Assurance Summary

VERSION 1 24.11.2021

1 – SCHEME DETAILS			
Project Name	Future High Streets Fund – Sheffield Fargate	**Type of funding**	Grant
Grant Recipient	Sheffield City Council	**Total Scheme Cost**	£28.1m
MCA Executive Board	Housing and Infrastructure	**MCA Funding**	£6.8m (Gainshare - £4.6m / Sustainable Transport Fund - £2.2m)
Programme name	Gainshare & Sustainable Transport Fund	**% MCA Allocation**	24%
Current Gateway Stage	FBC	**MCA Development costs**	n/a
		% of total MCA allocation	n/a

2 – PROJECT DESCRIPTION

The MCA is being asked to fund £6.8 million towards the Future High Streets Fund (FHSF) programme in Sheffield city centre. Specifically, £4.6 million of Gainshare funding is sought to address cost increases for the public realm and infrastructure works on Fargate. An additional £2.2 million is sought from the Sustainable Transport Fund for Sheffield City Council to operate a city centre shuttle bus service. The overall FHSF programme includes three main interventions - public realm improvements, a New Front Doors scheme to bring vacant upper floors into use, and the creation of a new events hub. However, the MCA funding focuses on the public realm and shuttle bus elements of the programme.

3. STRATEGIC CASE

Options assessment	The business case summarises the rationale for selecting the preferred option based on it allowing full delivery of the public realm works the expanded scope of the New Front Doors scheme and the city centre bus. This option scored highest on the non-monetary benefits and has the highest net present social value.
Statutory requirements and adverse consequences	A Traffic Regulation Order and planning consents are identified in the business case. The timelines and dependencies related to securing these approvals are detailed. The TRO requirements have been met and the planning consents process is highlighted. Planning will remain a risk for the scheme as each grant recipient executes works. This process is managed by the scheme promotor and cannot be completed before funding is awarded by SYMCA. The existing clawback requirements should be sufficient to manage the risk for SYMCA. The business case discusses the assessment of potential adverse economic, social, and environmental consequences. No unresolved issues are identified. Climate impact assessments have been undertaken.
FBC stage only – Confirmation of alignment with agreed MCA outcomes (Stronger, Greener, Fairer).	The business case demonstrates how the project aims to contribute to the SEP's core strategic outcomes of Stronger, Greener, and Fairer in areas like increased business density, reduced carbon emissions, higher wage levels, and improved wellbeing. It also discusses the project's role in delivering key objectives from Sheffield's City Centre Strategic Vision around strengthening the city centre, supporting the cultural economy, and repurposing buildings.

4. VALUE FOR MONEY

Monetised Benefits:

VFM Indicator	***Value***	***R/A/G***
Net Present Social Value (£)	£18.1m	G
Benefit Cost Ratio	2.5	G

Value for Money Statement

Based on total public sector investment, the project is estimated to have a net present social value of £18.1m and a benefit cost ratio of 2.5.

The preferred option has the highest net present social value and benefit-cost ratio of the options considered.

Overall, the project provides good value for money.

The dependence on private sector investment for the New Front Doors scheme does present a risk if that funding is not secured as expected. The applicant aims to mitigate this through continued engagement with partners. Any further cost increases and inflation would also pose a risk to value for money.

5. RISK

The most significant project risks identified in the business case are:

- Further cost increases for the public realm works due to inflation.
- Delays or changes in securing planning approvals and the Traffic Regulation Order.
- Dependence on private sector partners delivering the New Front Doors scheme on time.
- On-site coordination between the different projects and sites.

Evidence that these risks are being mitigated:

- Additional contingency has been built into the cost plan to allow for inflation and market volatility (Risk 1).
- Timelines assume planning will take 9-12 months with flexibility built in (Risk 2).
- Ongoing engagement is planned with New Front Doors partners to ensure commitment (Risk 3).
- Strong project management and coordination across the concurrent projects (Risk 4).
- The applicant also has experience delivering similar large, complex programmes (Risks 2 & 4).

While these risks could impact schedule, budget, or outputs if unmanaged, the applicant demonstrates awareness of the issues and proposes reasonable mitigations that should minimise the likelihood of impact. The identified approach appears prudent assuming the mitigation steps are rigorously implemented.

In most cases the risks are retained by the applicant or addressed through the proposed funding structures and management approach.

The key risk is the dependence on £9.3m of private match funding for the New Front Doors scheme based on estimates. If the full private funding is not secured as anticipated, there could be a shortfall. However, the applicant aims to mitigate this through the funding agreements and ongoing engagement with partners. Whilst a risk, the project can likely proceed if private funding is close to target, but a major shortfall could require re-scoping.

Some potential risks related to the procurement strategy that should be highlighted include:

- Delay risk if the remaining New Front Doors procurements are not completed on time to align with the delivery schedule.
- Risk of grant recipients not following adequate procurement processes or failing to deliver their projects. The applicant aims to mitigate this through funding agreements, but these may need robust monitoring and enforcement.
- Risk of contractor/provider failure during the project given the scale of works.
- Potential for cost escalation if procurement is delayed, exacerbating existing inflationary pressures.
- Lack of oversight on how social value commitments will be embedded and measured through the contracts.

However, these risks appear manageable through oversight of grant agreements, strong contract management, contingency allowances and maintaining a constructive relationship with delivery partners. On balance, there are no major risk based on the information provided and mitigations. Highlighting these risks will help ensure they are actively managed if the project proceeds.

6. DELIVERY

The proposed timetable appears reasonable considering the scale and complexity of delivering significant public realm improvements alongside a building reuse scheme across multiple historic properties.

Some key factors suggesting the timetable is realistic:

- Public realm work is estimated to take around 18 months having commenced in May 2023, which is typical for projects of this nature.
- The New Front Doors projects are staggered across 2023-2025 allowing time for planning, procurement and phased delivery.
- Dependencies such as planning approvals and securing funding are acknowledged, with time built in.
- The overall programme concludes in 2025, giving a 2-3 year delivery window which seems prudent for the different elements involved.
- Previous experience of the applicant in managing schemes of this nature provides confidence in their time estimates.

Potential risks to the schedule include:

- The need to coordinate numerous projects across a live city centre environment. Strong project management will be essential.

- Unforeseen delays if heritage issues or other complications emerge requiring redesign.
- Time required to secure full private match funding.
- However, appropriate contingency allowances have been factored in and previous phases were delivered to time. If delays occur, the programme allows some flexibility to re-phase later New Front Doors projects.

Overall, the timetable appears well considered, accounting for risks and allowing sufficient duration such that it should be achievable given adequate project management and control.

The procurement strategy outlines the intended approaches, but the milestones are not clearly defined as reliant on the allocation of grants via the Front Door scheme.

For the public realm works, the contractor has already been appointed via the YorCivils framework. For the New Front Doors scheme, grant recipients will appoint contractors directly and must comply with public procurement regulations. The timeline for recipients procuring contractors is not specified. This creates risk in terms of the certainty that the investment will be made within the programme timescales.

Defining target dates for completing the remaining procurement activities would help clarify the milestones and allow progress to be tracked. As it stands, the strategy describes the approaches at a high-level without clear time-bound milestones.

The level of cost certainty is as follows:

- For the public realm works, certainty is 95% with the contractor appointed through a competitive tender process. This provides a high degree of certainty on these costs.
- For the New Front Doors scheme, costs are estimates at this stage based on grant applications. Cost certainty is lower but will increase as funding agreements are finalised.
- The applicant has confirmed they will cover any cost overruns that materialise.

The lower certainty around the New Front Doors scheme costs is understandable at this point, prior to formalisation of the individual grant awards. However, it would be advisable to ensure sufficient contingency is built into these estimates to account for change orders and overruns. Locking down costs should be a priority if funding is approved.

Overall, while certainty varies between the public and private elements, the applicant has taken the appropriate commitment to cover overruns. Engaging early with New Front Doors partners to firm up estimates may provide greater surety around the total budget, but the current status appears reasonable. Ongoing monitoring of costs should be undertaken if the project proceeds.

The project governance structure and roles are clearly defined within the business case.

- An organisation chart shows the reporting lines and responsibilities between the various parties involved in delivery.
- Key roles such as the Senior Responsible Owner (Sean McClean, Director of Regeneration & Development) and Project Manager are identified.
- The personnel are a mix of Sheffield City Council staff and supporting consultants.
- The business case provides details on the purpose and responsibilities of each position.
- Importantly, sign off on the business case is provided by both the SRO and the Head of Finance, demonstrating clear ownership and approval. Though the version which has been reviewed did not have dates for the signatures. This will need to be resolved by the applicant.

The potential area for improvement is to articulate any processes for escalation of risks, issues, or changes. But overall, the project appears to have strong direction and leadership in place via the defined governance approach.

The scheme promotor has provided full details of a stakeholder engagement event ran by the University of Sheffield. The University of Sheffield's Partnerships and Regional Engagement team worked with Sheffield City Council between September and November 2019. The report is wide ranging and does not solely focus on the Front Door Scheme, which helps to demonstrate that a range of solutions have been considered. The report prepared for SCC identifies a wider range of solutions to improve the Fargate and High Street area, including the types that are included in the Front Door Scheme.

The business case appendix also highlights previous consultation which has helped shape the business case and demonstrate stakeholder support. This includes data from the following sources:

- Paper surveys completed by attendees at the following consultation events:
    - Millennium Gallery, 19 November 2019 (56 responses)
    - Moor Market, 25 November 2019 (15 responses)
- Online survey administered by Sheffield City Council (open between 19 November and 8 December 2019), (148 responses). The survey was promoted in press releases, radio and Twitter.

A clear monitoring and evaluation plan has been prepared. This plan highlights how SCC will work with SYMCA and DLUHC reporting requirements. The gainshare element of the funding is planned to inform a wider evaluation of the FHSF scheme and will be jointly commissioned between SCC and SYMCA. The plan sets out thar monitoring and evaluation information will also be used to inform quarterly monitoring reports via VERTO to SYMCA. In addition, the city centre shuttle bus operator will be required to provide data on bus patronage, alongside which SYMCA will assess satisfaction with the service.

7. LEGAL

SCC has provided a Subsidy Control opinion for one element of the Front Door Scheme which covers the proposed grant funding to 33-35 Fargate. The opinion describes in proportionate detail the assessment of the proposed Grant of £900,000. The opinion confirms that the proposed grant complies with Subsidy Control requirements.

As described through-out this assessment, the business case covers a programme of interventions which have yet to be fully defined. Therefore, the opinion provided is not yet sufficient for the overall programme of work which will come forward over the coming months.

8. RECOMMENDATION AND CONDITIONS

Recommendation	Full award subject to conditions
Payment Basis	Payment on defrayal

Conditions of Award (including clawback clauses)

The following conditions to be included in the contract.

1. Clawback on outcomes at the MCA's discretion

The following conditions must be satisfied before contract execution.

2. Solicitor's opinion to confirm Subsidy Control position for the full scheme
3. Evidence of internal Board approval to proceed.
4. Confirmation of the definitive set of outputs and outcomes which the MCA will contract against and monitor.

The conditions above should be fully satisfied by 30.11.23. Failure to do so could lead to the withdrawal of approval.

The following conditions must be satisfied before drawdown of funding.

5. All required statutory consents including planning enquiries must be satisfied.