

To the Chair and Members of CABINET

APPROVAL TO ENTER INTO FUNDING AGREEMENT WITH SHEFFIELD CITY REGION TO BE ABLE TO DRAW DOWN SCRIF APPROVED FUNDING FOR THE DELIVERY OF ST SEPULCHRE GATE WEST SCHEME

Relevant Cabinet Member(s)	Wards Affected	Key Decision
Councillor Joe Blackham : Regeneration Transport	Town, Hexthorpe and Balby North	yes

1. EXECUTIVE SUMMARY

- 1.1. Doncaster Railway Station is key economic asset providing enviable connectivity across the region the north and the UK, however currently the environment around the station provides an unattractive and poor sense of arrival into Doncaster. A proposal is being developed alongside Virgin Trains East Coast to enhance and improve the 'sense of arrival' by redevelopment and public realm upgrades to the station forecourt and resulting changes to the surrounding infrastructure, as part of the wider St Sepulchre Gate West scheme.
- 1.2. The St Sepulchre Gate West project is a 3 phased scheme, which can be summarised as follows:

Phase 1: A package of demolitions that enable the regeneration of the St Sepulchre Gate West area;

Phase 2: The regeneration of the station forecourt and improvements to the surrounding infrastructure to support the scheme, as a catalyst and enabler, creating a key gateway to the town centre, as identified in the Town Centre Masterplan;

Phase 3: The redevelopment of the wider St Sepulchre Gate West area, utilising parcels of council owned land to create further business opportunities and link to the Town Centre Masterplan.
- 1.3. The Full Business Case for Phases 1 and 2 of the scheme was approved by the Infrastructure Executive Board on 13th January 2017 and approved by the Combined Authority on the 30th January 2017, allowing DMBC to progress to Funding Agreement. SCR requested that DMBC submit a revised business case for Phase 3 of the scheme within 2 years of completing Phase 2.
- 1.4. SCR have proposed claw back on the job outcomes for the whole project. Claw back will be 100% of the funding based on achieving 606 jobs but the specifics on claw back will be outlined in the revised business case for Phase 3. Claw back would not become applicable until 2030 and the level of claw back would be proportional to the jobs created. Claw back has been applied to all similar

projects recently approved by SCR and although the claw back incurs risk, it is deemed that the outcomes are comfortably deliverable.

- 1.5. The work on the Phase1 demolitions has commenced and is due to be completed by March 2017.
- 1.6. To support the delivery of Phase 2 of the scheme, SYPTE have funded work relating to public transport provision and modelling. SYPTE commissioned AECOM to undertake transport modelling of the preferred scheme layout to assess its impact and highlight highways impacts that require mitigation through refinements to the scheme.
- 1.7. The proposed scheme design includes:
 - Relocation of current station parking facilities to the site of the old Royal Mail sorting office– with entry via the station loop and egress via West Street. The Royal Mail sorting office is one of the buildings currently being demolished as part of Phase 1;
 - The part pedestrianisation of the area directly outside the railway station building to vastly improve surface connectivity, create a much greater public realm space and reduce conflict between different road users;
 - Retention of some aspect of drop off in the forecourt, along with facilities for taxis, cyclists and designated parking, all of which help to maintain the vibrancy of the area;
 - The re-design of current crossing arrangements between the Railway station and West Laith Gate to create a straight across pedestrian crossing, which improves the vista from the station to the town centre and sets out a clear pathway in line with main pedestrian desire lines;
 - Some highways redesign to enable all of the above mentioned improvements to be made whilst minimising any negative impact on junctions and road users;
- 1.8. Following SCR's recent decision to give approval to the scheme, Cabinet approval is now required to enable us to proceed to the Funding Agreement stage of the SCRIF process and to enable us to draw down the funding awarded.
- 1.9. **This report is therefore seeking Cabinet approval to:**
 - *Progress to Funding Agreement for Phases 1 and 2 of the scheme (subject to agreement with Corporate Finance and Legal) with Sheffield City Region; and*
 - *Accept the Funding Offer (subject to offer being officially made) for the delivery of St Sepulchre Gate West project.*

2. EXEMPT REPORT

2.1. Not exempt

3. RECOMMENDATIONS

3.1 It is recommended that Cabinet support:-

- The progression to Funding Agreement stage and the subsequent acceptance of £7.5m SCRIF funding (subject to the negotiation of acceptable terms and conditions with the grant sponsor) in relation to Phase 1 and 2 of the St Sepulchre Gate West project; and
- Delegation in respect of negotiating and agreeing those terms and conditions to the Director of Regeneration & Environment, in consultation with the Mayor and Director of Finance & Corporate Services.

4. WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

The station forecourt project provides the opportunity to create a much improved sense of arrival in Doncaster. The first impression that this gives will set the tone for the Urban Centre and will contribute to the development of opportunities within the Urban Centre, thereby providing a platform for showcasing Doncaster. The station forecourt can be a catalyst to bring forward inward investment to the area directly affected and more widely, across the urban centre and the rest of the Borough.

4.1. The SCRIF funding will enable Doncaster's Urban Centre Schemes, to progress, delivering a number of outputs and stimulating economic growth in key areas of regeneration within the heart of Doncaster. With regard to direct and Indirect benefits, the St Sepulchre Gate West scheme will i:

- Free up new land for development through the demolition of a disused building that was an eyesore;
- Redefine Doncaster Station as a key gateway to the town centre;
- Remove the physical barriers resulting from the alignment of and access through the station;
- Form part of the infrastructure that will unlock the potential of other key Urban Centre projects, including Markets, Colonnades and CCQ;
- Act as a catalyst and enabler to these projects and facilitate and support the aims and objectives of the Town Centre Masterplan;
- Accelerate job creation at existing and new developments, highlighting the station and its benefits of being located on the East Coast Mainline as a key asset and promoting Doncaster and the wider city region as viable locations for local, national and international business operations;
- Rebalance the local economy by supporting new and existing business growth, in the form of pop up business around the forecourt area;
- Improve access for local residents to employment opportunities in other Sheffield City Region Towns and Cities and vice versa, for reasons set out

above as well as improving connectivity between road and rail and stronger links between the transport interchanges;

- Improve the attractiveness of Doncaster as a location in which businesses may consider relocating through improving connectivity and strengthening links between different modes of public transport;
- The wider regeneration of St Sepulchre Gate West is highlighted in the Town Centre Masterplan which forms the basis of the GVA outputs that the Gateway scheme will generate. Other town centre schemes will benefit from the station forecourt improvements but are not included in the GVA calculations for this business case. The station forecourt links to other projects by connecting key routes as it draws pedestrian movements towards these areas of the town centre.

4.2. The table below shows a cross section of just some of the benefits that are expected to be delivered by the Sepulchre Gate West Project:

	Direct outputs dependent on or delivered by the Scheme
FTE construction job years	92 (9 FTEs)
Commercial Floorspace created (record use class)	<p><u>Phase 2: Public Realm</u> A3 café space 121 sq m Car Parking (263 csp) 5,510sq m</p> <p><u>Phase 3: Regeneration</u> A1/ retail 545 sq m A1/A3 retail and café space 5,043 sq m N1/A2 office 23,293 sq m</p>
FTE Jobs (cumulative by 2030)	2,034
GVA (by 2030)	£104.87m GVA generated
Private sector investment leveraged	£3.1m
Public sector investment required	£1.2m

5. BACKGROUND

- 5.1. There are major opportunities for growth in Doncaster, and our ambitions are rightly high. Meeting the targeted growth for the Borough and its contribution to city region growth will require sustained momentum to grow all sectors of the economy. In particular, Doncaster's urban core has a key role to play in providing the capacity to attract and retain more higher-value jobs that generally have a propensity to seek urban centre locations. As a minimum, the Borough will need to catch up with City Region averages in terms of jobs and businesses per head. The City centre has the potential to play a stronger role as a regional business hub given its clear connectivity advantages.
- 5.2. Doncaster is well placed in terms of connectivity. Doncaster is in a prime position to benefit from the rail connections throughout the country including London, Leeds, York, Sheffield, Birmingham and Manchester. However, the first impressions rail users get when exiting the station is being confronted with

a complex and unwelcoming approach to access Doncaster Town Centre. The current layout doesn't give a good first impression to visitors.

- 5.3. The transformation of the Station Forecourt as part of the St Sepulchre Gate West Scheme is a vital first step in attracting inward investment to Doncaster in providing a sense of arrival and uplifting the impression of the wider Town Centre and providing the catalyst for the development of St Sepulchre Gate West. The connectivity offered by Doncaster's transport network should appeal to businesses seeking to relocate their offices or using Doncaster as a regional HQ. The forthcoming rail enhancements on the East Coast Main Line will further reduce journey times to the North and South.
- 5.4. Delivery of the outcomes for St Sepulchre Gate West will require funding and implementation of all phases of SCRIF investment. The economic case presents the value for money position for all phases of investment and therefore the economic outcomes delivered by all phases, given that they are entirely integrated. In summary the three phases are as follows:

Phase 1 – Demolitions

This will involve the demolition of a number of sites within the St Sepulchre Gate West area including the former Sorting Office and Coroners Court. The Sorting Office is a critical part of this phase as it is a pre-requisite to Phase 2. The funding for this element was as a result of early commissions funding which required spend to be complete in 2016/17.

Phase 2 – Transport Scheme

A new proposed layout for the station forecourt has been designed. This includes relocating the existing Station Car Park onto the former Sorting Office site. The taxi Rank will be relocated within the station area and a new drop off loop will provide a new one way system for general traffic and deliveries. The current car park will become a public realm space and provide better pedestrian connection with the Town Centre and link to the new Pedestrian Crossing on Trafford Way.

The proposed layout for this element of the scheme has considered a number of layout designs before arriving at the current proposal:

- **Trafford Way Pedestrian Crossing:** To create a clear route into the Town Centre the crossing facility is proposed to be relocated as part of a pedestrian desire line leading users directly to the Town Centre. Currently there are two crossing stages over Trafford Way with pedestrians waiting in a central refuge area until the signals provide them opportunity to complete the crossing. The proposal is that pedestrians will cross all lanes on Trafford Way in one phase. This will provide better journey times for pedestrians but will have minor delays for traffic.
- **Station Forecourt Layout:** A number of options were considered for the layout and included removal of all vehicular traffic from the front of the Station. Whilst this would provide an ideal environment for pedestrians, it would have a significant impact on the smooth running of the station and could cause some congestion issues on West Street where the drop off area would be located. The proposed layout will provide a drop off area close to the station entrance but will not dominate the landscape as the current layout does. Short Stay parking is moved onto the former Sorting

Office. The drop area would be provided in the form of a road through the station forecourt and will allow space for disabled parking and deliveries required for the working practices of the station. Taxis will access the station from West Street but will have a dedicated taxi rank.

Phase 3 – Regeneration

There has been an aspiration for St Sepulchre Gate West to be redeveloped for a number of years. The demolitions from Phase 1 will provide some opportunities for development to take place and the improvements achieved through Phase 2 will make the area a more attractive investment. Within 2 years of completion of Phase 2 the business case for St Sepulchre Gate will be updated to release the funding elements for Phase 3.

- 5.5. The St Sepulchre Gate West Business Case presents the SCRIF funding position in terms of three phases and seeks a funding agreement in respect of Phase 1 and 2 only at this point. Doncaster MBC will explore all options for the delivery of Phase 3 and reduce investment risk, and therefore give a high level of certainty in terms of the SCRIF investment needed when it comes to reviewing the project for Phase 3. It is anticipated the Business Case will be reviewed / updated during 2019, to provide further detailed costings for Phase 3 SCRIF requirements.
- 5.6. DMBC has been working with a number of stakeholders but principally with Virgin Stagecoach (VSC), Network Rail and South Yorkshire Transport Executive (SYTE) in development of the scheme. VSC run the east coast franchise and this includes a 99 year lease on the station which enables the company to engage in improvements which had previously stalled progress.
- 5.7. Virgin Trains recently signed a 99 year lease with Network Rail for Doncaster station, which has facilitated DMBC's discussions with them about our ambitions for the station, as one of Doncaster's key assets.

6. OPTIONS CONSIDERED

6.1. Option 1 - Do Nothing

This option would see little or no investment in upgrades at St Sepulchre Gate West. The project would be mothballed and the Station would continue to operate under current arrangements. This would continue to give a poor first impression of Doncaster upon arrival at Doncaster Station and would not help to meet the ambitions of the emerging Urban Centre Masterplan.

6.2. Option 2 - Reduced SCRIF funding

A reduction will directly impact the quality of the scheme with a reduction in the specification which will diminish the potential impact for the impression for those arriving through the station. Reduced investment will support some improvements to the area with lower investment costs but will not produce the desired effects or benefits to the surrounding area. Individual elements of Phase 1 and Phase 2 of the project could in theory be removed but this approach would put in danger the overall objectives by not delivering the comprehensive sense of change required. It would potentially be possible to remove Phase 3 from the scheme, but that would miss out on the level of jobs and GVA created which have been used to justify the scheme.

6.3. Option 3 – Preferred Option

The preferred option would see investment from SCRIF utilised to deliver Phase 1 and Phase 2 of the scheme. Phase 1 would carry out the demolitions work through the area to benefit both subsequent phases. Phase 2 will see the delivery of the public realm and transport elements of the scheme. Alongside temporary employment gains in the construction sector, the preferred option will also deliver the space for new businesses and new jobs (phase 2 and 3).

- 6.4. To ensure certainty and reduce investment risk all options for the funding of Phase 3 will be explored when reviewing the Business Case upon completion of Phase 2.

7. REASONS FOR RECOMMENDED OPTION

- 7.1. The Project supports the long term regeneration and growth of Doncaster within the Urban Centre and the investment will bring benefits to the local economy, the citizens of Doncaster and the wider City Region.

8. FINANCE

- 8.1. The funding for all phases is outlined in the table below

Funder	2016/17	2017/18	2018/19	Later Years	Total
SCRIF	£1,000,000	£2,000,000	£4,500,000	£1,600,000	£9,100,000
SYPT	£50,000				£50,000
DMBC	£50,000	£100,000		£1,000,000	£1,150,000
Private	£1,000,000	£1,100,000	£1,100,000		£3,100,000
Total	£2,100,000	£3,200,000	£5,600,000	£2,600,000	£13,400,000

- 8.2. The SCRIF funding is broken down into three phases

Phase 1 - £1,000,000
Phase 2 - £6,500,000
Phase 3 - £1,600,000

The funding for Phase 3 is shown in later years and currently the funding from DMBC for this phase has yet to be confirmed but this will be addressed in the revised business case which will be submitted for Phase 3 following completion of Phase 2.

The business case for St Sepulchre Gate West has been approved by Combined Authority on 30th January 2017. The scheme has been approved on the basis that it generates GVA making the investment good value for money with it forecasted to generate over 2,000 jobs. Following the appraisal of the business case SCR have proposed clawback on the job outcomes. Clawback will be 100% of the funding based on achieving 606 jobs but the specifics on clawback will be outlined in the revised business case for Phase 3. Clawback would not become applicable until 2030 and the level of clawback would be proportional to the jobs created.

9. PROGRAMME

9.1. This report has been drafted to provide progress on development of the proposals ahead of submission of Full Business Case Approval through SCRIF.

9.2. Outline programme

Activity	programme	comment
1. FBC Resubmission	November 2016	Complete
2. CA Approval	Jan 2017	Complete
3. Phase 1: Demolition Old sorting Office/Coroner's Court	Jan - March 2017	Work commenced January 2017. Funded through SCR Early Commissions Funding on the basis it was included as part of St Sepulchre Gate West Scheme
4. Phase 2 4.1. Cabinet approval preferred option 4.2. Detailed Design 4.3. Phase 2 construction	February 2017 Mar-Dec 17 Early 2018	
5. Phase 3 Business Case	2019	

10. IMPACT ON THE COUNCIL'S KEY OUTCOMES

Outcomes	Implications
<p>All people in Doncaster benefit from a thriving resilient economy.</p> <ul style="list-style-type: none"> <i>Mayoral Priority: Creating Jobs and Housing</i> <i>Mayoral Priority: Be a strong voice for our Veterans</i> <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	<p>The SCRIF Funding and investment will safeguard existing jobs and help create new jobs in the Town Centre through the sustainability of existing business and the attraction of new business.</p>
<p>People live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> <i>Mayoral Priority: Safeguarding our Communities</i> <i>Mayoral Priority: Bringing down the cost of living</i> 	<p>Services will be supported through the income produced and savings from the investment which will support the longer term financial sustainability of the Council.</p>
Outcomes	Implications
<p>People in Doncaster benefit from a high quality built and natural environment.</p>	<p>Through the generation of long term sustainable income this will help reduce pressure on budgets and</p>

<ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	therefore reduce the pressure for increase in areas such as Council Tax.
<p>All families thrive.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	Through the generation of long term sustainable income this will help reduce pressure on budgets and therefore reduce the pressure for increase in areas such as Council Tax.
Council services are modern and value for money.	The SCRIF Funding is in place to support such projects and provide the best value for money across the region.
We will provide strong leadership and governance, working in partnership.	As part of the programme for the scheme there has been and will continue to be engagement with partners / stakeholders.

11. RISKS AND ASSUMPTIONS

- 11.1. Clawback on job outcomes will be the greatest risk to the scheme. If the scheme fails to deliver on any of the 606 jobs then the £7.5m of Phases 1 and 2 would be required to be paid back as well as £1.6m from Phase 3 if this progressed. The reality is that from day one there will be a number of jobs created as part of the construction element of both Phases 1 and 2. The sites for development realised from Phase 1 demolition and the improvements to the area from Phase 2 will make the viability of development very attractive. The scheme will also contribute to the wider Town Centre that additional job creations can be identified by a reduction of the current levels of shop voids. Therefore whilst there is a risk in the investment, the likelihood of risk is minimal.
- 11.2. Virgin Trains East Coast operates the station forecourt on a 99 year lease from Network Rail. The changes proposed to the station forecourt will require a legal agreement between Virgin and Doncaster Council to allow the Council to use the area for public realm. This will require the Council to maintain the forecourt whilst the agreement is in place. The public realm element of the station forecourt will be designed in a flexible manner to offer opportunities for income generation from traders sub-leasing what will be an attractive Town Centre location.
- 11.3. The former Sorting Office site owned by Doncaster Council will be used as a car park to replace the existing Station Car Park for a minimum term of 5 years. This will also be subject to a legal agreement for Virgin to lease the land. Until these agreements are completed and signed there remains a risk that agreement will not be reached. Ultimately the Sorting Office site will be used for

development opportunities in Phase 3.

- 11.4. Trafford Way is already a congested route through the Town Centre, any changes to the road layouts could have an impact on traffic flows. The scheme design is being modelled to ensure that there is no negative impact and where possible improve the flow of traffic through the area.

12. LEGAL IMPLICATIONS

- 12.1. S111 Local Government Act 1972 provides a local authority with the power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.
- 12.2. The 2011 Localism Act introduced the so called “general power of competence” which states that “A local authority has power to do anything that individuals generally may do”.
- 12.3. Legal services will provide support and advice regarding the contents of the Funding Agreement to be entered into to secure the SCRIF monies and compliance with the term and conditions of the Funding Agreement. The SCRIF Funding Agreement will contain claw-back provisions which will require careful monitoring by the project team.
- 12.4. Further legal advice will be required as the project progresses particularly in relation in relation to Construction, Procurement, Planning and Highways Law and specifically in relation to the agreements with Virgin concerning the proposed changes to the station forecourt and the use by Virgin of Council land.

13. FINANCIAL IMPLICATIONS

- 13.1 This Phase is currently an “in principle” project subject to further development and appraisal. The £1.60m SCRIF resources are recognised as a memo item in later years of the Council’s Capital programme. However, no resources have been formally identified to cover the Council’s proposed £1.00m contribution. Project Officers have indicated that this may be donated land but values have yet to be provided for sites in the area and ultimately the scheme could progress in a different direction and the Council’s contribution may need to be found from other resources or possibly not needed at all. The inclusion of a Council contribution in Phase 3 is a recent development and has not been brought forward in the budget setting process but has been declared on the quarter 3 SCRIF submission to the SCR.

A linked issue is that all of the SCRIF funding used in any Phase is expected to be subject to claw back in relation to jobs created. The original proposal indicated that a significant proportion of these would be generated under Phase 3. Achieving the jobs target is a risk, particularly as their creation is not entirely within the Council’s control. This risk will be exacerbated if Phase 3 does not go ahead, either through the appraisal process or through the ability of the Council to meet the £1.00m contribution. The exact terms of claw back are still to be determined but Project Officers have received indication from the SCR that claw back will be proportionate to the number of jobs created and that jobs created in Phases 1 & 2, largely from construction, will be permissible. However, claw back could be considerable; for example, if the full £9.10m

SCRIF is invested and the jobs delivered in 2030 is 10% less than t 606, claw back would be applied at the same percentage, (i.e.10%, which equates to £0.91m).

- 13.2. Negotiation of the funding agreement and the subsequent administration of the terms and conditions must be undertaken with reference to Financial Procedure Rules; particularly rule E External Arrangements, which sets out the Council's minimum requirements in relation to grant funding. Any negotiations must ensure that conditions of claw back are acceptable to the Council, especially as demolitions expenditure against the SCRIF funding has already commenced. The main issues are expected to be in relation to eligible expenditure, limitations on annual profiles and the overall delivery of outputs, i.e. completion of the demolitions, provision of public realm, etc. These are relatively standard conditions and generally accepted to be within the control of the Council. However, as mentioned, this project also carries risk of claw back in relation to jobs, the creation of which are largely outside of the Council's control. Project Officers must ensure that this risk is effectively managed.

14. HUMAN RESOURCES IMPLICATIONS

- 14.1. There are no HR implications associated with this proposal.

15. TECHNOLOGY IMPLICATIONS

- 15.1. There are no direct technology implications at this stage. However, ICT will need to feed into the design phases for the proposed scheme to advise in relation to the required infrastructure to support the proposals such as Public Access WiFi, CCTV and provision or changes required to the Councils private fibre optic network (DPON). Any associated ICT costs would need to be met from the overall scheme budget outlined above.

16. EQUALITY IMPLICATIONS

- 16.1. Decision makers must consider the Council's duties under the Public Sector Equality Duty at s149 of the Equality Act 2010. The duty requires the Council, when exercising its functions, to have "due regard" to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the act, and to advance equality of opportunity and foster good relations between those who share a "protected characteristic" and those who do not share that protected characteristic.

17. CONSULTATION

- 17.1. Consultation with Members and other key stakeholders about the proposals will be undertaken once we have a preferred option.

Procurement		Crime & Disorder	x
Human Resources		Human Rights & Equalities	x
Buildings, Land and Occupiers		Environment & Sustainability	x
ICT		Capital Programme	

18. **BACKGROUND PAPERS**

None.

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