



Report to Policy Committee

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

Report to: *Transport Regeneration and Climate Change*

Date of Decision: *15th December 2022*

Subject: *Levelling Up Fund – Update Castlegate*

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? 1322				
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 checked="" type="checkbox"/>	No	<input type="checkbox"/>
<p><i>Appendix 2 is not for publication because it contains exempt information under Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended) (information relating to the financial or business affairs of any particular person (including the authority holding the information))</i></p>				

Purpose of Report:

This report provides a progress update on the successful Gateway to Sheffield Round 1 Levelling Up Fund bid and sets out recommendations to enable delivery of the three projects outlined in the Gateway to Sheffield Bid.

Recommendations:

The Transport, Regeneration, and Climate committee is recommended to:

- a) Agree that the resources identified in the Gateway to Sheffield LUF bid for the creation of development plots will be used in the first instance to make good two buildings on the Castle Site;

b) Note the exempt appendix 1 and 2 and authorise Officers to seek formal approval from the Department for Levelling Up Homes and Communities to relocate an element of the project to the Castle Site.

Background Papers: Levelling Up Fund update Transport, Regeneration and Climate Committee Report 24th November 2022

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: <i>Damian Watkinson</i>
		Legal: <i>David Sellars and Robert Parkin</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	SLB member who approved submission:	<i>Kate Martin, Executive Director City Futures</i>
3	Committee Chair consulted:	<i>Julie Grocutt and Mazher Iqbal, Joint Chairs Transport Regeneration and Climate Change Committee</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.	
	Lead Officer Name: <i>Alan Seasman</i>	Job Title: <i>Service Manager City Regeneration and Major Projects</i>
	Date: <i>5th December 2022</i>	

1. PROPOSAL

1.1 Background to Levelling Up Fund

1.1.1 A bid for the “Gateway to Sheffield” was submitted to Government for the Round 1 Levelling Up Fund programme by the City Council in June 2021. The City Council was notified in October 2021 that it was successful and that £20m was allocated for investment in Gateway to Sheffield bid.

1.1.2 Contracts were signed on the 8th of February 2022 with initial development funding released to the Council at the end of February 2022. The Council is required to demonstrate the use and delivery of the Levelling Up Fund funds for the allocated projects by March 2024.

1.2 Summary of the Gateway to Sheffield Bid

1.2.1 This package bid of £20m LUF funds brings together three projects that respond directly to the Levelling Up Fund’s call to ‘prioritise investment that not only brings economic benefits, but also helps bind communities together’. It welcomes visitors, residents, and investors into a previously neglected part of Sheffield’s heritage, using public realm interventions to create a new sense of place. It links historic sites with revitalised cultural institutions that will nurture the city’s talent for generations to come. The three projects and the distribution of the Levelling Up Funds is:

- The Castle (£15,760,894)
- Park Hill S1 Art Space (£2,639,106)
- Harmony Works (£1,600,000)

1.2.2 In combination, these projects will:

- Regenerate heritage assets and brownfield sites
- Improve the natural environment and advance the Net Zero Carbon agenda
- Deliver cultural anchors of national significance
- Create education, skills and training opportunities
- Reduce disparities through better connectivity and equitable access to culture and learning
- Create a sense of place and community
- Create jobs and build investor confidence
- Improve quality of life and encourage active travel

1.2.3 On 7th February 2022 a Leaders decision was taken to approve the Council accepting the grant offer from the Department for Levelling Up, Housing and Communities of £20m for the Gateway to Sheffield Project and approve the Council entering into the Memorandum of Understanding /grant agreement.

1.2.4 The Castle Site

The Castle site is the centrepiece. It provides essential infrastructure and enabling work to unlock the future development of a large brownfield site

and the economic regeneration of Castlegate quarter. The focus of the bid is to use LUF money to unlock those aspects that would be threatened by a purely private funding model – infrastructure, public realm, placemaking and archaeology. The aim being to take control of the key placemaking principles that will be built into the spine of the site. The River Sheaf will be deculverted and complemented by new green space and public realm. Land plots will be identified and readied for development. Thereafter, development will only be brought forward when land values and market conditions allow for the delivery of viable schemes at a density and design quality that respect their surrounds, the environment and the site's important archaeology. The overall aim to create the setting for further investment, celebrating the history and heritage of the site and re-establishing Castlegate as a vital part of the city centre. Delivery of the work at the Castle site will be led by SCC.

The outputs to be delivered by the LUF funding agreed with DLUHC as part of the MoU are: 11,900m² of public realm, 6 development plots (unspecified) and 1 culvert deculverted.

1.2.5 Harmony Works

Harmony Works brings together two music institutions: Sheffield Music Academy and Sheffield Music Hub. The Hub introduces young people to music through community outreach; the Academy identifies and develops promising young talent. Both operate out of 'borrowed' facilities that are not suited to the scale and quality of their work. LUF funding will enable Harmony Works to acquire Canada House, a Grade II Listed building beside the Castle site. Additional match funding will be secured to refurbish the building to provide fit-for-purpose facilities in an accessible location, securing the future of an asset that would otherwise fall into disrepair. Harmony Works will lead delivery of the project. The outputs to be delivered by the LUF funding agreed with DLUHC as part of the MoU are: 1160m² of education space, 200m² of commercial space

1.2.5 S1 Artspace

The bid identified LUF funds contributing to refurbishment of the Duke Street building to create new exhibition space as part of a larger project to create one of the biggest contemporary art galleries in the North, delivering arts infrastructure commensurate with the world class programming for which S1 Artspace is renowned complemented by creative workspace and learning facilities, within a six-acre sculpture park connected directly to the Castle site. The delivery of the project is subject to match funding being secured. The project will be led by S1 Artspace. The outputs to be delivered by the LUF funding agreed with DLUHC as part of the MoU are: 650m² cultural space 9 residential units and 14 FTE jobs

1.2.6 The Levelling Up Fund represents the initial cornerstone funding for the Harmony Works and Park Hill Projects. The bid to LUF for both Harmony Works and Park Hill Art Space is on the basis that the remaining funding for those projects is the responsibility of each project delivery body to secure with no further call on the City Council. The bid recognised that both projects had been conceived and designed such that they can – if necessary, they can be phased and scaled in the event that the full value of match funding cannot be secured.

1.3 Progress on Successful Bids

- 1.3.1 Progress on delivery of the scheme was set out in the report to Transport Regeneration and Climate Committee on 24th November 2022. It is important to note that delivery on any regeneration project will evolve and change as the detailed survey and design work is undertaken. The original bid documentation stated that any visualisations contained within the proposal in relation to The Castle site, Canada House or Park Hill Art Space are purely indicative and subject to change.

1.4 Proposal

1.4.1 The Castle

For the Castle project, the bid articulates that the funding will be used for the de-culverting of the River Sheaf, creation of public realm and landscaping, including preservation and interpretation of the Castle remains. The bid did not include provision for development or delivery of buildings or delivery of education or college use which is still subject to feasibility, funding, consultation and decision making.

- 1.4.2 Six development plots were included in the original bid and subsequent concept design for the Castle site. The original bid included early CGIs of potential development plots. No specific site boundary or 'red line' was identified as part of the bid or MoU signed with DLUHC.
- 1.4.3 Following survey work and consultation, early concept designs have been developed. These initial designs omitted two existing historic buildings (Market Tavern and Mudfords) owned by the City Council on Exchange Street on the edge of the Castle Site as development plots. These two buildings are in a poor state of repair. The market tavern is in a derelict condition and incapable of occupation. The Mudford building is in need of repair and without investment it's continued use is in question. The Mudford's building is currently let to a community group.
- 1.4.4 These two buildings are a potential blight on the area and without intervention it is likely that they will continue to be a target for anti-social behaviour and will detract from the overall scheme once complete. Since further work has been undertaken on developing the concept design, it is felt that the inclusion of these two existing buildings on the perimeter of the Castle site as additional development plots would enhance the Castle site development. This can be achieved within the existing budget set aside for development plots. The report recommends inclusion of these buildings within the 'Development Plots' for the site with any necessary requests for inclusion being made to DLUHC if required.
- 1.4.5 LUF funding would enable the repair of these historic buildings to a standard for fit out and occupation. The subsequent use and occupation of these buildings is subject to further approval by the City Council and DLUHC if required.
- 1.4.6 The Mudfords Building is currently occupied by a Community Group. Discussion is underway with the occupants to understand how best the repair of the building can be undertaken whilst enabling them to continue their

activity. If the building is not repaired there is a risk to delivery of the activity by the group from the building.

- 1.4.7 Appendix 1 and 2 provide further information to inform the recommendations set out above.

2 HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 Following the recommendations in the report will ensure that the Council meets its obligations in delivering the required outputs for the Gateway to Sheffield.

3 HAS THERE BEEN ANY CONSULTATION

- 3.1 In submitting the bid to the Levelling Up Fund consultation was undertaken with local stakeholders.
- 3.2 Further public consultation was undertaken as part of the development of City Centre Vision in January /February 2022.
- 3.3 Regular updates and discussion is undertaken with the Castlegate Partnership and a wider public consultation on the proposals for the Castle site and the future of Castlegate took place between the 7th and 20th November, including a range of workshops organised by the University of Sheffield's "Liveworks" team. The results of the public consultation are currently being compiled and will inform development of the concept design for the Castle Site.
- 3.4 There will be further opportunity for comment through the planning process when the application for the proposals for the Castle site are made.

4 RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality Implications

- 4.1.1 An Equalities Impact Assessment has been undertaken for the changes proposed in the recommendations and wider progress across the bids and projects.
- 4.1.2 The initial assessment has determined that for the Gateway to Sheffield Project the proposals contained in this report should have a positive impact on the Castlegate and wider Sheffield City Region, including currently under-served communities by creating a stronger sense of place and community; increasing wider investment opportunities; improving the wider area and creating the conditions for greater job, retail, and commercial opportunities to meet diverse community needs.

4.2 Financial and Commercial Implications

4.2.1 The costs of the recommendations in this report are funded entirely from the Levelling Up Fund allocation received from Central Government, with any additional costs being met from other external funding sources

4.2.2 The review process for design work will continue to value engineer costs where necessary with a focus on delivering the outputs from the LUF bid to avoid clawback.

4.3 Legal Implications

4.3.1 There are no immediate implications flowing from the recommendation.

4.4 Climate Implications

4.4.1 Considerations of climate implications and an initial Climate Impact Assessment has been undertaken as appropriate for the progress update for the Levelling Up Fund bids and specifically in relation to the recommendations of this report.

4.4.2 The initial Climate Impact Assessment has determined that these projects should have an overall neutral/positive impact on the climate. The projects in general aim to improve the public realm in specific areas and the use of existing buildings; encourage active travel and minimise public transport use; and limit the demand of energy. All projects aim to benefit the Zero Carbon 2030 City Target.

4.4.3 Endorsing the recommendations stated in this report will help to improve a sustainable and inclusive economy in Castlegate and the wider Sheffield City Region.

4.5 Other Implications

4.5.1 None

5 ALTERNATIVE OPTIONS CONSIDERED

5.1 Do nothing

5.1.1 If the Council decided not to include the two buildings as development plots there is a risk that they would be left to deteriorate further and become an increasing blight on the Castle Site and Exchange Street. There is a risk that this will detract from the investment made on the remainder of the site.

5.2 Do More

5.2.1 Whilst there is no more funding available from DLUHC, one consideration would be to ask DLUHC to vire more of the funds allocated to the Gateway to Sheffield Project to do more than undertake initial repair of the buildings. However, this would be detrimental to other elements and the delivery of outputs for the project. Additional applications for funding could be made

but these would take time to secure and may jeopardise delivery of LUF scheme, project and outputs.

5.3 Chosen Option

- 5.3.1 The proposals in the report are considered to be the minimum required to ensure that the Gateway to Sheffield project can deliver the outputs required for the Levelling Up Fund as agreed with Government

6 REASONS FOR THE RECOMMENDATIONS

- 6.1 The recommendations enable best use of the resources identified for development plots within the LUF funding allocation, ensure all project outputs are delivered and that LUF investment in the Castle Site is enhanced.