

# **Economic and Environmental Wellbeing Scrutiny and Policy Development Committee (Special)**

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**Thursday 15 December 2016 at 2.30 pm**

**To be held at the Town Hall, Pinstone Street, Sheffield, S1 2HH**

**The Press and Public are Welcome to Attend**

## **Membership**

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Councillors Steve Wilson (Chair), Ian Auckland (Deputy Chair), Penny Baker, Lisa Banes, Neale Gibson, Dianne Hurst, Talib Hussain, Abdul Khayum, Helen Mirfin-Boukouris, Ben Miskell, Robert Murphy, Andy Nash, Chris Peace, Martin Smith and Paul Wood

## **Substitute Members**

In accordance with the Constitution, Substitute Members may be provided for the above Committee Members as and when required.

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## **PUBLIC ACCESS TO THE MEETING**

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The Economic and Environmental Wellbeing Committee exercises an overview and scrutiny function in respect of the planning, development and monitoring of service performance and other issues in respect of the area of Council activity relating to planning and economic development, wider environmental issues, culture, leisure, skills and training, and the quality of life in the City.

A copy of the agenda and reports is available on the Council's website at [www.sheffield.gov.uk](http://www.sheffield.gov.uk). You can also see the reports to be discussed at the meeting if you call at the First Point Reception, Town Hall, Pinstone Street entrance. The Reception is open between 9.00 am and 5.00 pm, Monday to Thursday and between 9.00 am and 4.45 pm. on Friday. You may not be allowed to see some reports because they contain confidential information. These items are usually marked \* on the agenda.

Members of the public have the right to ask questions or submit petitions to Scrutiny Committee meetings and recording is allowed under the direction of the Chair. Please see the website or contact Democratic Services for further information regarding public questions and petitions and details of the Council's protocol on audio/visual recording and photography at council meetings.

Scrutiny Committee meetings are normally open to the public but sometimes the Committee may have to discuss an item in private. If this happens, you will be asked to leave. Any private items are normally left until last. If you would like to attend the meeting please report to the First Point Reception desk where you will be directed to the meeting room.

If you require any further information about this Scrutiny Committee, please contact Alice Nicholson, Policy and Improvement Officer on 0114 27 35065 or [email alice.nicholson@sheffield.gov.uk](mailto:alice.nicholson@sheffield.gov.uk)

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## **FACILITIES**

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There are public toilets available, with wheelchair access, on the ground floor of the Town Hall. Induction loop facilities are available in meeting rooms.

Access for people with mobility difficulties can be obtained through the ramp on the side to the main Town Hall entrance.

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**ECONOMIC AND ENVIRONMENTAL WELLBEING SCRUTINY AND POLICY  
DEVELOPMENT COMMITTEE AGENDA  
15 DECEMBER 2016**

**Order of Business**

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- 1. Welcome and Housekeeping Arrangements**
- 2. Apologies for Absence**
- 3. Exclusion of Public and Press**  
To identify items where resolutions may be moved to exclude the press and public
- 4. Declarations of Interest** (Pages 1 - 4)  
Members to declare any interests they have in the business to be considered at the meeting
- 5. Public Questions and Petitions**
  - (a) To note the receipt of a petition containing 9997 signatures (as at 7<sup>th</sup> December, 2016) requesting the Council to save Sheffield Central Library (<https://you.38degrees.org.uk/petitions/save-sheffield-central-library>)
  - (b) To receive any questions or petitions from members of the public
- 6. Call-in of the Cabinet Decision on China Economic and Civic Programme Update** (Pages 5 - 26)  
Report of the Policy and Improvement Officer
- 7. Date of Next Meeting**  
The next meeting of the Committee will be held on Wednesday, 25<sup>th</sup> January, 2017, at 5.00 pm, in the Town Hall

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## ADVICE TO MEMBERS ON DECLARING INTERESTS AT MEETINGS

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If you are present at a meeting of the Council, of its executive or any committee of the executive, or of any committee, sub-committee, joint committee, or joint sub-committee of the authority, and you have a **Disclosable Pecuniary Interest (DPI)** relating to any business that will be considered at the meeting, you must not:

- participate in any discussion of the business at the meeting, or if you become aware of your Disclosable Pecuniary Interest during the meeting, participate further in any discussion of the business, or
- participate in any vote or further vote taken on the matter at the meeting.

These prohibitions apply to any form of participation, including speaking as a member of the public.

You **must**:

- leave the room (in accordance with the Members' Code of Conduct)
- make a verbal declaration of the existence and nature of any DPI at any meeting at which you are present at which an item of business which affects or relates to the subject matter of that interest is under consideration, at or before the consideration of the item of business or as soon as the interest becomes apparent.
- declare it to the meeting and notify the Council's Monitoring Officer within 28 days, if the DPI is not already registered.

If you have any of the following pecuniary interests, they are your **disclosable pecuniary interests** under the new national rules. You have a pecuniary interest if you, or your spouse or civil partner, have a pecuniary interest.

- Any employment, office, trade, profession or vocation carried on for profit or gain, which you, or your spouse or civil partner undertakes.
- Any payment or provision of any other financial benefit (other than from your council or authority) made or provided within the relevant period\* in respect of any expenses incurred by you in carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.

\*The relevant period is the 12 months ending on the day when you tell the Monitoring Officer about your disclosable pecuniary interests.

- Any contract which is made between you, or your spouse or your civil partner (or a body in which you, or your spouse or your civil partner, has a beneficial interest) and your council or authority –
  - under which goods or services are to be provided or works are to be executed; and
  - which has not been fully discharged.

- Any beneficial interest in land which you, or your spouse or your civil partner, have and which is within the area of your council or authority.
- Any licence (alone or jointly with others) which you, or your spouse or your civil partner, holds to occupy land in the area of your council or authority for a month or longer.
- Any tenancy where (to your knowledge) –
  - the landlord is your council or authority; and
  - the tenant is a body in which you, or your spouse or your civil partner, has a beneficial interest.
- Any beneficial interest which you, or your spouse or your civil partner has in securities of a body where -
  - (a) that body (to your knowledge) has a place of business or land in the area of your council or authority; and
  - (b) either -
    - the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or
    - if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you, or your spouse or your civil partner, has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

If you attend a meeting at which any item of business is to be considered and you are aware that you have a **personal interest** in the matter which does not amount to a DPI, you must make verbal declaration of the existence and nature of that interest at or before the consideration of the item of business or as soon as the interest becomes apparent. You should leave the room if your continued presence is incompatible with the 7 Principles of Public Life (selflessness; integrity; objectivity; accountability; openness; honesty; and leadership).

You have a personal interest where –

- a decision in relation to that business might reasonably be regarded as affecting the well-being or financial standing (including interests in land and easements over land) of you or a member of your family or a person or an organisation with whom you have a close association to a greater extent than it would affect the majority of the Council Tax payers, ratepayers or inhabitants of the ward or electoral area for which you have been elected or otherwise of the Authority's administrative area, or
- it relates to or is likely to affect any of the interests that are defined as DPIs but are in respect of a member of your family (other than a partner) or a person with whom you have a close association.

Guidance on declarations of interest, incorporating regulations published by the Government in relation to Disclosable Pecuniary Interests, has been circulated to you previously.

You should identify any potential interest you may have relating to business to be considered at the meeting. This will help you and anyone that you ask for advice to fully consider all the circumstances before deciding what action you should take.

In certain circumstances the Council may grant a **dispensation** to permit a Member to take part in the business of the Authority even if the member has a Disclosable Pecuniary Interest relating to that business.

To obtain a dispensation, you must write to the Monitoring Officer at least 48 hours before the meeting in question, explaining why a dispensation is sought and desirable, and specifying the period of time for which it is sought. The Monitoring Officer may consult with the Independent Person or the Council's Audit and Standards Committee in relation to a request for dispensation.

Further advice can be obtained from Gillian Duckworth, Director of Legal and Governance on 0114 2734018 or email [gillian.duckworth@sheffield.gov.uk](mailto:gillian.duckworth@sheffield.gov.uk).

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## Report to Economic and Environmental Wellbeing Scrutiny and Policy Development Committee Thursday 15<sup>th</sup> December 2016

**Subject:** Call in of decision on “China Economic and Civic Programme Update”

**Author of Report:** Alice Nicholson, Policy & Improvement Officer  
0114 2735065, [alice.nicholson@sheffield.gov.uk](mailto:alice.nicholson@sheffield.gov.uk)

**Type of item:** The report author should tick the appropriate box

Reviewing of existing policy	
Informing the development of new policy	
Statutory consultation	
Performance / budget monitoring report	
Cabinet request for scrutiny	
Full Council request for scrutiny	
Community Assembly request for scrutiny	
Call-in of Cabinet decision	X
Briefing paper for the Scrutiny Committee	
Other	

### 1.0 Background

1.1 On the 30<sup>th</sup> November 2016 Cabinet took the following decision:

*RESOLVED: That Cabinet:-*

- (a) notes the Council’s programme of activity with Sheffield’s Chinese partners;*
- (b) authorises the completion of the required legal documents which will underpin the long-term Strategic Investment Partnership with Guodong following the signing of Heads of Terms in June 2016;*
- (c) notes the expression of interest received from Guodong and authorises entering into a twelve month period of exclusivity to assess the viability of developing a 5 star hotel at the Central Library building on Surrey Street;*
- (d) approves the commencement of the negotiation of terms with Guodong regarding the library building on the principles set-out in the report;*
- (e) in line with the principles outlined in the report, approves the development of options for both the temporary and the permanent relocation of the Central Library Service and the Graves Art Gallery that may be required as a result of the receipt of the hotel expression of interest; and*

*(f) notes that the terms of the hotel proposal and the options for any impacted services will be the subject of a future report to Cabinet prior to entering into any binding agreement.*

- 1.2 The original report is attached as Appendix A.
- 1.3 As per Part 4, section 16 of Sheffield City Council's Constitution, this decision has been called in, preventing implementation of the decision until it has been considered by this Scrutiny Committee.
- 1.4 There are two Call-In notices at appendix B:
  - 1.4.1 Appendix B1 dated 30.11.2016, stating that the reason for the Call-in is *"To allow further scrutiny of future plans for a city centre library should the current building be ceased as suggested – Also to allow scrutiny and consideration of the future accommodation of Graves gallery and alternative accommodation for users of the library theatre should this go ahead"*.
  - 1.4.2 Appendix B2 dated 05.12.2016, stating that the reason for the call-in is *"to allow scrutiny of the strategic investment partnership agreement with Guodong and the 12 month exclusivity agreement on the potential redevelopment of the Central Library building"*.

## **2.0 The Scrutiny Committee is being asked to:**

As per the Scrutiny Procedure rules, scrutinise the decision and take one of the following courses of action:

- (a) refer the decision back to the decision making body or individual for reconsideration in the light of recommendations from the Committee;
- (b) request that the decision be deferred until the Scrutiny Committee has considered relevant issues and made recommendations to the Executive;
- (c) take no action in relation to the called-in decision but consider whether issues arising from the call-in need to be fed back to the decision maker or added to the work programme of an existing Scrutiny Committee;
- (d) if, but only if (having taken the advice of the Monitoring Officer and/or the Chief Finance Officer), the Committee determines that the decision is wholly or partly outside the Budget and Policy Framework, refer the matter, with any recommendations, to the Council after following the procedures in the Budget and Policy Framework Procedure Rules

(If a Scrutiny Committee decides on (a), (b) or (d) as its course of action, there is a continuing bar on implementing the decision).

2.2 The Scrutiny Procedure rules state that if a decision is referred back, it is referred back to the individual or body that made the decision. In this case the decision maker is Cabinet.

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### **Background Papers**

- Appendix A - Cabinet Report: China Economic and Civic Programme Update
- Appendix B1 – call in notice one
- Appendix B2 – call in notice two

**Category of Report:** OPEN

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**Author/Lead Officer of Report: Howard Varns**

**Tel:** 20 37649

**Report of:** *Simon Green*  
**Report to:** *Cabinet*  
**Date of Decision:** *30 November 2016*  
**Subject:** *China Economic & Civic Programme Update*

Is this a Key Decision? If Yes, reason Key Decision:-	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
- Expenditure and/or savings over £500,000		<input type="checkbox"/>		
- Affects 2 or more Wards		<input type="checkbox"/>		
Which Cabinet Member Portfolio does this relate to? <i>Business and Economy/ Communities and Libraries/ Culture, Leisure &amp; Parks/ Children's and Young People</i>				
Which Scrutiny and Policy Development Committee does this relate to? <i>Economic and Environmental Wellbeing/ Children, Young People and Family support/ Healthier communities and Adult Social Care.</i>				
Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, what EIA reference number has it been given? <i>(not required)</i>				
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>

**Purpose of Report:**

To update Cabinet on the programme of activities that has been developed with Chinese partner organisations, specifically -

- 1) The trade agreements developed with the Chinese Cities of Nanchang and Daqing and to seek authority to explore possible trade delegations to these partner cities for Sheffield-based businesses.
- 2) That our Chinese Investment partner's UK company, Guodong UK Limited (Guodong) is expected to shortly begin pre-planning application discussions with the Planning Authority for a private residential development in the West Bar area of the city.
- 3) That Guodong has formally expressed an interest in undertaking feasibility studies to understand the viability of developing a 5-star hotel and improving the Art Gallery at the Central Library Building on Surrey Street.
- 4) To obtain authority to explore options for the temporary and/ or permanent relocation of the library service in the City Centre in readiness for the possible eventuality of a Hotel development being confirmed as being viable at the Central Library building.
- 5) The educational partnership that has been established with Chengdu Government and the intention to establish "sister" schools in Chengdu's high tech zone and at the Oasis Academy at the Olympic Legacy Park in the Don Valley.

**Recommendations:**

That Cabinet:

- 1) Note the Council's programme of activity with Sheffield's Chinese partners.
- 2) Authorise the completion of the required legal documents which will underpin the long-term Strategic Investment Partnership with Guodong following the signing of Heads of Terms in June 2016.
- 3) Note the expression of interest received from Guodong and authorise entering into a twelve month period of exclusivity to assess the viability of developing a 5 star hotel at the Central Library building on Surrey Street.
- 4) Approve the commencement of the negotiation of terms with Guodong regarding the library building on the principles set-out in this report.
- 5) In line with the principles outlined in this report, approve the development of options for both the temporary and the permanent relocation of the Central Library Service and the Graves Art Gallery that may be required as a result of the receipt of the hotel expression of interest
- 6) Note that the terms of the hotel proposal and the options for any impacted

services will be the subject of a future report to Cabinet prior to entering into any binding agreement.

## Background Papers:

Lead Officer to complete:-	
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.
	Finance: <i>(Insert name of officer consulted)</i> <b>Paul Schofield</b>
	Legal: <i>(Insert name of officer consulted)</i> <b>David Hollis</b>
Equalities: <i>(Insert name of officer consulted)</i> <b>Beth Storm</b>	
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>	
2	<b>EMT member who approved submission:</b> <i>(Insert name of relevant Executive Director)</i> <b>Simon Green</b>
3	<b>Cabinet Member consulted:</b> <i>(Insert name of relevant Cabinet Member)</i> <b>Leigh Bramall/Jack Scott/Mary Leal/ Jackie Drayton</b>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.
	<b>Lead Officer Name:</b> <i>(Insert name)</i> <b>Howard Varns</b>
	<b>Job Title:</b> <i>(Insert job title)</i> <b>Programme Manager</b>
<b>Date:</b> <i>(Insert date)</i> <b>2 November 2016</b>	

## 1. Background

- 1.1 In March 2015, the City Council established an outbound programme with Sheffield Hallam University and the University of Sheffield and World Snooker, which was focused on securing foreign direct investment from China in order to: (a) improve Sheffield's physical infrastructure, (b) improve employment and training opportunities for citizens; (c) promote the City's Universities and cultural assets, and (d) promote Sheffield's businesses and industrial specialisms.

The Council and partners targeted new and existing relationships and partnerships with China to enhance and develop our economy and the job opportunities for local people. This report seeks to provide an update on various activities and request for approvals for further actions.

## **2 The Programme of China-based Activities**

- 2.1 The Council has developed the following programme with Chinese partner organisations. It includes:
  - 2.1.1 An education partnership with Chengdu Government to develop “sister” schools in Sheffield and Chengdu,
  - 2.1.2 An agreement with Chengdu, to forge stronger civic, trade, investment, educational, cultural and sporting links,
  - 2.1.3 The agreement of trade with the Chinese Cities of Nanchang and Daqing,
  - 2.1.4 The Strategic Investment Partnership with Sichuan Guodong Group,

## **3.0 Sheffield – Chengdu Education Partnership**

- 3.1 Sheffield has been approached by Chengdu Government representatives to enter into an education partnership to develop “sister” schools in each city. This involves supporting the development of a reciprocal school in each city and then supporting these schools in building close educational and sporting ties and regular student and teacher exchanges.
- 3.2 Specifically, Chengdu has requested that Sheffield work with them to design a school in Chengdu’s high tech zone and assist in the development of course content and student and teacher exchange programmes. It is expected that the school in Sheffield will provide Mandarin classes to students along with classes in Chinese history and culture, with the equivalent being provided at the “Sheffield” school in Chengdu.
- 3.3 The development of language skills will be a key component of the educational offer in the respective schools and is particularly important in the UK where the lack of language skills, and the limited exposure to China and Chinese culture, is seen as a major weakness for businesses that are looking to expand within this rapidly developing marketplace.
- 3.4 Chengdu government representatives have been particularly impressed with the Oasis Academy at the Olympic Legacy Park in the Don Valley and its close links with the Innovation District and the Advanced Wellbeing and Research Centre. Chengdu have approach Sheffield to understand if this school can be used as the model for the “Sheffield” school in Chengdu. To this end, Chengdu have entered discussions with Bond Bryan Ltd, the designers of the Oasis Don Valley Academy, and are seeking to commission them to design a school based on the Oasis Don Valley Academy in Chengdu’s high-tech zone. This represents a significant commercial opportunity for a Sheffield-based business.
- 3.5 As the Oasis Don Valley Academy at the Olympic Legacy Park and the



“Sheffield” school in Chengdu will both have strong links with innovative and hi-tech companies it is felt this cooperation creates connections for students that foster innovation, creativity, enterprise and opportunity in both cities. Innovation is expected to be at the heart of these educational relationships and technologies are expected to be fully utilised to enable students and classrooms to be connected in order to enable and promote educational interaction and collaboration.

3.6 This is a ground-breaking initiative between the two cities, and between the UK and China, with the “Sheffield” school in Chengdu being the first English school in the Chinese state school system. At this very early stage the project is gaining significant profile with key influencers throughout China and is likely to become an exemplar model for increasing aspiration among pupils and educators in both countries by developing partnerships through education, culture-exchange and business and innovation.

3.7 The “Sheffield” school in Chengdu’s high tech zone will be open in Autumn 2018. Work is due to commence shortly with the Oasis Don Valley Academy on establishing the sister school concept and the required mechanisms for the educational partnership. It is hoped that if this model proves successful that this partnership approach can be widened across both cities.

#### **4.0 Update on the Strategic Investment Partnership between Sheffield & Sichuan Guodong**

4.1 This programme of outbound activities in China led to numerous investors expressing an interest in Sheffield. After a period of reviewing possible investment partners, a Memorandum of Understanding was signed between Guodong, Sheffield City Council and UKTI (United Kingdom Trade and Investments) in October 2015. This committed these parties to a period of joint-working to explore the possibility of establishing a long-term investment relationship.

4.2 In June 2016, the Leader and Deputy Leader of the Council agreed to establish a strategic investment partnership with Guodong. This agreement established the operating principles and an outline investment blueprint which will see Guodong invest an initial £200 million into Sheffield over the next five years via a number of residential and commercial real estate projects.

4.3 As individual investment projects begin to enter their delivery phase the investment partnership with Guodong also must move into an operational state to drive and assure the delivery of the identified projects. To facilitate this, the Heads of Terms which were agreed in June 2016 need to now be developed into full legal agreements. It is anticipated this work will commence in January 2017 and provide the detailed governance and operational framework for the long-term investment relationship.

## **5 Residential Project**

- 5.1 Guodong's first UK based project is currently in the design development stage and a target date of January 2017 has been identified for this project to enter its pre-planning application stage.
- 5.2 The private residential development is located in the West Bar area of the city centre and is expected to represent an investment of around £30million in to this area of Sheffield. The Council entered into an exclusivity agreement with Guodong to enable it to develop proposals for the site prior to agreeing Heads of Terms and entering into a conditional contract for the land.

## **6 Hotel Location Enquiry**

- 6.1 Guodong have a specific interest in developing a Hotel portfolio outside of China and are of the view that Sheffield is well placed to capture increased volumes of the business, events and conferencing market. They deem Sheffield and its surrounding area to have the latent demand for a market-leading development around a 5-star Hotel offer.
- 6.2 Guodong have been actively assessing potential options over the last six-months and have now approached the Council with information on their preferred location. They have expressed an interest in the Central Library building on Surrey Street being a possible location for a hotel development and wish to explore whether this would be possible and viable, and whether the City Council's has an appetite for such a development at the location.
- 6.3 A formal approach has been received from Guodong outlining–
  - 6.3.1 That Guodong are actively seeking to develop a 5-star Hotel in Sheffield's city centre,
  - 6.3.2 That they have reviewed potential locations in the city and their preferred site, if feasible, would be the Central Library building on Surrey Street due to its prominent location at the heart of the City and next to the theatres and transport.
  - 6.3.3 That the building's design and architectural features are considered a major asset and they would wish to protect and work to maintain and enhance it in order to preserve the building's character.
  - 6.3.4 Guodong have also asked the Council to consider whether the Graves Art gallery could continue to be based within any future 5-star Hotel development if one was to be developed. They have in outline expressed a wish to incorporate and enhance the gallery offer itself and also improve and increase public access to the collection.

## **7 City-to-City Trade Agreements**

- 7.1 Sheffield is a world-leader in the fields of advanced manufacturing and new technologies. Sheffield is of particular interest to Chinese political and business leaders because it is at an advanced stage of a journey that many Chinese cities anticipate will face them.
- 7.2 Sheffield's emergence from rapid de-industrialisation and its expertise in new technology industries, along with the promotional work undertaken to showcase the city in China, has resulted in requests being received from numerous Chinese cities to establish various partnerships. These requests have predominantly been in the fields of trade, investment, sport and education. Although Sheffield has its principle relationship in China with Chengdu. Trade and business agreements have been agreed with Nanchang and Daqing due to their strategic fit.
- 7.3 In February 2016, Sheffield signed a trade agreement with Nanchang, a wealthy and rapidly growing city which is a major hub for the aerospace, automotive, healthcare and outdoor recreation tourist sectors which strongly align with Sheffield's own specialisms.
- 7.4 In June 2016, Sheffield signed a trade agreement with Daqing. This city, in the far north of China, is built around one of the largest and most productive oil and gas fields in China. Daqing as a result is not only a wealthy city but a place that is looking to diversify away from carbon based energy and is a centre for renewable technologies. These are sectors of significant interest to Sheffield and this represent significant opportunity for manufacturing, engineering and low carbon technology businesses.
- 7.5 Work is underway to explore potential trade, investment and joint venture relationships within these cities for Sheffield-based companies and it is hoped that if companies can be aligned there may be significant opportunities. Through the networks the City Council has developed in China, and the trade agreements, it is anticipated that if there is demonstrable business potential identified, trade delegations can be supported to enable companies to take these opportunities.

## **8 HOW DOES THIS DECISION CONTRIBUTE?**

- 8.1 The education project is expected to increase aspiration among pupils and educators in both Cities through the close collaboration between education, innovation and business sectors. With opportunities magnified through the benefit of cross-cultural exposure and direct access to language and society.
- 8.2 The expression of interest in Surrey Street provides an opportunity for the city to retain, protect and enhance an important building. The addition of a 5\* Hotel will provide an enhanced hotel and hospitality offer for visitors to the city, its theatres, conferences and events by adding a

quality of product that currently does not exist. For a city of its size without this offer, the proposal may provide the opportunity for a product that would bring significantly benefit to the local economy, creating hundreds of jobs, by attracting high value business and more of the conferencing sector.

- 8.3 The Central Library building is home to the Central Library service along with the Graves Art gallery and the Library Theatre. If the building was to be considered as the location for a 5\* Hotel, the Central Library service would need to be permanently relocated.
- 8.4 Equally, plans would need to be explored as to options for the continued and enhanced presence of the gallery in the building which ensure that the collection is maintained as a gallery with public access at least equal to the public access afforded currently but ideally with extended hours. In addition, temporary solutions for the collection during any redevelopment period would have to be resolved.
- 8.5 The Central Library service forms part of the Council's overall library offering and any temporary or permanent relocation would have to be considered in that context. This may provide a unique opportunity to develop a 21st century library service within the City Centre.

### **Condition of the Central Library Building**

- 8.6 The Central Library building has presented increasing maintenance problems over the last 10 years, despite considerable investment made to keep the building operational. For example, in the last five years around £550,000 has been spent on essential repairs and maintenance.
- 8.7 It is estimated that to keep the building open for the next three years, it will require investment in essential works of around £2.2m. This includes works relating to the heating system; roof; fire risk and general repairs. Whilst this will secure the building's operation in the short term, experience over the last 10 years shows that continued essential investment will be required on an on-going and sizeable basis.
- 8.8 Beyond essential repairs and maintenance, it is estimated that a major refurbishment of the building would cost at least £16m and a major redevelopment (modernising the layout and uses) would cost in excess of £30m. The challenge in finding capital monies for the building are now greater than ever given the unprecedented pressure on the council's budget and the fact that the Central Library would be highly unlikely to attract significant external capital support from key public sources such as Arts Council or Heritage Lottery Fund. As such, the approach received by the Council creates the *prospect* - for the first time - of developing an enhanced, fit for purpose and sustainable central library service in different city centre location.

## **9 HAS THERE BEEN ANY CONSULTATION?**

- 9.1 This report is seeking permission to explore options. The options presented back to Cabinet in a future report will deal with any consultation elements of displacing and relocating services that could arise.

## **10. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION**

### **10.1. Equality of opportunity Implications**

S149 Equality Act 2010 sets out what is referred to as the Public Sector Equality Duty. The council must, in all of its decision making, have regard to the obligation;

- (a ) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

- 10.2 There are no differential equality implications arising from the recommendations in this report. However, as proposals are further developed, they will be assessed for potential differential equality of opportunity implications on a case by case basis and Equality Impact Assessments will be carried out as required.

### **Financial and Commercial Implications**

- 10.3 The 5\* hotel proposal if it were to progress should bring significant direct and indirect financial benefits to the city albeit with some risk which could be mitigated by the terms of the commercial agreements which will underpin and effect the transaction.

- 10.4 It may likely require the Council to commit to some up-front costs to relocate the Central Library service and potentially undertake other enabling works. This proposal is in its formative stages, with further development required should the plan proceed.

The benefits can be grouped into three headings:

- Economic regeneration of the city centre
- Avoidance of a significant capital maintenance liability
- Opportunity to improve the Revenue Budget position of the Council

- 10.5 The addition of a 5\* hotel created by a significant private investment will greatly enhance the appeal and reputation of Sheffield potentially drawing in further significant investment creating employment and GVA.

The enterprise would also substantially enhance the city's economy, which will have a further positive multiplier effect.

- 10.6 The Central Library building has a substantial maintenance liability, which as accrued over several decades. Near term works to make it compliant with building standards legislation are in the region of £2m. Longer term refurbishment is in the order of £16m and a full redevelopment into a remodelled and fully modernised library service would be in excess of £30m. The Council's Capital Programme will not have the resources to fund this work. Future plans for the building have always focused on attracting external funding from grant funding bodies but this strategy always required a significant (at least 50%) match funding from the Council and the redevelopment of the central library building would be unlikely to attract major matching external funds from Arts Council or other similar bodies.. Thus, an alternative use of this building will relieve the Council of a significant and growing financial burden whilst creating the opportunity, in the fullness of time, for an enhanced central library service in a new city—centre location
- 10.7 The direct impact of the construction of the hotel on the Council's Revenue Budget could be additional annual gross business rates in the region of £1m. Further investment in the city related to, or attracted by, this proposal, would add to this benefit. Relocating the Central Library from its current base to more modern premises will provide an opportunity to improve operations both for the user and the Council. There is the real possibility of saving on utility, insurance, maintenance and other operating costs should the library service ultimately be relocated.
- 10.8 If committing itself to this proposal the Council may incur significant revenue operating costs in the movement of the library operations and project costs to conclude the deal, temporary costs for the art collection, capital costs for the new location and potentially enabling infrastructure or other public realm works. These costs will be detailed in any future Cabinet report presenting the options.
- 10.9 These works would not be funded through the existing capital programme. However, the economic impact of the Hotel project overall is likely meet the criteria for support from the Growth Investment Fund. This report does not seek any specific financial approval and any submissions will be submitted in due course at the appropriate time.

## **11 Legal Implications**

- 11.1 The various projects referred to in this report are considered to be lawful and within the powers of the Council. All will have various other legal implications that will need to be fully considered at the time decisions are made. These include but are not limited to the power to dispose of property by way of s123 Local Government Act 1972, State Aid, EU and UK procurement law and the duty to provide a comprehensive and

efficient library service. These will be fully developed and dealt with in later reports.

- 11.2 In relation to the recommendation to enter into a period of exclusivity for the development of the Central Library Building the Council has the power under s111 Local Government Act 1972 to do anything that is calculated to facilitate, or is conducive or incidental to, the discharge of any function and this gives the power to enter into the exclusivity agreement. Alternatively the general power under the Localism Act 2011 would also permit this.
- 11.3 The land that forms the Central Library is held absolutely by the Council and is not subject to any restriction on use or disposal nor is it bound by any form of trust either express or implied. It stands on sites acquired between 1865 and 1909. The old Public Library was demolished in the early 1930s to make way for the new Central Library and Graves Gallery which cost a total of £95,000 to construct of which £30,000 was contributed as unconditional gift from Alderman J.G.Graves.'
- 11.4 The Graves Art collection is currently displayed in the Central Library and Graves Art Gallery building. The collection is held on trust and any proposals will have to have regard to the terms of the trust. Both Museums Sheffield and the Graves Trust are being consulted on options for the collection and are supportive of the proposals.

## **12 Other Implications**

### **Property Implications**

- 12.1 The proposal is to enter into an exclusivity agreement on the Central Library building for 12 months. This will allow the developer the security to employ resources to undertake feasibility and due diligence work prior to contractual commitment.
- 12.2 It will also give the Council the opportunity to identify an appropriate relocation opportunity for the short and longer terms. When both parties are in a position to proceed they will enter into a conditional contract to allow the transaction to proceed. At that stage the developer will seek planning permission and listed building consent for the proposed development, in accordance with normal practices. Once the contract is unconditional then the Council will need to provide vacant possession within an agreed period of time.
- 12.3 The land transaction is likely to be based on a long lease of the property with provisions to ensure that the property is developed out in accordance with the planning permission, its listed status and within an agreed period of time. There will also be provisions in the lease to ensure that the property remains in operational use with provisions for the lease to revert to the Council in the event of any significant default by the

lessee.

- 12.4 Exclusivity agreements have been used by the Council on a number of occasions in the past to allow prospective investors and / or developers to undertake feasibility studies prior to entering into contractual commitments with the Council. This allows both parties to ensure that the development proposals are realistic and gives the developer the confidence that any investment in resources will not be wasted by the Council entering into discussions with third parties.

### **13 ALTERNATIVE OPTIONS CONSIDERED**

- 13.1** Alternative options considered regarding the expression of interest in the Central Library building to be developed into a 5\* Hotel

13.1.1 Do nothing. This option does not take into consideration the imminent need for repairs to the building and the almost certain inability to secure major capital investment in the building as a library

13.1.2 Market the building for sale. There is no indication that there is any interest from the market in acquiring this building.

13.1.3 Undertake a feasibility study for the future of the building. This is likely to take a minimum 12 to 18 months during which time this current development proposal could be withdrawn. There will be a cost associated and no guarantee of a long term solution for the building

13.1.4 Identify funding for refurbishment of the building. There will still be an ongoing maintenance cost

- 13.2** Alternative options considered in place of establishing the trade partnership agreements with Daqing and Nanchang:

13.2.1 Do nothing: Not entering into these relationships limits opportunities for Sheffield and its businesses in these fast growing commercial centres.

13.2.2 Ad hoc: Without the city-to-city framework being established as a protocol for joint-work between the two cities, businesses would be less likely to be able deliver commercial and economic benefits from the relationships established in China.

- 13.3** Alternative options considered in place of establishing a strategic investment partnership with Guodong:

13.3.1 Do nothing: Not entering a long-term investment relationship does not support the economic and regeneration objectives of Sheffield.

13.3.2 Establish Partnerships with other organisations: The review of investor and investment opportunities that was undertaken by UKTI in 2015 established that Guodong was likely the the best fit long-term



investment partner for Sheffield.

## **14 REASONS FOR RECOMMENDATIONS**

- 14.1 The expression of interest regarding a hotel development received from Guodong presents a substantial opportunity to protect the future of an iconic building within the city centre. It also presents an opportunity to enhance the hotel offer and increase investment and employment in Sheffield.
- 14.2 This proposal provides an opportunity to give proper consideration to the future of the Central Library Service and the Graves Art Gallery, if a hotel development at this location is deemed viable.
- 14.3 Developing the investment partnership with Guodong to an operational state will enable the delivery of projects and ensure activity is performance managed.
- 14.4 The educational partnership is supported between the “Sheffield” School in Chengdu and the Oasis Don Valley Academy, along with wider collaboration between Sheffield and Chengdu, as it offers a special opportunity to increase aspiration among pupils and educators in both cities.

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**SHEFFIELD CITY COUNCIL**

**CALL-IN PROCESS FOR EXECUTIVE DECISIONS**

I CHRIS PEACE (Name of Member in Block Capitals)  
under the provision of Standing Order A35, wish to call-in Item No. 12  
relating to CHINA ECONOMIC & CIVIL PROGRAMME UPDATE  
of the meeting of CABINET (meeting title)  
on 30th NOVEMBER 2016 (date) for consideration by the  
ECONOMIC & ENVIRONMENTAL + POLICY DEVELOPMENT Scrutiny Committee.  
The relevant Scrutiny Committee will be indicated on the Checklist within the report relating to this matter.

**Reason for Call-In**

TO ALLOW FURTHER SCRUTINY OF FUTURE PLANS FOR A CITY CENTRE LIBRARY SHOULD THE CURRENT BUILDING BE CEASED AS SUGGESTED - ALSO TO ALLOW SCRUTINY & CONSIDERATION OF THE FUTURE ACCOMMODATION OF GRAVES GALLERY & ALTERNATIVE ACCOMMODATION FOR USERS OF THE LIBRARY THEATRE SHOULD THIS  
Signed [Signature] Date 30/11/16 GO AHEAD

I have obtained the following signatures of the other Members who wish to call-in this item:-

Name (in Block Capitals)	Signature
1. <u>STEVEN WILSON</u>	<u>[Signature]</u>
2. <u>LEWIS DAGNALL</u>	<u>[Signature]</u>
3. <u>NEALE GIBSON</u>	<u>[Signature]</u>
4. <u>LISA BANES</u>	<u>[Signature]</u>

(NOTE: Standing Order A35(1) requires five Members, including two from the appropriate Scrutiny Committee to 'call-in' an Executive decision for scrutiny. This can be done **up to 4 working days after the decision publication.**

*The five signatures required for the call-in process must be submitted by the deadline date, but need not all be on one form.*

**COMPLETED FORMS TO BE RETURNED TO  
THE HEAD OF DEMOCRATIC SERVICES (ROOM G12, TOWN HALL),  
BY THE DEADLINE REFERRED TO ABOVE.  
THE REQUEST WILL BE LOGGED AND FORWARDED TO THE HEAD OF  
SCRUTINY FOR ACTION.**

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**SHEFFIELD CITY COUNCIL**

**CALL-IN PROCESS FOR EXECUTIVE DECISIONS**

I MARTIN SMITH (Name of Member in Block Capitals)  
under the provision of Scrutiny Procedure Rule 16, wish to call-in Item No. 12  
relating to CHINA ECONOMIC & CIVIC PROGRAMME UPDATE  
of the meeting of CABINET (meeting title)  
on 30TH NOVEMBER 2016 (date) for consideration by the  
ECONOMIC & ENVIRONMENTAL Scrutiny Committee.

*The relevant Scrutiny Committee will be indicated on the Checklist within the report relating to this matter.*

**Reason for Call-In**

TO ALLOW ~~FOR~~ SCRUTINY OF THE STRATEGIC INVESTMENT PARTNERSHIP AGREEMENT WITH GUODONG AND THE 12 MONTH EXCLUSIVITY AGREEMENT ON THE POTENTIAL REDEVELOPMENT OF THE CENTRAL LIBRARY BUILDING.

Signed M. Smith Date 5TH DECEMBER 2016

I have obtained the following signatures of the other Members who wish to call-in this item:-

Name (in Block Capitals)	Signature
1. <u>Penelope PENNY BAKER</u>	<u>Penelope A. Baker</u>
2. <u>VICKIE PRIESTLEY</u>	<u>V. Priestley</u>
3. <u>IAN AUCYARD</u>	<u>I. Aucyard</u>
4. <u>STEVE AYRIS</u>	<u>[Signature]</u>

(NOTE: Scrutiny Procedure Rule 16 requires five Members, including two from the appropriate Scrutiny Committee to 'call-in' an Executive decision for scrutiny. This can be done **up to 4 working days after the decision publication.**

*The five signatures required for the call-in process must be submitted by the deadline date, but need not all be on one form.*

**Completed forms to be returned to the  
Head of Democratic Services (Room G13/14, Town Hall),  
by the deadline referred to above.**

**The request will be logged and forwarded to Policy and Improvement Team  
for action.**

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