

REPORT OF THE STRATEGIC DIRECTOR, PLACE

TO PROPERTY AND REGENERATION BRIEFING

ON 28TH March 2022

TITLE: Salford Rise – Approval to enter into Grant Funding Agreement with English Cities Fund

RECOMMENDATIONS:

It is recommended that the Deputy City Mayor:

1. Notes the allocation of £13,170,933 funding from the Government's Levelling Up Fund for the delivery of Salford Rise;
 2. Notes that a Memorandum of Understanding between the City Council and Department for Levelling Up, Housing and Communities is in place;
 3. Provides delegated authority to the Strategic Director Place, City Solicitor and Chief Finance Officer to negotiate and finalise all future financial, commercial and contractual arrangements in respect of the Levelling Up Funding provided to the Council;
 4. Approves the Council entering into a grant funding agreement with English Cities Fund (ECF) for the provision of onward funding of the maximum sum of £13,170,933 in relation to the above funding; and
 5. Authorises the City Solicitor to enter into and complete all necessary agreements or documents to give effect to the above recommendations.
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EXECUTIVE SUMMARY:

The Council had secured £13.17m of funding from the Governments Levelling up Fund for delivery of Salford Rise – a catalyst project for the Crescent Innovation Zone focused on removing barriers between the Innovation Zone and local communities, improving connectivity across the Innovation Zone and changing perception of place.

The Levelling Up Fund is being administered by Government via Memorandums of Understanding (MOU) with Local Authorities and the MOU for Salford Rise has now been signed by the Councils S151 officer. As appointed development partner for the Crescent, the English Cities Fund (ECF) have designed and will deliver Salford Rise.

In order to transfer the funds to ECF, a grant funding agreement is now required between the Council and ECF who will manage and deliver the project.

BACKGROUND DOCUMENTS:

- Report of Strategic Director for Place to The City Mayor's Property and Regeneration Briefing on 25TH January 2021 – Approval of the Crescent Development Framework 2021.
- Report of Strategic Director for Place to The City Mayor's Property and Regeneration Briefing on 26th April 2021 – Approval of the Crescent Strategic Master Programme and Delivery Plan.

KEY DECISION: YES

DETAILS:

1.0 Background to Salford Rise

- 1.1 The Crescent Development Framework was approved by the Council in January 2021 and set out the vision to create a new Innovation Zone which would provide space for collaboration between the world leading research at the University and industries of the future. The vision for the Innovation Zone included a key objective to remove the Frederick Road barrier which divides the Innovation Zone in two through the development of a major piece of infrastructure which would provide a new podium connection over Frederick Road along with new areas of public realm – this is the project now known as Salford Rise.

2.0 Levelling Up Funding

- 2.1 The Council submitted a bid to Government for delivery of Salford Rise in June 2021 and received notification that the bid was successful in late October 2021, alongside confirmation that the full amount of funding requested had been awarded - £13.17m. The funding must be spent by March 2025.
- 2.2 Following an inception meeting with the Department for Levelling Up, Housing and Communities at the end of 2021 it was confirmed that the Government would be administering the funding via a Memorandum of Understanding (MOU) with Local Authorities, rather than the more traditional approach of Grant Funding Agreements. The MOU for Salford Rise was issued to the Council on the 3rd February with a requirement that it be signed by the Councils Section 151 officer and returned on the 8th February. It is important to note that the MOU is not a legally binding document and simply confirms the grant award from the Government to the Council and sets out the terms for payment of the grant on a bi-annual basis over the programme cycle.
- 2.3 The Council is required to provide regular updates to DLUHC throughout the delivery programme for Salford Rise, including progress with delivery of the project 'outputs' which were submitted in the original funding bid for the project. The outputs which will be monitored relate to: the number of sites cleared through the project, the amount of new public realm which will be created, the amount of

public realm which will be improved and the number of new trees which will be planted.

3.0 Delivery of Salford Rise

3.1 ECF were jointly appointed as developer partner for the Crescent by the Council and University in March 2020. An Umbrella Agreement was subsequently signed by all three parties setting out the approach to delivering projects across the Crescent area such as Salford Rise. In line with the provisions of the Umbrella Agreement, ECF will manage and deliver Salford Rise and directly appoint the various consultants and contractors required to deliver the project. ECF are highly experienced in managing and delivering projects of a similar nature to Salford Rise, as evidenced from their portfolio of projects across the UK.

3.2 The Council will effectively act as a conduit for the funding, but will maintain oversight of programme progress, expenditure against budget, risk and other matters via the established Crescent Development Liaison Group and Crescent Executive Group which both include senior representatives from the Council, ECF and the University. Any significant issues arising with delivery of the project will be reported back to the Council via established governance and reporting mechanisms.

3.3 The Council, University and ECF have been cognisant of the need to generate tangible social value through the delivery of development across the Crescent area and individual project components including Salford Rise. A Social Value Strategy for the Crescent area formed part of the Crescent Strategic Master Programme and Delivery Plan, which was approved by the Council in April 2021. Progress on Social Value outputs generated through the delivery of Salford Rise will be monitored and reported on by Social Value Portal, who are part of ECF's professional team for the Crescent.

3.4 A planning application for Salford Rise will be submitted in March and, should the application be approved, it is anticipated that the works will start on site in Summer 2022 and be completed by end of 2024, in line with the programme deadlines set out by Government.

4.0 Grant Funding Agreement between the Council and the English Cities Fund

4.1 As discussed above, the Council will effectively act as a conduit between Government and ECF for the funding to deliver Salford Rise, while maintaining oversight of progress with the project via established governance arrangements for the wider Crescent programme. In order to transfer the Levelling Up Funding to ECF, a grant funding agreement is required between the Council and ECF and this report seeks approval to prepare and enter into this agreement.

4.2 The grant funding agreement between the Council and ECF will mirror the requirements for delivery of the project, as set out in the MOU between DLUHC and the Council and will include appropriate provisions to ensure that the Council is not put in a position of being in breach of the MOU and minimise the risk of any overspend associated with delivery of the project. Further detail related to managing risk associated with the available budget for the project is set out in the section on risk later in this report.

5.0 Recommendations

5.1 It is recommended that the Deputy City Mayor:

1. Notes the allocation of £13,170,933 funding from the Government's Levelling Up Fund for the delivery of Salford Rise;
2. Notes that a Memorandum of Understanding between the City Council and Department for Levelling Up, Housing and Communities is in place;
3. Provides delegated authority to the Strategic Director Place, City Solicitor and Chief Finance Officer to negotiate and finalise all future financial, commercial and contractual arrangements in respect of the Levelling Up Funding provided to the Council;
4. Approves the Council entering into a grant funding agreement with English Cities Fund (ECF) for the provision of onward funding of the maximum sum of £13,170,933 in relation to the above funding; and
5. Authorises the City Solicitor to enter into and complete all necessary agreements or documents to give effect to the above recommendations.

KEY COUNCIL POLICIES:

Crescent Development Framework (January 2021).

EQUALITY IMPACT ASSESSMENT AND IMPLICATIONS:

Proposals for Salford Rise and the wider Crescent Innovation Zone were set out in the Crescent Development Framework, which was approved by the Council in January 2021. A Community Impact Assessment of the Development Framework has previously been prepared and was approved at Property and Regeneration Briefing, alongside the Development Framework, in January 2021.

ASSESSMENT OF RISK: Medium

In relation to the grant allocation, the obligations set out in the MOU between the Council and DLUHC will be transferred to ECF via a back-to-back legal agreement. It is considered low risk that the Council will not be able to meet the terms of the MOU, given its partnership with ECF and discussions between the Council, ECF and the funder to date.

A key risk associated with the project is the potential for overspend. To mitigate this risk, the various elements of Salford Rise will be procured as a set of distinct contracts to minimise the risk of any overspend across the whole project. The main unknown in terms of cost at present is the podium element of the scheme, as the remainder of the proposals are more standard public realm works, where a detailed understanding of costs from various projects delivered by ECF are known and can be accurately estimated. The podium element of the scheme will be delivered in advance of the wider public realm elements, providing an opportunity to revisit the public realm elements (which will be delivered during the latter stages of the programme) and undertake any necessary value engineering required to ensure that the project is delivered within the available budget. A contingency has also been allocated within the budget to

minimise the risk of any project overspend.

LEGAL IMPLICATIONS Supplied by: Lauren Armstrong

Date provided: 28th February 2022

The Shared Legal Service has previously advised on the MOU between the Council and the Department for Levelling Up.

The purpose of the grant funding agreement with ECF will be to flow down/back to back the Council's obligations under the MOU onto ECF. In particular, the MOU sets out key delivery and reporting requirements, which the Council will be reliant upon ECF to meet. The grant funding agreement will also need to include any Council/project specific requirements in connection with the forward funding. Where appropriate, the grant funding agreement should complement/align with any other relevant project documents (such as the Umbrella Agreement or any other existing ECF appointment).

Shared Legal Services has drafted a suggested form of Funding Agreement, and will work with Council officers and ECF to reach a final version, which is acceptable to both parties and ensures the proper use of the grant funding. Shared Legal Services will continue to support and advise the team on all contractual aspects of this project to facilitate delivery, mitigate risks where possible and ensure compliance with all relevant law.

FINANCIAL IMPLICATIONS Supplied by: Natalie Birchall

Date provided: 25th February 2022

The council have successfully secured a levelling up grant £13.170m, which must be spent by March 2025.

The fund is being administered via a Memorandum and Understanding (MOU) which was signed on the 8th February, and sets out the grant payment terms below:

- 2021-22 £176,174
- 2022-23 £6,356,343
- 2023-24 £6,638,416

This report seeks approval to enter in a grant funding agreement with ECF for the provision of onward funding to a maximum sum of £13,710,933.

Further approvals will be required as the scheme progresses.

PROCUREMENT IMPLICATIONS Supplied by: Deborah Derbyshire. Tel 686 6244

Date provided: 1st March 2022

English Cities Fund (the Council's procured developer partner for the Crescent area) were appointed following a competitive dialogue procurement exercise. The proposals detailed in

this report do not have any direct procurement implications for the Council as ECF will be undertaking all procurement associated with delivery of Salford Rise. The Council will however ensure that any procurement processes reflect the terms of the signed MOU with Government for Salford Rise.

HR IMPLICATIONS Supplied by: N/A

There are no HR implications arising from the proposals detailed in this report.

CLIMATE CHANGE IMPLICATIONS: Supplied by: Dan Welsh

The proposals set out in this report relate to delivery of Salford Rise, which includes new active travel infrastructure within the Crescent Development Framework area. Delivery of these proposals will deliver new sustainable active travel infrastructure, enhancing pedestrian and cycling connectivity in the area, in line with the sustainability objectives set out in the adopted Crescent Development Framework.

OTHER DIRECTORATES CONSULTED:

Consultation has taken place with relevant teams across the Place Directorate including Planning and Property.

CONTACT OFFICERS:

Dan Welsh, Principal Programme Manager	Currently working from home and available via email daniel.welsh@salford.gov.uk and MS Teams
Kurt Partington, Head of Development	Currently working from home and available via email kurt.partington@salford.gov.uk and MS Teams

WARDS TO WHICH REPORT RELATES: Pendleton & Charlestown