



Doncaster Council

Report

Date: 20th March 2018

To the Chair and Members of CABINET

APPROVAL TO PROGRESS THE FUNDING AGREEMENT WITH SHEFFIELD CITY REGION AND ASSOCIATED 'BACK TO BACK AGREEMENT' WITH NETWORK RAIL AND TO ACCEPT SHEFFIELD CITY REGION INVESTMENT FUND (SCRIF) FUNDING FOR THE DELIVERY OF WATERFRONT WEST SCHEME

Relevant Cabinet Member(s)	Wards Affected	Key Decision
Cllr Joe Blackham	Town	Yes

STRATEGIC CONTEXT

The Urban Centre is a vital part of Doncaster's future; it is an important area of the Borough requiring significant attention and is a high priority theme of Doncaster Growing Together initiative.

The key strategy document for the town centre that provides a framework of the future opportunities and improvements is the Urban Centre Master Plan (UCMP). The plan outlines a range of options and objectives to make the town centre successful, recognising that it needs to be adaptable to the changing environment, both physical and socio-economic.

The UCMP presents a comprehensive analysis of the strengths to be cultivated and areas requiring attention and support. The Council is currently working across a range of disciplines to develop and deliver managed programmes of interventions and infrastructure projects to be taken forward. We also need to be cognisant that new opportunities will constantly present and therefore the plan needs to be flexible to those opportunities.

The main body of work now is to ensure the delivery of the current tranche which includes Quality Streets and Waterfront West and establish future projects based around balancing key priorities of deliverability, funding, and outcomes. An overview of the progress to date will be provided as a preamble to the individual urban centre scheme reports for cabinet

EXECUTIVE SUMMARY

1. In February 2016 confirmation was received that the application for funding from the Sheffield City Region Investment Fund (SCRIF) had been approved by the SCR Infrastructure Board (IEB) and the Barnsley, Doncaster, Rotherham and Sheffield Combined Authority (CA) towards the Doncaster Urban Centre Waterfront West project.
2. The approved SCRIF grant of £750,000 represents the Council's contribution towards the £1.5m Friars Gate Bridge improvement scheme being undertaken by Network Rail to facilitate the redevelopment of their depot facilities at Doncaster Marshgate, safeguarding up to 600 full time equivalent jobs (FTE) in the rail sector and creating up to 60 direct FTE jobs in the construction sector.
3. To facilitate the drawdown of the SCRIF funding and payment of that funding to Network Rail, the Council is required to enter into separate funding agreements with the Sheffield City Region Combined Authority and Network Rail. This report seeks approval from Cabinet to progress the respective funding agreements and to delegate the negotiation and agreement of the terms and conditions of those funding agreements to the Director of Regeneration and Environment in consultation with the Mayor and Chief Financial Officer.

RECOMMENDATIONS

4. It is recommended that Cabinet:
 - (i) Approves the progression to Funding Agreement stage and the subsequent acceptance of £750,000 SCRIF funding (subject to the negotiation of acceptable terms and conditions with the grant sponsor and Network Rail) in relation to the Doncaster Urban Centre Waterfront West project; and
 - (ii) Delegates the negotiation and agreement of those terms and conditions, to the Director of Regeneration and Environment in consultation with the Mayor and Chief Financial Officer.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

5. The delivery of improvements to Friars Gate Bridge will unlock the delivery of new accommodation and depot facilities for Network Rail which will safeguard up to 600 full time equivalent jobs (FTE) within Network Rail and its private sector contracting partners and support up to 60 direct FTE jobs in the construction sector during the build phases of the project.
6. The depot is designed to 'future proof' Network Rail's future expansion and project accommodation requirements and has the potential to attract more FTE jobs to Doncaster as projects within Network Rail align to the available high quality accommodation and depot facilities.
7. Redeveloping the site and locating up to 600 staff into a central Doncaster site with excellent pedestrian links to the town centre will have an indirect economic benefit in the immediate locality.

BACKGROUND

8. The Sheffield City Region Investment Fund (SCRIF) is a framework of funding streams to deliver essential strategic infrastructure to increase economic growth and jobs in Sheffield City Region (SCR).
9. SCRIF brings together a range of funding streams into a single assessment and prioritisation approach, determined at a City Region level by elected leaders and the Local Enterprise Partnership. It is a way for local authorities to deliver the economic schemes essential for future growth.
10. On 26th July 2013, the Sheffield City Region Local Transport Body (LTB) published an initial prioritised list of schemes which will have the biggest impact on jobs and economic growth on Sheffield City Region over the next decade. The development schemes on the list were rigorously assessed on their likely impact on economic growth and jobs for the area and included Doncaster's Urban Centre SCRIF Project (Total Scheme Investment £33.4m of which £23.9m is SCRIF).
11. Following the submission and subsequent approval (July 2015) of the Urban Centre Stage 1A Outline Business Case, Full Business Cases (Stage 1B) were required for each of the 7 elements that made up the Urban Centre SCRIF bid (CCQ, Colonnades, Waterfront, Markets, St. Sepulchre/Station Forecourt, Quality Streets and Lakeside).
12. In December 2015 several Full Business Cases (Stage 1B) were submitted by the Council to SCR including the Waterfront West project (SCRIF £750,000).
13. The £750,000 SCRIF grant represents a 50% contribution towards the £1.5m Friars Gate Bridge improvement scheme being undertaken by Network Rail to facilitate the redevelopment of their depot facilities at Doncaster Marshgate.
14. In February 2016 confirmation was received from SCR that the Full Business Case for Waterfront West had been successful, having been approved by the Infrastructure Executive Board (15th January 2016) and the Combined Authority (1st February 2016), but were subject to the following conditions:
 - i. Provision of a letter of support from Network Rail detailing their proposed investment in both the bridge strengthening and the proposal for the development of the new Marshgate super depot facilities;
 - ii. Agreement of a fuller set of project objectives between SCR and DMBC;
 - iii. Further clarification of the contractual basis by which SCRIF funds will be transferred to Network Rail, and
 - iv. Provision of a risk register which quantifies and assesses the risks to project delivery.

15. All the conditions outlined above have been completed to the satisfaction of SCR and this is acknowledged in the draft Funding Agreement currently being negotiated between Barnsley, Doncaster, Rotherham and Sheffield Combined Authority and DMBC.
16. The Waterfront (West) is the strengthening and improvement of an existing bridge which provides access to the site of the planned £8.5m Network Rail new accommodation and depot facilities.
17. Early upfront investment in infrastructure is crucial to the delivery of new depot and accommodation facilities on the site with the potential to accommodate up to 600 operational and office based employees and contractor partners.
18. The delivery of new accommodation and depot facilities within South Yorkshire and at Doncaster Marshgate will build upon Network Rail's presence in Doncaster and the Sheffield City Region as a key strategic rail location and area of economic growth in the rail and infrastructure sector. The project is part of a wider Network Rail Infrastructure investment programme in office and depot facilities across the London North East and East Midlands Route which amounts to a £35m investment programme of which £9.05m will be directly invested in Doncaster (giving a total scheme investment of £9.8m) as one of 5 priority sites for development across the Route.
19. Funding will increase capacity at the existing bridge structure from 7.5 tonnes to 40 tonnes across both lanes and increase the height clearances from 14'4 to 16'6. These improvements will enable NRIL to intensify operations at the Marshgate site and unlock its development potential.
20. The strengthening and renewal of this important bridge structure will also help to unlock wider commercial development in the surrounding Market's Area of Doncaster which will open up opportunities for further private sector investment and regeneration.
21. Following the formal approval of SCRIF grant of £750,000 towards the project in 2016 Network Rail developed the Friar's Gate Bridge scheme design and tender package with the Design & Build Contract ITT being issued in October 2017 with tenders returned at the end of January 2018. Following the selection process and the securing of internal Network Rail sign offs it is anticipated that the Design & Build contract will be issued by Network Rail at the end of March 2018.
22. The current Network Rail programme is for the Friar's Gate Bridge scheme detailed design to be completed by the end of June 2018 with construction commencing on 9th July 2018. It is anticipated that the bridge works will be completed by the end of January 2019.
23. A planning application for the bridge scheme was submitted in November 2017. Network Rail is currently negotiating with The Canals and Rivers Trust in respect of a satisfactory clearance height of the bridge to watercourse and towpath levels.

24. Network Rail has, in parallel to the development of the Friar's Bridge scheme, taken the depot scheme through a Design & Build procurement process and following the successful appointment of a contractor detailed design is currently being progressed. Planning permission for the depot was granted on 22nd November 2017.
25. It is anticipated that enabling works related to the development of the depot will commence in May 2018, main construction works will commence in July 2018 with full handover of the new depot facilities being completed in December 2019.
26. Doncaster Council will act as the accountable body for the SCRIF funding and will enter into a formal funding agreement with Network Rail to ensure all required project outputs and outcomes are achieved. The Council's Major Projects team has an excellent track record in delivering major infrastructure projects and will oversee the delivery of the funded bridge refurbishment project by Network Rail.

OPTIONS CONSIDERED

27. There are 2 options available to the Council:
 - **Option 1:** Do not progress the Funding Agreements nor accept the SCRIF approved funding – if this option is implemented and SCRIF funding is not accepted there is a risk that the project would not be delivered and the benefits outlined in this report will not be achieved; and
 - **Option 2:** Progress the Funding Agreements and accept the SCRIF approved funding – if the SCRIF funding is accepted the project will be delivered in full and the outputs outlined in this report will be delivered.

REASONS FOR RECOMMENDED OPTION

28. The recommended option is **Option 2**, to progress the funding agreements and subsequently accept the SCRIF funding because:
 - The project will be delivered in full with the SCRIF funding contribution and will support the long term regeneration and growth of Doncaster's Urban Centre and Rail Industry Sector; and
 - The investment will bring benefits to the local economy, the citizens of Doncaster and the wider City Region.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

29.

	Outcomes	Implications
	Doncaster Working: Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;	The SCRIF funding and investment will safeguard up to 600 FTE jobs within Doncaster's Rail Sector, create up to 60 FTE construction jobs and create the potential for

	<ul style="list-style-type: none"> • Better access to good fulfilling work • Doncaster businesses are supported to flourish • Inward Investment 	<p>additional job creation within the Rail Sector. The provision of £750,000 SCRIF funding will match an additional £750,000 from Network Rail towards the bridge scheme in addition to facilitating Network Rail's depot redevelopment at an estimated cost of £9.05m.</p>
	<p>Doncaster Living: Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p> <ul style="list-style-type: none"> • The town centres are the beating heart of Doncaster • More people can live in a good quality, affordable home • Healthy and Vibrant Communities through Physical Activity and Sport • Everyone takes responsibility for keeping Doncaster Clean • Building on our cultural, artistic and sporting heritage 	<p>The scheme will provide a high quality commercial development in a currently rundown industrial area at the edge of Doncaster town centre.</p> <p>There are no negative implications that may impact on the Council's key objectives.</p>
	<p>Doncaster Learning: Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> • Every child has life-changing learning experiences within and beyond school • Many more great teachers work in Doncaster Schools that are good or better • Learning in Doncaster prepares young people for the world of work 	<p>There are no negative implications that may impact on the Council's key objectives.</p>
	<p>Doncaster Caring: Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> • Children have the best start in life • Vulnerable families and individuals have support from someone they trust • Older people can live well and independently in their own homes 	<p>There are no negative implications that may impact on the Council's key objectives.</p>
	<p>Connected Council:</p> <ul style="list-style-type: none"> • A modern, efficient and flexible workforce 	<p>The SCRIF funding is in place to support such projects and through administering the</p>

	<ul style="list-style-type: none"> • Modern, accessible customer interactions • Operating within our resources and delivering value for money • A co-ordinated, whole person, whole life focus on the needs and aspirations of residents • Building community resilience and self-reliance by connecting community assets and strengths • Working with our partners and residents to provide effective leadership and governance 	<p>funding for this project the Council is contributing to providing best value for money across the region.</p> <p>The Council is partnering with external organisations to deliver this project (Sheffield City Region and Network Rail).</p>
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RISKS AND ASSUMPTIONS

30. The main risks are:

- The reputational risk to the Council should the project not deliver the required outputs and outcomes. However, the Council is negotiating a position with Sheffield City Region and Network Rail that only failure to deliver the project output (i.e. Friar's Gate Bridge upgrade) will result in potential claw-back of the SCRIF funding. The liability for this will be passed onto Network Rail in the respective funding agreement.
- The reputational risk to the Council should the project not be delivered on time and within budget. Any cost overruns will be the responsibility of Network Rail as the SCRIF grant is capped at the maximum £750k and the funding agreement will exclude the Council from funding any cost increases.
- In respect of the risk of the project not being delivered on time the Council's Major Projects team will monitor progress against the agreed project programme and work with Network Rail to mitigate any potential slippage. The SCRIF funding is only available during financial year 2018/19 for the project and the delivery programme has been agreed to ensure the works are completed and to allow full drawdown of the funding. The funding agreement with Network Rail will require them to complete before end of March 2019 to ensure availability of the SCRIF grant.

LEGAL IMPLICATIONS [RB 02/02/18]

31. The 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.
32. 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".
33. Legal services will provide support and advice regarding the contents of the Funding Agreements to be entered into to secure the SCRIF monies and

facilitate payment of those monies to Network Rail and regarding compliance with the term and conditions of the Funding Agreements.

34. The SCRIF Funding Agreement will place obligations on the Council and contain claw-back provisions if the Council fails to comply with the terms upon which funding is provided. It is advised that the Council reflects these obligations in any funding agreement it enters into with Network Rail and others by entering into a suitable “back to back” Funding Agreement. Careful monitoring of the claw-back provisions and compliance with the terms of both Funding Agreements will be required by the project team.
35. Further legal advice will be required as the project progresses particularly in relation in relation to Planning and Highways Law and compliance with the term and conditions of the Funding Agreements.

FINANCIAL IMPLICATIONS [DR 05/02/18]

36. The Council’s contribution of £750k towards the Friars Gate Bridge improvements being undertaken by Network Rail is a capital grant to a third party and is already included in the Council’s capital programme for 2018/19 financial year.

The contribution is expected to be funded by SCRIF grant from the CA, which has been approved in principle but is subject to signing of a funding agreement between the Council and the CA. This funding agreement contains various conditions that, in order to protect the interests of both the Council and funding body, will require the Council to enter into a similar agreement with Network Rail passing on those conditions. All parties are currently negotiating draft agreements, the final terms and conditions of which are expected to be generally acceptable to the Council.

The main terms and conditions of interest are expected to be: -

- Claw back based on failure to deliver Project Outputs, meaning the product of the works and described as Friars Gate Bridge Upgrade in 2018/19 financial year. This is preferable to claw back based on Project Outcomes, meaning the benefits of the work (such as jobs created/safeguarded, gross value added, etc.), as these would be more difficult to deliver.
- Only expenditure outlined within the FBC can be claimed.
- Grant may be lost if there is variation of spend in relation to annual profiles. This situation should be managed through the CA’s reporting and change request process; however, given the nature of capital projects the risk of variation could be high and there is no guarantee that the City Region will allow unspent funds to be carried forward in the event of slippage. Due to the region wide demands on SCRIF there is already pressure from the CA to spend these funds to the current profile. The current approved programme of works should enable the full grant to be claimed in 2018/19 financial year, so loss of grant from slippage is not expected. The Council’s Major Projects team will need to work with Network Rail to ensure the programme is achieved.
- Compliance with EU rules, including EU Structural Fund Rules. This could cause procurement problems if a framework is to be used. The CA have been asked to remove these from the funding agreement as no EU

funds are currently involved but the CA have so far rejected this proposal. There is a possibility that Network Rail might not agree to the inclusion of this in their agreement if the procurement of the project, which has already taken place, is not compliant.

The risk to the Council is considered low as it is hoped the respective funding agreements will ultimately pass the terms and conditions on to Network Rail. By signing up to their funding agreement Network Rail will be obliged to deliver the Project Outputs, which are estimated to require £750k of their own money towards total project costs of £1.5m. Any cost overruns in achieving the outputs will be the responsibility of Network Rail, as will any on-going maintenance costs of the bridge.

It is the relevant Director's responsibility to ensure that the Council administers the grant in line with Financial Procedure Rule E: External Arrangements, which outlines the minimum requirement in this regard. This includes specific reference to grants to outside bodies where the Council is acting as the accountable body. A significant proportion of these arrangements will be discharged by entering into the funding agreements.

HUMAN RESOURCES IMPLICATIONS [AC 06/02/18]

37. There are no immediate HR implications arising from the recommendation, however, any changes that impact on the workforce as a result of the decision will require HR engagement and would require separate approval.

TECHNOLOGY IMPLICATIONS [PW 30/01/18]

38. There are no anticipated technology implications in relation to this report.

HEALTH IMPLICATIONS [Officer Initials CEH Date 06.02.18]

39. There is the potential for positive health impacts for Doncaster residents through the delivery of improvements to Friars Gate Bridge by safeguarding jobs and having the potential to provide new employment opportunities. There is a strong evidence base showing that work is generally good for physical and mental health and well-being. The provisos are that account must be taken of the nature and quality of work and its social context; jobs should be safe and accommodating.

The report states that the redevelopment of the site and locating staff into a central Doncaster site will provide excellent pedestrian links to the town centre. It is recommended that there is an updated travel plan for the site to encourage sustainable and active travel benefiting individual's health and wellbeing and contributing to the reduction of poor air quality.

EQUALITY IMPLICATIONS

40. 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".
41. The equality act 2010 has been given due regard and this proposal will not have an impact on equality.

CONSULTATION

42. Consultation has been undertaken / is ongoing in respect of this project with the Mayor, Chief Executive, Director of Regeneration and Environment, Director of Finance and Corporate Services, Sheffield City Region Combined Authority and Network Rail.

BACKGROUND PAPERS

43. N/A

REPORT AUTHOR & CONTRIBUTORS

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