

To the Mayor and Cabinet

APPROVAL TO ENTER INTO FUNDING AGREEMENT WITH SHEFFIELD CITY REGION TO BE ABLE TO DRAW DOWN SCRIF APPROVED FUNDING FOR THE DELIVERY OF ENTERPRISE MARKETPLACE SCHEME.

Relevant Cabinet Member(s)	Wards Affected	Key Decision
Joe Blackham – Portfolio Holder for Regeneration and Transport	Town	

1. EXECUTIVE SUMMARY

- 1.1 Doncaster’s market is one of the largest in the North of England and continues to play an important role in the vitality and viability of Doncaster centre. It is of paramount importance to the renaissance of both the Town Centre and the Borough. Whilst it provides food and other goods of the highest order, as reflected in the numerous national awards that it has achieved, it has seen a sustained decline in recent years.
- 1.2 Located at a key geographical point for the town centre, the markets not only mark a key arrival point from the ring road, but the market square also represents a key point of connectivity between other parts of the centre including the retail core, the Minster and Riverside, the Waterfront and the evening economy on Silver Street and increasingly Netherhall Road.
- 1.3 A vital component of the future economic vision for Doncaster is the rejuvenation of the markets. A key economic asset for Doncaster, the markets has been identified as one of the main areas of change in the urban centre that has the potential to affect significant economic outcomes.
- 1.4 The Enterprise Marketplace project is intended to increase the role of the markets, particularly as enterprise generators and locations for business opportunities, within the wider Doncaster Urban Centre. The rationale for the project is supported by the Doncaster Urban Centre Masterplan 2016, which puts the markets at the heart of the future of Doncaster and as a manifestation of the new entrepreneurial and connected city vision.
- 1.5 The Full Business Case has received full approval to progress to Funding Agreement by the SCR Infrastructure Executive Board (18th November 2016) and by the SCR Combined Authority (30th January 2017).
- 1.6 **This report is therefore seeking approval to:**
 - *Progress to Funding Agreement (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 Enterprise Marketplace project.*

Further approval will be sought once the project has been worked up and the final scheme has been identified.

2.1 EXEMPT REPORT

2.1 N/A.

3. RECOMMENDATIONS

3.1 It is recommended that support is given to:-

- The progression to Funding Agreement and the subsequent acceptance of £3.189m SCRIF funding in relation to the Enterprise Marketplace project;
- Delegation in respect of negotiating and agreeing those terms and conditions to the Director of Regeneration & Environment, in consultation with the Mayor and the Chief Financial Officer & Assistant Director of Finance (Section 151 Officer);
- Final scheme and design brought to Cabinet for approval.

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

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. Direct and Indirect benefits of the Enterprise Marketplace scheme include:

- creating new employment opportunities;
- safeguarding existing jobs;
- providing upgraded retail areas;
- enhanced public realm;
- improved physical attractiveness of town centre;
- diversification of the retail, leisure and employment offer;
- refurbishment of two listed buildings;
- securing the long term future for Doncaster's Markets;
- facilitating a radically enhanced gateway to the Doncaster Urban Centre and wider connectivity to key locations such as the Waterfront.

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. The *City* centre has the potential to play a stronger role as a regional business hub given its clear connectivity advantages.

- 5.2 Doncaster has already secured critical investment in a wide range of economic infrastructure but it still has considerable structural barriers to overcome. Its economic base is still comparatively reliant upon consumer-driven sectors and remains vulnerable to economic shocks. The loss of 1,700 retail & wholesale jobs in the town centre between 2009 and 2014 to some extent reflects national trends in town centres but nevertheless highlights the need for a coherent policy response to support diversification of town centre functions. The Council's Economic Growth Plan (2013) recognised that continued economic diversification is needed to make the local economy more resilient.
- 5.3 The transformation of Doncaster's markets is a vital first step in delivering these changes for the benefits of the City Region. Doncaster's market is one of the largest in the North of England and continues to play an important role in the vitality and viability of Doncaster centre. This investment will provide a strong sense of 'place', for a new and diversified offer for retail, day and night time food offer, and employment in the *City* centre. The markets provide a hub for independent trading, and along with the neighbouring Netherhall Road, is already an independent retailer stronghold.
- 5.4 However, despite being recognised for a number of awards in recent years, vacancy rates in Doncaster Markets permanent stalls have risen since 2012, a worsening position of c. 5% per annum. Stalls in the Wool Market and the outer markets area appear to have fared particularly badly during this period.
- 5.5 Without investment the void levels within the market and wider retail area are expected to rise adding further expense to the Council holding the asset. Further a key link between the developing Waterfront and town centre would remain undeveloped and would leave a dis-join between the two key parts of town.
- 5.6 The markets have been a core part of the Doncaster "offer" and should continue to be so. In order for this to be achieved, there is now a need to think more broadly about the role of the markets in the wider urban core and to address the issues that are currently negatively affecting their performance.
- 5.7 The Enterprise Marketplace scheme, when finalised, will be essential in ensuring the property and retail area does not degrade further and become vacant and non-productive; and will contribute to the delivery of the transformative change required to enable the *city* to respond to the vision for Doncaster.
- 5.8 Office locations near to the market will benefit from the potential food and leisure offer, encouraging local spend. Market traders will benefit from a 'gateway' approach from the emerging waterfront development – this gateway approach will channel visitors into the town centre.

6. OPTIONS CONSIDERED

6.1 Option 1 - Do Nothing

This option would see little or no investment in upgrades at the marketplace. The project would be mothballed and the market would continue to operate

under current arrangements. In recent years, there have been notable declines in footfall at the market, and an associated loss of traders and jobs. The take-up of trading units at the market has fallen by 5% each year over the past 5 years, and for the more permanent stalls, vacant rates have risen from 16% to 34% over the period (Q1, 2011/12 – Q1, 2015/16). As such, the position would be that this trend continues over the medium-long term.

6.2 Option 2 - Reduced SCRIF funding

A reduction in funding will directly impact the quality of any scheme with a reduction in the specification which will diminish the potential to attract tenants and increase pedestrian footfall. 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. The impact of potentially increased voids due to the lack of improvements to the area could mean the reduced investments deliver the same outcomes as no investment.

6.3 Option 3 – Preferred Option

The preferred option would see the investment from SCRIF utilised to deliver the development of the Markets scheme. It is expected the investment will bring a significant increase in footfall at the marketplace, which will safeguard existing trade at the market overall but will also deliver space for new businesses and new jobs – ensuring the long-term viability of the market overall.

7. REASONS FOR RECOMMENDED OPTION

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

8. IMPACT ON THE COUNCIL'S KEY PRIORITIES

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>
<p>People in Doncaster benefit from a high</p>	<p>Through the generation of long term</p>

<p>quality built and natural environment.</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> 	<p>sustainable income this will help reduce pressure on budgets and therefore reduce the pressure for increase in areas such as Council Tax.</p>
<p>All families thrive.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	<p>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.</p>
<p>Council services are modern and value for money.</p>	<p>The SCRIF Funding is in place to support such projects and provide the best value for money across the region.</p>
<p>We will provide strong leadership and governance, working in partnership.</p>	<p>As part of the programme for the scheme there has been and will continue to be engagement with partners / stakeholders as potential occupiers and discussions will be held where needs are identified.</p>

9. RISKS AND ASSUMPTIONS

9.1 At this stage the main risks are:

- Loss of SCRIF funding and reputation should the Council not give approval to accept the funding and progress the development of the scheme.
- Claw-back on outputs should the funding not be spent in line with the purpose for it was awarded i.e. on the refurbishment of the Wool Market.
- The proposed scheme, despite engagement with the market traders, does not receive their full buy in and support.
- Doncaster Markets 2025 Strategy, when completed, may result in further recommendations for the development of the scheme.

10. LEGAL IMPLICATIONS

10.1 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.

10.2 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”.

- 10.3 Legal services will provide support and advice regarding the contents of the Funding Agreement to be entered into to secure the SCRIF monies. The SCRIF Funding Agreement will contain claw-back provisions which will require careful monitoring by the project team.
- 10.4 Further legal advice will be required as the project progresses, particularly in relation to Construction, Procurement and Planning Law and compliance with the term and conditions of the Funding Agreement.

11. FINANCIAL IMPLICATIONS

- 11.1 The SCRIF Urban Centre Doncaster Markets Phase 1 project is already included in the Council’s capital programme. The total value of the project is £5.943m; financed from SCRIF grant £3.189m; other public sector resources £2.554m, which are Council corporate resources proposed for other Markets refurbishment projects as match funding; and private sector contributions £0.200m. The SCRIF grant is dependent on completing sign up of the funding agreement; the corporate resources have been previously approved for the match funding as projects in their own right; and the private sector contributions are still to be secured but may not be required depending on how the project develops.
- 11.2 The capital programme also contains £0.100m corporate resources relating to a precursor Markets SCRIF project and £0.100m relating to the Wool Market Re-wire project that are not included in the revised project financing as submitted to the SCR. These amounts are likely to be required for preparatory costs not covered by the FBC. If the latter monies are used for this purpose the re-wiring works will need to be undertaken as part of the SCRIF project.
- 11.3 The project will have large revenue implications including but not limited to: -
 - Impact on current operations during the development (e.g. loss of rental income due to disruption, including potential for discounted rents as with previous Market’s developments).
 - Impact on future income in relation to rationalisation of stalls and proposed change in operating hours and risk of take up of the new stalls.
 - On-going maintenance and running costs of the new facilities in relation to current budgets – potential additional costs or savings.

No information has been provided to allow for a proper appraisal of revenue implications and will need further consideration. It is understood that this work is currently being undertaken by consultants.

- 11.5 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. The main issues are in relation to eligible expenditure, limitations on annual profiles and the overall delivery of outputs, i.e. the refurbishment of the Wool Market (project officers must ensure that this a priority for the funding when costing an affordable scheme). These are relatively standard conditions and generally accepted to be within the control of the Council; as opposed to increase in GVA or number of jobs created. The SCR have given confirmation that performance against these latter outcomes will not be subject to claw back.

11.6 There has been significant investment in the Doncaster Market area in recent years including £1.401m Wool Market roof and iron works 2008/09; £1.018m Outer Market public realm and stalls 2014/15 and £0.133m toilet refurbishment 2015/16. Project officers will need to ensure that the current proposals are sympathetic to those works to ensure the value of historic investment is not lost.

11.7 Any further phases of work associated with the SCRIF Urban Centre Doncaster Markets project will need to be considered in separate reports as they come forward.

12. HUMAN RESOURCES IMPLICATIONS

12.1 There are no immediate HR implications arising from this recommendation, however, any future changes that impact on the workforce will require HR engagement and would require separate approval.

13. TECHNOLOGY IMPLICATIONS

13.1 There are no direct technology implications at this stage. However, ICT will need to feed into the design phases for the proposed conversion of the Wool Market and refurbishment of the Corn Exchange and any other Marketplace development 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.

14. EQUALITY IMPLICATIONS

14.1 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.

15.1 CONSULTATION

15.1 A Communications Plan will be developed to ensure opportunities for Market Traders and residents to comment on and contribute to the final scheme are afforded.

15.2 Discussion is, and will continue to be, ongoing in respect of the Council's SCRIF projects to include the Mayor, Portfolio Holders, Chief Executive, Director of Regeneration and Environment, Director of Finance and Corporate Services, Assistant Director of Trading Services and Assets, Assets and Property, Town Centre and Markets Management, Market Traders and all other interested stakeholders.

16. BACKGROUND PAPERS

16.1 N/A

REPORT AUTHOR & CONTRIBUTORS

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