

SHEFFIELD CITY COUNCIL

**Economic and Environmental Wellbeing Scrutiny and Policy Development
Committee**

Meeting held 15 December 2016

PRESENT: Councillors Steve Wilson (Chair), Ian Auckland (Deputy Chair), Penny Baker, Lisa Banes, Craig Gamble Pugh, Neale Gibson, Adam Hurst, Helen Mirfin-Boukouris, Anne Murphy, Robert Murphy, Andy Nash, Chris Peace and Martin Smith

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1. APOLOGIES FOR ABSENCE

1.1 Apologies for absence were received and substitutes attended the meeting as follows:-

Apology

Councillor Dianne Hurst
Councillor Talib Hussain
Councillor Abdul Khayum
Councillor Ben Miskell
Councillor Paul Wood

Substitute

Councillor Anne Murphy
Councillor Adam Hurst
Councillor Craig Gamble Pugh
No substitute nominated
No substitute nominated

2. EXCLUSION OF PUBLIC AND PRESS

2.1 No items were identified where resolutions may be moved to exclude the public and press.

3. DECLARATIONS OF INTEREST

3.1 There were no declarations of interest.

4. PUBLIC QUESTIONS AND PETITIONS

4.1 Petitions

4.1.1 Rebecca Gransbury reported on the petition she had submitted to the Council meeting on 7th December 2016, which, in the light of the number of signatures, had triggered a debate at that meeting. Following the debate, the Council noted the receipt of the petition and referred the petition to this Committee, to be considered in conjunction with the call-in of the Cabinet decision on the China Economic and Civic Programme Update.

4.1.2 Ms Gransbury stated that the petition, which was calling on the Council to keep the beautiful, purpose-built Central Library building as a library, reject any plans to re-purpose the building and invest in the upkeep of the building as a full public resource, was continuing to attract online signatures. She made reference to the heritage of the building, stressing that such heritage did not simply relate to the

bricks and mortar element of the building, but also related to its history. Ms Gransbury stated that she had been informed by an officer in the Library Service at Manchester City Council that the Grade II rotunda building was their “jewel in the crown” of their library service, and that the decision to keep the library in the same location was due to the fact that, before the renovation, it attracted 1.25 million visitors. This equated to approximately 50% of Manchester’s population. Sheffield’s Central Library had attracted 546,982 visits during 2015, which equated to approximately 97% of the City’s population, and she stated that these figures provided good grounds for the option of renovation to be considered. Ms Gransbury then went on to question whether the Exclusivity Agreement would prevent the Council from exploring other options, whether, if the hotel development progressed, the Council would commit to create a new library building as attractive and iconic as other buildings in the City Centre and what would the costs of renovation be, in contrast to the cost of a new building.

- 4.1.3 Councillor Jack Scott, Cabinet Member for Libraries and Community Services, stated that there were no doubts about the iconic nature of the Central Library building and that, if any funding became available, the Council would give consideration to renovating the building. He added, however, that given the scale of the renovation works required, with a major redevelopment (modernising the layout and uses) expected to cost in excess of £30 million, and the increasing problems for the Council to identify this level of funding, it had been decided to explore the option of the agreement with Guodong, in connection with the development of a 5-star hotel and improving the Art Gallery at the Central Library building on Surrey Street. Councillor Scott also stated that if the proposals progressed to the development of a new 5-star hotel, the Council would receive around £1 million a year in business rates, in respect of the building, which would be used to further boost the City’s economy. He stressed that there were no firm proposals at the present time, and that this was one of a few options being considered by the Council.
- 4.1.4 In response to questions raised by Members of the Committee, in connection with the petition, with reference to the new central library building in Birmingham, it was stated that the new building, which comprised a number of other elements as well as the library service, cost approximately £180 million, financed through a Private Finance Initiative deal. The running costs of the building alone amounted to around £20 million and when compared with the cost of running the entire library service in Sheffield which was around £8 million, this highlighted the problems facing the Council. Although the exact figures in terms of the required repair and refurbishment works in connection with the building had not been finalised, Councillor Scott had given a commitment that he would provide a breakdown of such figures, publicly, when they became available. In addition, as there had only been preliminary discussions with Guodong at this stage, there were no details in terms of the costings involved in connection with the development of a 5-star hotel and a new art gallery within the building.
- 4.1.5 The Committee noted the comments now raised by Ms Gransbury in connection with the petition, and agreed that the issues raised be considered as part of the consideration of the call-in.

4.2 Public Questions

4.2.1 The Committee received the following questions from members of the public:-

(a) Helen Glazier

Why did the Council consider it cheaper to build a brand new building, rather than refurbish the existing building?

(b) Unnamed Member of the Public

Why isn't refurbishment given as much weight as rebuild, particularly due to the important nature of the building?

(c) Nigel Slack

- (i) Can the Cabinet Member or relevant officer clarify the 'leasing' arrangement that this proposed deal would lead to? Who would own the land? Who would own the building? What is the envisaged period of any lease?
- (ii) Can the Cabinet Member or relevant officer clarify the comment by the presenting officer at the Cabinet meeting on 30th November 2016, which indicated that bedrooms for the 5-star hotel would be "outside the main Surrey Street building, as in an annexe or related to..." Where might such an external annexe be located?
- (iii) Councillor Jack Scott has commented that any new Central Library facility will be within a quarter of a mile of the Surrey Street site. That appears to suggest a perimeter ranging approximately from Cathedral to City Hall to Furnival Square to Sheaf Street, almost to Ponds Forge and to Castle Square. Can this be confirmed now or at the earliest possible opportunity?

(d) Michael McColgan

- (i) Has the Council an Ethical Procurement Policy? If so, how was it put into effect in the negotiations with Guodong Construction?
- (ii) Does the Company welcome Trade Unions among its workforce?
- (iii) Has the Council investigated whether the Trade Unions are truly independent?
- (iv) Why is the Council appearing now to deal with Mr Wong's private company, when initially it was due to negotiate with the PLC?
- (v) On what basis does Councillor Leigh Bramall claim that the Company is "one of the best partners out there", or that it will lead to thousands of jobs?

- (vi) What is the proposed composition and competence of the “decision-making” body?
 - (vii) Precisely how will a 5-star hotel help Sheffield?
 - (viii) Precisely how will a private residential scheme in the West Bar area help Sheffield? Will it be “affordable” housing?
 - (ix) Why has the Council taken so long to determine that the Central Library is not “fit for purpose”? Did nobody ring the alarm bells sooner?
 - (x) What kind of City Centre library is Councillor Jack Scott promising?
 - (xi) Why was no consultation undertaken with the people of Sheffield on such an important matter?
- (e) Jackie Jones
- (i) Please can you breakdown or explain why it will cost £30 million to make repairs/refurbish the library and gallery.
 - (ii) What avenues have been explored, if any, to find alternative funding to maintain the building?
 - (iii) Why were we not told about problems the library building was having? The first I heard about it, it had already been sold to the Chinese.
- (f) Antony May
- If the investment is given the green light, is it paid in the form of monies or is there investment in the form of building and infrastructure?
- (g) Karen Platt
- (i) There appear to have been consultations that have not been made public - at least the 2013 one if not more. Please could these be made public as quickly as possible, certainly long before the 12-month period is up.
 - (ii) In all fairness, no-one can decide what is best for the City until all options are explored. This Committee should seek to explore the options of renovation of the current building. A prime example of a renovated library is Liverpool - at a cost of £50 million. Funding was available for this avenue - one that is supported by over 10,000 people in the City. This would appear to be the cheaper option. What can a new build offer that a renovation cannot?
 - (iii) The Graves building is a public building that would be accessible to all if it were refurbished. It is currently not accessible and that has been a Council choice. To turn it into a hotel is to take away the public access for private enterprise even if the hotel contains the gallery. Who would

access it?

- (iv) Could the Council suggest other sites to Guodong for their valued investment – sites that are more suited to private enterprise?
- (v) Could the Committee consider the heritage of the building, and preserve it for the people of Sheffield as a library that anyone can access.

(h) Nick Fleischmann

- (i) Why were conservative options for the Central Library not considered following the announcement in 2014 after the previous review that the Library was safe, before now granting exclusivity to Guodong? There are trust schemes that should have been examined by the Council during the intervening two years with ample opportunity to engage with the community and other stakeholders.
- (ii) Why did the Council not at least allow an equal and parallel consultation on conservative options eg a trust during the current 12 month period and the possibilities of obtaining alternative funding?
- (iii) Where has the figure of £30 million for refurbishment of the Library come from? Are there supporting costings? Will these costings be made available as soon as possible?
- (iv) Can there be an assurance that the Council will not move towards concluding any further agreement with Guodong until the results of their feasibility study have been made public and independently assessed, and an agreed consultation process is on the table for full consideration of alternative options?
- (v) What is the Council's assessment of the costs of providing equivalent new-build library facilities elsewhere?
- (vi) Has consideration been given to offering Guodong another site in the City Centre and leaving the Library in its current situation, preserving all historic features, including theatre and gallery, reference and local studies, with appropriate and sensitive remodelling to remedy some defects of the existing provision, such as situation of the gallery, disabled access, catering, etc?
- (vii) What planning case is there for another large hotel in the Conservation Area right opposite the existing one?
- (viii) Does the Council believe that a redevelopment proposal to convert a Grade 2 listed building, which will involve almost total gutting of the historic features and insertion of mezzanine floors, can meet the requirements of an Historic England Heritage Statement for the purposes of listed building consent?

- (ix) Does the Council not agree that the historic Central Library is an architectural treasure, both externally and internally, a nationally-significant cultural asset and an irreplaceable centrepiece of Sheffield's cultural heritage and the City Centre Conservation Area, which the Council itself draws attention to on its own website?
- (x) Does the Council agree that all 10,000 signatories to the protest petition should be given a full opportunity to voice their detailed objections to the proposed scheme?
- (xi) How can the Council justify permitting and encouraging a foreign developer to float a speculative commercial venture through the preferential acquisition of one of Sheffield's greatest cultural assets?
- (xii) If there is to be a tender for the Library from Guodong, how could this be described as competitive given that they have basically been given a preferential option to acquire the building without consideration of any other possible bids?
- (xiii) If there were an application to register the Library as an asset of community value, what would the Council's attitude be?
- (xiv) Does the Council consider that it has acted fairly and openly with the community and other stakeholders in moving straight to a preferred commercial bid without any consideration of the feasible alternatives?

(i) *Sheffield Communities Against Library Privatisation*

Can the Council guarantee that any upfront costs from the City that may be associated with the relocation of the Central Library will be recouped should funds from the developer, or those that may be available from Central Government, fail to materialise, perhaps due to austerity, financial difficulty or economic recession? Will there be a guarantor?

(j) *Peter Fagerlind*

Should the Council not be consulting the public on all the various options for the building now rather than pursuing the one option of leasing the building to Guodong UK Ltd for use as a 5-star hotel?

(k) *Stephanie Hulstaert*

- (i) Could the Council carry out a survey of its library users to ask for their views on the possibility of the Central Library becoming a hotel? I believe this is an appropriate way of engaging with those who will be most affected by any change in use of the building.
- (ii) Could Members of the Council look at the good and bad examples of library renovations in the country, such as Birmingham, which built a library in 2013, but then couldn't afford to maintain its opening hours, and Liverpool, whose library was renovated in 2013 as a tourist

attraction, as well as serving the City's citizens, giving everyone something to be proud of for many years to come.

4.2.2 The Chair stated that written responses would be provided to all the questions raised at the meeting.

5. CALL-IN OF THE CABINET DECISION ON CHINA ECONOMIC AND CIVIC PROGRAMME UPDATE

5.1 The Committee considered the decision of the Cabinet made at its meeting held on 30th November 2016, regarding the China Economic and Civic Programme Update. The Committee considered two separate call-ins.

5.2 First Call-in

5.2.1 Signatories

The Lead Signatory was Councillor Chris Peace, and the other signatories were Councillors Steve Wilson, Lewis Dagnall, Neale Gibson and Lisa Banes.

5.2.2 Reasons for the Call-in

The signatories had confirmed that they wished to allow further scrutiny of future plans for a City Centre Library should the current building be leased as suggested, and to allow scrutiny and consideration of the future accommodation of Graves Art Gallery and alternative accommodation for users of the Library Theatre should this go ahead.

5.2.3 Attendees

- Councillor Jack Scott (Cabinet Member for Libraries and Community Services)
- Councillor Leigh Bramall (Cabinet Member for Business and Economy)
- Paul Billington (Director of Culture and Environment)
- Ed Highfield (Director of Creative Sheffield)
- Dawn Shaw (Head of Libraries and Community Services)

5.2.4 Councillor Chris Peace addressed the Committee, as Lead Signatory to the call-in, indicating that, due to the level of questions received from her and her colleagues' constituents, she considered that there was a need for further scrutiny of this decision. Councillor Peace stated that the Council needed to be both ambitious and realistic in terms of the future of the Central Library building, particularly in the light of the present condition of the building, and the costs involved in either refurbishing or redeveloping it. As part of her address, Councillor Peace raised a number of questions, initially asking for a guarantee that Sheffield would still have a Central Library building, questioning whether there had been any consideration given to its location and whether any new library building would be as iconic or inspiring as the current building. She questioned whether the views of current library staff, any relevant friends' groups, the Museums Trust and any amateur dramatic groups who used the Library Theatre, had been sought, whether any

consideration had been given to other possible funding streams, whether there had been any consultation in terms of the Council's interim plans and what part the public could play in any future consultation.

5.2.5 In response, it was stated that Guodong had looked at a number of possible locations in and around the City Centre, but had expressed an interest in the Central Library building, and the initial plans indicated that it would be a very inspiring new building. Councillor Jack Scott referred to the publicity material that had been circulated at the first of a number of public meetings to discuss the proposals, which indicated that the Council had been very open in terms of the information shared with the public to date. He added that he had arranged to meet with the group which had been established to defend the Central Library building, where it was hoped that plans could be drawn up, comprising a number of options, regarding the provision of a library, either contained within the new building, or elsewhere in the City Centre area. Paul Billington stated that he had met with representatives of the Museums Gallery and the Arts Council to discuss future proposals regarding the Art Gallery and the Library Theatre. Whilst there were no firm proposals at this stage, there was a joint ambition between the Council and Guodong in connection with maintaining the Art Gallery in an alternative, more accessible, location within the City Centre. Councillor Leigh Bramall stated that the possible £1 million a year business rates in terms of a new building on this site would prove beneficial for the Council in terms of funding Council Services. The current staff at the Central Library had been briefed on the proposals, and would continue to be updated in terms of any further developments.

5.2.6 Questions from Members of the Committee

Members raised questions and the following responses were provided:-

- There were no guarantees that the Central Library would not close at any time in the near future.
- Consideration had been given to transferring the archives currently stored in the Central Library building to the current Sheffield Archives building on Shoreham Street. However, as there was not sufficient storage capacity at Shoreham Street, consideration would have to be given to an alternative location if all the City's archives were to be kept together.
- Whilst it was not yet clear that the deal being considered would be viable from the Council's point of view, the potential benefits of the proposals made the plans worth considering. Whilst there were no guarantees, it was considered that, given the level of investment, as well as the on-going receipt of business rates in respect of the new building, the proposed deal should be given detailed consideration.
- There were no detailed plans at this stage, but in due course, full costings and plans in terms of a permanent location, would be considered by the Cabinet. The Council would only be able to make a final recommendation on the proposals once statutory consultation had been held. There could also be delays due to legal issues.

- Any possible interim library in the City Centre would be recognisable as a library service, although there were no firm details at the present time.
- It was not envisaged that there would be any issues in terms of the receipt of business rates regarding a new building, in the light of any possible issues regarding the Company's future performance, as the business rates referred to the building and not the Company.
- There were serious concerns in connection with the condition of the Central Library building, to the extent that the issue was referred to on the Council's Risk Register. There would be issues in terms of the Council meeting the requirements of the Disability Discrimination Act, in terms of disabled access to, and within, the building, and this, and the other problems regarding required repairs and maintenance, was creating serious financial pressure for the Council.
- Whilst the proposed investment deal refers to a 5-star hotel, there was no specific location mentioned. However, Guodong has mentioned the Central Library building as a preferred location for such a hotel.
- Whilst there was always the possibility that an alternative location could be found for a 5-star hotel in the City Centre, this would not help the Council in terms of its requirement with regard to the maintenance of the Central Library building.
- The Council does pay business rates in respect of the Central Library building, but not in respect of the Graves Art Gallery, due to its charitable status.

5.3 Second Call-in

5.3.1 Signatories

The Lead Signatory was Councillor Martin Smith, and the other signatories were Councillors Penny Baker, Vickie Priestley, Ian Auckland and Steve Ayriss.

5.3.2 Reasons for the Call-in

The signatories confirmed that they wanted to allow for further scrutiny of the Strategic Investment Partnership Agreement with Guodong and the 12-month Exclusivity Agreement on the potential redevelopment of the Central Library building.

5.3.3 Attendees

- Councillor Jack Scott (Cabinet Member for Libraries and Community Services)
- Councillor Leigh Bramall (Cabinet Member for Business and Economy)
- Paul Billington (Director of Culture and Environment)

- Ed Highfield (Director of Creative Sheffield)
- Dawn Shaw (Head of Libraries and Community Services)

5.3.4 Councillor Martin Smith questioned precisely what had been agreed between the Council and Guodong in June 2016, in connection with the agreement, specifically whether there had been any legal or financial commitments on the part of the Council. He also queried the nature of the Exclusivity Agreement, and whether this prevented the Council from engaging with other potential investors. Councillor Smith also queried why copies of both the strategic investment partnership agreement with Guodong and the Exclusivity Agreement in terms of the potential redevelopment of the Central Library building could not be made available to all Members of the Council, even on a strict confidential basis.

5.3.5 Councillor Jack Scott stated that, as set out in the Cabinet report, the Council had agreed to establish a strategic investment partnership with Guodong in June 2016, which established the operating principles and an outline investment blueprint which would see Guodong invest a substantial amount of money into Sheffield over the next five years, through a number of residential and commercial real estate projects. The Heads of Terms, which were agreed in June 2016, now needed to be developed into full legal agreements, and it was anticipated that this work would commence in January 2017, and provide the detailed governance and operational framework for the long-term investment relationship. If, for any reason, the Council was not happy with any of the arrangements, as part of this process, it would be able to veto the agreement. The Exclusivity Agreement was similar to those the Council had with other developers in the City, and which had a number of legal agreements attached to it. It was confirmed that no financial payment had been made to Guodong. It was added that it would not be appropriate for copies of the agreements to be made available to all Members of the Council on the grounds that they contained commercial sensitive information.

5.3.6 Questions from Members of the Committee

Members raised questions and the following responses were provided:-

- The commitment was made, on behalf of the Council, to ensure that any future arrangements or negotiations in connection with the Partnership Agreement would be as open and transparent as possible. Assurances were also given in terms of the Council doing whatever it could to make the agreement a success, particularly in the light of the enormous potential of the partnership. If it was decided that this particular scheme should progress, and if it was a success, this could result in further investment in the City.
- The Council had dealt with a number of overseas investors in the past, in connection with developments in the City, which had included Meadowhall, Ikea and residential development provided by investment from China.

5.4 RESOLVED: That the Committee:-

- (a) notes the contents of the report now submitted, together with the comments now made and the responses to the questions raised;

- (b) supports (i) the transparent and open approach adopted in connection with the proposals, (ii) the inclusion of Graves Art Gallery as part of the plans and (iii) the working up of plans, both temporary and permanent, with regard to replacement facilities for a central library; and
- (c) agrees to take no action in relation to the called-in decision, but requests that a further report providing an update on progress of the China Economic and Civic Programme be submitted to its first meeting in the Municipal Year 2017/18, prior to the final decision being made by the Cabinet in relation to the Central Library building aspect.

6. DATE OF NEXT MEETING

- 6.1 It was noted that the next scheduled meeting of the Committee would be held on Wednesday, 25th January 2017, at 5.00 pm, in the Town Hall.

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