extent of the Towns Investment Plan.

### 1.3 **Stocksbridge Programme - Strategy and Delivery**

1.3.1 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

1.3.2 The TIP sets out ten projects that will contribute towards achieving this vision:

- Manchester Road Phase 1 (Manchester Road Community Hub)
- Town Centre Placemaking
- Funicular Town Centre link (Improved Accessibility & Wayfinding)
- 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

1.3.3 Following further work and consultations throughout 2022 on the Stocksbridge projects and development of Towns Fund Summary Documents and Sheffield City Council Business Cases, the following strategies and delivery plans were agreed for the projects.

### **Manchester Road Community Hub**

Is at the heart of the regeneration of Manchester Road. It is expected to be the catalyst for change. The new Community Hub building will deliver:

- A modern ground floor library service
- Community space and other facilities in the town centre
- Classroom space to deliver adult education courses in the community
- Modern managed office space to attract new businesses to Stocksbridge



### Delivery Plan

- Construction of the new Community Hub (Design & Build) – to be procured through competitive tendering under existing frameworks. Capital and revenue costs are to be funded by DLUHC and SYMCA.
- Acquisition of land and properties - the Council 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 Committee seeking a Compulsory Purchase Order and the case for this should this become necessary. Capital costs are to be funded by DLUHC.
- Managed Workspace Provider and building management will be procured through competitive tendering under existing frameworks with these revenue costs funded by DLUHC.

## Key Project Specific Risks / Mitigations

- In the short to medium term, the Towns Fund is providing revenue funding to enable the building to operate for a period of around 2 years upon completion. This funding has been secured to assist the building's occupiers *prove the concept* of the managed work space and education offer on Stocksbridge high street. As the building is expected to be completed in 2024/25, this funding results in the building being, in practice, fully let until the end of 2025/26. The Council and the Town Deal Board have confidence that this period of funding will provide an initially funding shield to allow for the office occupancy levels to reach sustainable. This confidence is underpinned by a local market demand study analysis which confirms a strong demand for office space
- The longer term revenue implications for the Council, when DLUHC funding comes to an end in 2025/26, need to be managed. A number of property management and building operating model options require analysis and this work is underway. It is anticipated that this building, depending on the model implemented, would in the worst case, be £0.4m net cost per annum to operate. The initial *proof of concept* funding should enable sufficient commercial demand to develop however if this does not materialise, the Council has numerous options it can implement, including: developing ground floor retail units; decanting Council officers or other public sector service providers into this building and taking up occupancy (and rationalising other assets) or and selling the building.
- SYMCA match funding. This project relies on £1m grant funding from SYMCA. If this funding is not secured then the Council and Town Deal Board will have to revisit the scope and adjust it in line with available funding (this will be made clear in all tender documentation), this will be subject to DLUHC approval via Project Adjustment Request but there are no guarantees that this will be approved. The final contract award will not take place until SYMCA funding is secured.

## **Skills and Education / Post 16 Hub**

Is the education service that will be an occupier in the new Library and Community Hub building. It will provide:.

- Two dedicated classrooms delivering adult education for the local community
- High quality tailor courses delivered by Northern College

## Delivery Plan

- A revenue grant will be given to the selected provider, the Council intends to run an EOI to award the grant agreement. Revenue costs are to be funded by DLUHC.

## Manchester Road Place-making and Shop Frontage Improvements

This is a major project and likely the one that will have the most significant benefit, combined with the Community hub to residents and businesses in Stocksbridge. The project's scope includes:

- New paving and landscaping and street-scene improvements to Manchester Road
- New dwell / communal area in the former Bargain Booze site
- A proposed shop frontage scheme which will see the Council work with local businesses to improve access and the visual appearance of the properties on the high street.



### Delivery Plan

- Public Realm and associated improvement work on Manchester Road will to be procured through competitive tendering. Capital costs are to be funded by DLUHC and SYMCA.
- Acquisition of land and properties. The Council 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 Committee seeking a Compulsory Purchase Order and



the case for this should this become necessary. Capital costs are to be funded by DLUHC.

- The work to the Precinct's shop fronts will be procured through competitive tendering. Capital costs to be funded by DLUHC.
- Grants to other shops on the high street will be subject to funding capacity, and the agreement of the scope of works with each shop owner. The Council intends to award grants to shop owners to make improvements (to an agreed standard and specification) through grant agreements. Capital costs are to be funded by DLUHC.

#### Key Project Specific Risks / Mitigations

- SYMCA match funding – this project relies on £2m grant funding from SYMCA. If this funding is not secured then the Council and Town Deal Board will have to revisit the scope and adjust it in line with available funding (this will be made clear in all tender documentation), this will be subject to DLUHC approval via Project Adjustment Request but there are no guarantees that this will be approved. The final contract award will not take place until SYMCA funding is secured.
- The Town Deal Board, and the Council, require a critical mass of shop owners to sign up to the terms of the scheme in order for the investment to have a significant – the desired - impact on the high street itself.

#### **Improved Accessibility & Wayfinding**

This project is closely linked to Manchester Road Placemaking project, and includes:

- Creating better links between the different parts of the town
- Better pedestrian links between Fox Valley and the Manchester Road area encouraging more linked trips
- Improved car and cycle parking provision and clear links through to the new crossover hub
- Continuity of signposting for car parking and key facilities across the town centre

#### Delivery Plan

- Accessibility, cycle and car parking improvement works – to be procured through competitive tendering. Capital costs are to be funded by DLUHC.

#### **Buses for Stocksbridge**

- Transforming local connectivity with a community bus scheme
- New bus services connecting the outlying areas and core residential areas within Stocksbridge with key destinations within Stocksbridge and particularly the services and facilities on Stocksbridge high street.

### Delivery Plan

- Capital and revenue grant will be given to the selected provider, the Council intends to run an EOI to award the grant agreement. Capital and revenue costs are to be funded by DLUHC.

### **Cycling and Walking Trails**

- This project will seek to build on the town's position at the gateway to the region's best cycle and walking routes
- Seeking to invest in improving and extending cycle and walking trails in order to attract more visitors and leisure users. And support the move to more active modes of travel for local residents.

### Delivery Plan

- Cycling and Walking trails works would be procured through competitive tendering with capital costs funded by DLUHC.

### **Sports Hubs**

The sports hub project encompasses a number of subprojects which will enhance and improve sporting facilities in Stocksbridge:

- Multi sports pavilion: a new facility for both cricket and football clubs - to be based at the Cricket Club at Bracken Moor
- New 3G pitch at Oxley Park for local football teams
- Stocksbridge Football Club and Stocksbridge Rugby Club ground and pitch improvements





### Delivery Plan

- 3G pitch and the Pavilion works are expected to be procured through competitive tendering. Capital costs are to be funded by DLUHC.
- Direct award grants to Stocksbridge Football Club and Stocksbridge Rugby Club for ground and pitch improvements. Capital costs are to be funded by DLUHC.

### **Hydrotherapy Pool**

This project will be based at the Stocksbridge Community Leisure Centre which is South Yorkshire's largest community operated and owned sporting facility. The project will:

- Create a sustainable, locally-owned hydrotherapy centre that provides affordable access to a range of aqua-therapy services
- The centre will provide an important resource for the whole region which improves physical and mental health and wellbeing, strengthens community cohesion and combats social exclusion



## Delivery Plan

- Hydrotherapy Pool works will be procured through competitive tendering. Capital and revenue costs are to be funded by DLUHC.

## **Oxley Park**

This project builds on the first phase delivered through the accelerated funding project in 2021 and will deliver:

- Replacement and upgrading of the current skatepark with a new all wheels facility with a 30m buffer from local properties
- New network of footpaths connecting the Stocksbridge Community Leisure Centre with facilities in the park
- The investment will make Oxley Park ready to retain the Green Flag quality award



## Delivery Plan

- Oxley Park works - to be procured through competitive tendering. Capital costs are to be funded by DLUHC.

## **River Don Improvements**

This project will create a resilient river, rich in biodiversity, with good connectivity, allowing species to migrate and providing people with opportunities to experience the river. Main works to include:

- Weir modifications - allowing fish and other species to migrate further along the course of the Little Don
- Floodplain reconnection - an undeveloped area adjacent to the river that used to be occupied by allotments, has been identified as having potential for re-connection to the river
- Invasive non-native species management - the removal of Rhododendron, Himalayan balsam and Japanese knotweed along the riverbanks

- Interpretation & education – the local community will be involved through schools and public events, with people learning about the river, its wildlife and industrial heritage



**Key**

 Section of the Little Don River identified for improvements

Delivery Plan

- The works would be procured through competitive tender with capital costs are to be funded by DLUHC.

**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. 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.

The Towns Fund Stocksbridge programme has clear alignment to the Council’s One Year plan:

Communities and Neighbourhoods - Making sure everyone has high quality, safe homes in neighbourhoods that are clean, green, safe and thriving. Supporting young people to develop and flourish. Investing in sport and leisure facilities to support better health and wellbeing.

Education, Health & Care - Supporting Covid recovery for children and young people, ensuring that young people have post-16 educational, employment and training opportunities.

Climate Change, Economy and Development - Taking immediate steps to reduce carbon emissions, tackling harmful pollution and making the air we breathe safer, while securing a sustainable future for public transport. Supporting local centre recovery and regenerating highstreets. Supporting Sheffield businesses to recover and grow

### **3. HAS THERE BEEN ANY CONSULTATION?**

- 3.1 A consultation road show focussed on the ten Stocksbridge Towns Fund projects ran throughout October 2021 in four locations across Stocksbridge. This has been followed and supplemented throughout 2022 with more focussed sessions around the specific projects as well as regular stakeholder meetings and events. These sessions were primarily organised to feed back to the community on the changes to the projects which has resulted from consultation feedback. All consultation events have been led by the Town Deal Board and supported by project relevant council officers.
- 3.2 These focussed events included sessions around the Oxley Park and Sports Hub projects held at Stocksbridge Community Leisure Centre, a week long display was organised to tie in with Love Parks Week in July. Two events were also held in March and April at Stocksbridge Library focused specifically on the Town Centre projects – a drop in event was targeted at local business owners in the area which was followed by a wider community event. All consultation sessions have been well attended with good levels of feedback and engagement. Attendees have had the opportunity to give written as well as verbal feedback which has helped to shape the projects and been extremely valuable in understanding local issues and ultimately resulting in more impactful projects as the business plans have been developed alongside the ongoing consultation. Up to the submission of the business cases monthly stakeholder groups were held. Each project lead will identify the key stakeholders that will be impacted on and will engage with them throughout the delivery stage of these plans.
- 3.3 As well as having held specific stakeholder engagement meetings, the Town Deal team also regularly attend meetings to update Stocksbridge Town Council, Sheffield City Council's North Area Local Area Committee, Stocksbridge Community Forum. Regular updates are also circulated to the local and regional press and through the Towns Fund social media channels and website.

There is an overarching communications and engagement plan which also includes establishing a town centre presence in Stocksbridge to hold meetings. The Town Deal Board are keen to ensure there is a clear strategy during the construction and project implementation phase of the Towns Fund investment.

### **4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION**

#### **4.1 Equality Implications**

- 4.1.1 An Equalities Impact Assessments have been undertaken for all Stocksbridge projects.

4.1.2 The initial assessments have determined that this proposal should have a positive impact on the Stocksbridge and wider Sheffield City Region, 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.

4.1.3 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. 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. 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 The table below outlines total funding for the Stocksbridge Programme.

Projects	Total Funding				Total
	Revenue - DLUHC	Capital - DLUHC	Capital - SYMCA Match Funding (subject to formal approval)	Capital - Public Health Match Funding	
Manchester Road Community Hub	£588,400	£8,954,766	£1,000,000		£10,543,166
Manchester Road Placemaking	£0	£4,745,790	£2,000,000		£6,745,790
Improved Accessibility & Wayfinding	£0	£350,000			£350,000
Buses for Stocksbridge	£69,350	£670,000			£739,350
Skills and Education / Post 16 Hub	£350,000	£0			£350,000
Cycling and Walking Trails	£0	£2,700,000			£2,700,000
Sports Hubs	£0	£2,300,000			£2,300,000
Hydrotherapy Pool	£30,000	£1,117,330			£1,147,330
Oxley Park	£0	£602,990		£80,000	£682,990
River Don Improvements	£30,000	£445,044			£475,044
Programme Management	£1,146,330	£0			£1,146,330
Initial Feasibility Grants	£180,000				£180,000
<b>Total</b>	<b>£2,394,080</b>	<b>£21,885,920</b>	<b>£3,000,000</b>	<b>£80,000</b>	<b>£27,360,000</b>

4.2.2 SCC are liable for any costs over and above the grant and funding allocations in the table above. This presents minimal risk as projects will work within the funding parameters and projects can be scaled to ensure cost overruns are mitigated. All revenue and capital expenditure will be subject to approval by the relevant Committee. This provides assurance that projects are progressing in line with the planned outputs, outcomes and benefits and do not incur expenditure without the proper authority.

Seven of the schemes have progressed to Outline Business Case Stage in the Council's approval process and are detailed in Appendix 1 for approval for inclusion into the capital programme.

4.2.3 All projects will be subject to the Council's established Capital Gateways Governance Process, the process requires projects to submit Initial / Outline and Final Business Cases. Business cases will be submitted for capital approval, and will include the details of agreements with the third parties, risks and financial implications.

4.2.4 Where grants are given to third parties funding agreements will be in place to pass the risks to the third party. Any grant payments to third parties and/or guaranteeing third party liabilities (capital and/or revenue) over £50,000 will require approval by either the Strategy and Resources Committee or the Finance Sub Committee (as per SCC's approval/ decision making processes).

4.2.5 All procurement will be in line with Councils Standing Orders. A Commercial Strategy / Delivery Plan will be submitted alongside business cases for review and sign off by the Commercial team prior to any procurement taking place.

4.2.6 All grant funding must be spent by March 2026, and this will be detailed within the business cases submitted for approval.

4.2.7 DLUHC Towns Fund Grant - Financial Terms, Risks and Implications

In recent months Finance have had a range of conversations with DLUHC about grant funding documentation and the potential terms and conditions they intend to use with SCC requesting formal documentation that clearly identifies the basis and expectations on which the grant will be paid to SCC and then to third parties. To date DLUHC have only provided some headline generic principles on the basis of which grants will be given to SCC which include:

- Towns Fund funding will be paid out via Section 31 grants in accordance with the agreed financial profile.
- Grant expenditure / payments to be either spent or committed in the financial year the grant is made.
- No guarantees that the project(s) can carry money across financial years and encourage spending of grants in-year and use capital freedoms and flexibilities to do so.



- Should projects carry forward an underspend into the next financial year DLUHC would want to understand their plans to catch up and the funding requirements for the future year. Depending on the issue, that could result in no payment, partial payment or a full payment if the place is able to confirm it can spend the full grant.
- On clawback, the Grant Determination refers to spend 'lawfully incurred' so the grounds for clawback would be around illegality.

With regard to a range of more specific grant requirements across a range of finance areas, DLUHC have not provided any further details to date other than draft, light touch documentation that is not very detailed or specific and so detailed financial implications on grant terms and conditions are not available at this stage. Given these circumstances it would appear to be prudent at this stage for SCC to assume that any grant documentation issued by the funder will be flexible and light touch, but lacking detail and so SCC will need to develop its own additional grant documentation, back to back agreements etc. with third parties that spell out details including (not exclusive) : timelines, outputs/outcomes, procurement/tendering, liabilities and grant clawback criteria, roles and responsibilities, monitoring and reporting requirements, future maintenance and funding responsibilities etc. Once SCC has developed this type of documentation it can be updated if finalised DLUHC grant documentation has more details or it can be ready to be used as the grant agreement between SCC and third parties. Also, SCC can send a copy to DLUHC so that they can see / approve the basis on which SCC is making the grant payments if funder documentation is lacking.

#### 4.2.8 Match Funding Risks

For the projects to achieve the required outputs / outcomes the Council will need to ensure that match funding is available to use and that the relevant agreements are developed within the required timescales to reflect this. Any variations in match funding levels may mean the scope of the project has to be revised and SCC will need to submit a Project Adjustment Request to DLUHC for approval, there are no guarantees that the changes will be approved by DLUHC and Towns Fund grant may have to be returned and the projects may have to be aborted. The implications of not securing the match-funding are as follows:

Project	Match Funding	Match Funding Secured (Y/N)	Risk of not securing Match Funding	Can this lead to financial implications for SCC?	Name of Funding Source (Organisation)
Manchester Road Community Hub	£1,000,000	N (£1.8m of £3m is approved in principle to date / formal approval by SYMCA Board is expected in 23/24)	Project not delivered / Outputs & Outcomes not achieved	SCC can reduce the scope or abort the project and return the grant to DLUHC if match funding is not secured / however, there might be some abortive costs (i.e. legal fees, officer time etc)	SYMCA
Manchester Road Placemaking	£2,000,000	N (£1.8m of £3m is approved in principle to date / formal approval by SYMCA Board is expected in 23/24)	Project not delivered / Outputs & Outcomes not achieved	SCC can reduce the scope or abort the project and return the grant to DLUHC if match funding is not secured / however, there might be some abortive costs (i.e. legal fees, officer time etc)	SYMCA
Oxley Park	£80,000	Y	N/A	N/A	SCC

An application for up to £3m Gainshare grant has been submitted for Manchester Road Placemaking (£2m) and Community Hub (£1m) projects to SYMCA of which £1.8m has been approved in principle to date (subject to a formal approval of Strategic Business Case in 2022/23 and Final Business Case by SYMCA Board in 2023/24).

- 4.2.9 All capital expenditure will be subject to compliance with the Council's budget processes, financial regulations and capital approval process, and the risks and implications included in the table above, and any other risks will be detailed in individual business cases.

#### Future long term revenue implications

The Council may face future long term revenue implications of up to £0.4m per annum based on current prices, in relation to the operation of the new Community Hub when DLUHC funding comes to an end. A number of operating model options are currently considered and mitigations and exits for the Council from this liability are available. This will be monitored closely and contingency and/ or exit plans will be developed in order to provide options should such liability materialise.

The table below outlines any future revenue implications for the Council after the projects have been completed.

Projects	Are there any long-term revenue implications for SCC following the project completion? (Y/N)	Comments
Manchester Road Community Hub	Y	Estimated at around £0.4m (worst case scenario) / refer to section 1.3.3 for further information
Skills and Education / Post 16 Hub	Y	refer to Community Hub project comments
Manchester Road Placemaking	N	Commuted Sum payment will cover any additional maintenance costs
Improved Accessibility & Wayfinding	N	Commuted Sum payment will cover any additional maintenance costs
Buses for Stocksbridge	N	The successful operator will own the buses, and will be responsible for any revenue costs over and above DLUHC funding allocation
Cycling and Walking Trails	N	Commuted Sum payment will cover any additional maintenance costs
Sports Hubs	N	Revenue maintenance, repair and any improvements for Sports Pavilion will become the responsibility of the cricket club, and for 3G Pitch will be the responsibility of the Stockbridge Leisure Centre / the Football and Rugby clubs will be responsible for any future revenue costs following the ground and pitch improvement works
Hydrotherapy Pool	N	The hydrotherapy pool is under the ownership of the Leisure Trust, and any future revenue costs will be the responsibility of the Leisure Trust
Oxley Park	N	The new facilities will have a minimal impact on existing revenue budgets as they upgrade existing deteriorating facilities (thus reducing repairs) or install new facilities manufactured from more sustainable materials that can be incorporated into existing maintenance regimes. The only exception on the Oxley work will be the EV charging, there will be a revenue implication, but this will not be to SCC as Stockbridge Leisure Centre have agreed to take on the operation & management of it once installed.
River Don Improvements	N	DLUHC funding will be used to cover the costs, SCC is not expected to provide any ongoing revenue funding

#### 4.3 Land and Property Acquisitions

There are no legal implications from property perspective.

#### 4.4 Legal Implications

4.4.1 There are no legal implications from property perspective.

4.4.2 DLUHC is granting the funds by virtue of the power conferred to it by section 31 of the Local Government and Finance Act 2003 which the grant conditions tend to be light touch in nature. Any risk to the Council under grant conditions will be 'mirrored down' in any onward grant agreements.

4.4.3 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 Town Investment Plan programme can be delivered through the Council using its general power of competence.

4.4.4 Any procurement undertaken by the Council must comply with the amended public procurement legislation and the Council's contract standing orders.

#### 4.5 Climate Implications

4.5.1 The delivery of the capital works outlined in this programme will have significant climate impacts in terms of embodied carbon in materials use and the ongoing operational energy use of the buildings. Measures will need to be taken as part of the design and build process to minimise these impacts as much as possible with considerate choice of materials, design that includes a fabric first approach for energy efficiency and the use of low carbon technologies for heating and energy generation. Climate Impact Assessments are being produced for each project. Some of the projects will provide benefits in terms of promotion of active travel modes, increase in public transport provision and improvements to the natural environment, also contributing to adaptation to climate impacts such as flooding.

4.5.2 The programme impacts can be summarised as follows:

- Capital works will create significant impacts in terms of materials use and onsite construction time, and should incorporate the principles of sustainable design and construction of buildings, ensuring consideration is given to the relative impacts of demolition, retrofit and new build;
- The proposals incorporate the principles of sustainable transport, including active travel and promotion of public transport, but may also generate increased trips to the town centre, many of which will be by private vehicle;
- The proposals will generate an ongoing operational energy demand and should as far as possible move away from fossil fuels towards renewable energy generation, ensuring all new builds are as energy efficient as possible;
- Delivery of the proposals could contribute to the expansion of green skills during construction if low carbon technologies are included; there is currently no particular focus on the use of the ongoing educational and business support facilities to promote green jobs and skills;
- There is an existing communications and engagement plan which can be used to communicate any particular positive climate change features of the programme, however it is not clear at this stage if consultation has specifically included climate change as an issue;
- Construction works will have significant impacts in terms of waste volumes and measures should be taken to minimise waste, reuse and recycle;

- Some of the proposals contribute towards increasing biodiversity, carbon storage capacity and flood management through sustainable use of land.

#### 4.6 Other Implications

4.6.1 None

### **5. ALTERNATIVE OPTIONS CONSIDERED**

#### 5.1 Do nothing

The Council could choose not to accept the Towns Fund funding from DLUHC. 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.

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