



**Lead Officer of Report:** Neil Jones  
**Tel:** 2735539

**Report of:** Executive Director Place  
**Report to:** Cabinet Member Finance  
**Date of Decision:** 14 March 2019  
**Subject:** Proposed disposal of Attercliffe Waterside development site

Is this a Key Decision? If Yes, reason Key Decision:- Yes  No

- Expenditure and/or savings over £500,000
- Affects 2 or more Wards

Which Cabinet Member Portfolio does this relate to? Finance  
Which Scrutiny and Policy Development Committee does this relate to? Economic and Environmental Wellbeing

Has an Equality Impact Assessment (EIA) been undertaken? Yes  No   
If YES, what EIA reference number has it been given? *(Insert reference number)*

Does the report contain confidential or exempt information? Yes  No   
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-  
*"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."*

**Purpose of Report:**

Attercliffe Waterside is a long standing, ambitious canalside regeneration project.  
The land is owned by the Council, the Canal and River Trust and the Duke of Norfolk. The report seeks approval to enter into a joint sales agreement to market and bring the land forward for development.

**Recommendations:**

- 1 That the Cabinet Member for Finance approves the proposals to enter into the agreements to carry out a joint sale and future development of the land at Attercliffe Waterside on the basis set out in this report.
- 2 That the Head of Property Services in consultation with the Director of Legal and Governance be instructed to agree the final terms of the documentation required to effect this transaction
- 3 That the Director of Legal and Governance be authorised to complete such legal documentation as she considers necessary or appropriate in connection with this transaction on such terms as she may agree to give effect to the proposals set out in this report and generally to protect the Council's interests

**Background Papers:**

Reports to Cabinet 21<sup>st</sup> November 2018; 10<sup>th</sup> March 2010 and 25<sup>th</sup> October 2006

<b>Lead Officer to complete:-</b>		
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: Paul Schofield
		Legal: David Sellars
		Equalities: Annemarie Johnston)
<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>	Laraine Manley
3	<b>Cabinet Member consulted:</b>	Olivia Blake
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> Neil Jones	<b>Job Title:</b> Partnerships Team Manager, City Regeneration
	<b>Date:</b> 14 <sup>th</sup> March 2019	

# **Report to Cabinet Members for Finance and Business and Investment**

## **Proposed disposal of Attercliffe Waterside development site**

### **1.0 PROPOSAL**

- 1.1 Attercliffe Waterside is a long standing, ambitious canal side regeneration project which unfortunately has taken many years to progress. It was identified as a potential housing site in the New Attercliffe Village Planning Brief in 1994; was allocated as a Mixed Use area in the Unitary Development Plan in 1998 and identified as a major development project in the Darnall Attercliffe and Tinsley Neighbourhood Development Framework which was approved by Cabinet in June 2007. Securing the site for housing has been difficult over the years due to the proximity of industrial uses and issues of decline and poor image of Attercliffe Centre.
- 1.2 The City Council owns the land coloured pink and pink hatched edged red on the attached plan. The other areas within the red boundary are owned by the Canal and Rivers Trust (CRT) and the Duke of Norfolk (DoN). In October 2006 Cabinet approval was given to progress a major regeneration project involving the respective ownerships of the Council, CRT and DoN. These combined ownerships total approximately 20 acres on either side of the canal and have great potential for a comprehensive mixed use scheme involving mainly residential development on the south side of the canal with business, ancillary retail, apartments and potentially a canal side pub on the opposite side. There is also scope for a small number of canal boat moorings as CRT wish to encourage more use of the canal for leisure purposes and for improvements to the canal itself and associated landscaping.
- 1.3 Part of the Council's land, shown hatched red is currently a disused recreation ground and the 2006 report declared this land surplus for recreational purposes. The land is held in a charitable trust but in November 2018 Cabinet approved a report to transfer the charitable status to a far more used recreation ground nearby. It is however still subject to a restrictive covenant from when the DoN gifted the land to Sheffield Corporation in 1897.
- 1.4 In March 2010 a further Cabinet report reaffirmed the Council's support for the project and also approved the acquisition by the Council of an industrial property on the canalside which was needed in order to complete assembly of the site and remove one of the constraints to redevelopment for housing. That purchase was completed in 2011 after the business that owned it had relocated and the property was then demolished.
- 1.5 Following the recession the housing market in less well established areas such as Attercliffe has been particularly challenging and the project was effectively put on hold. However discussions between officers and representatives of CRT and the DoN have continued in order to prepare for a time when development is more likely to succeed. Site investigations have been carried out; an Informal Planning Advice Note produced and external lawyers instructed to act for all three landowners in preparing a Certificate of Title of the respective ownerships. A joint sales agreement has now been agreed between the landowners and a draft development agreement has also been prepared. This is explained in more detail in section 4.2 below.
- 1.6 Over the past three years the redevelopment of the Olympic Legacy Park at the opposite end of Attercliffe high street has made tremendous progress with the

opening of the new through school and UTC; provision of high quality new public realm recently completed and the construction of the Advanced Well Being Research Centre now on site. This, together with massive investment by the University of Sheffield, Boeing and McLaren at the AMP is beginning to change perceptions of the wider area.

- 1.7 The size of the Attercliffe Waterside site, combined with the potential attractiveness of the canal running through it and the very good quality public transport links make it potentially of such a scale that it can create a new identity in and of itself. This could make it an attractive location for a wide mix of different housing types including canalside apartments and townhouses aimed at skilled young workers and more traditional, reasonably priced family housing.
- 1.8 Some initial soft market testing has been carried out which has confirmed that the site is very likely to attract strong interest from certain developers. It is likely that this will be mainly developers that specialise in imaginative regeneration projects than volume house builders, however the site is large enough that a phased approach, possibly by a consortium could be delivered. It is therefore proposed that the joint sales agreement should be entered into and that marketing of the site commence in February. Due to the scale of the opportunity it is proposed to use both local and national agents for this, CBRE have been selected by the three parties together with Fowler Sandford who are the DoN's local agents.

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

- 2.1 The proposal will contribute to the Corporate Plan priorities of Thriving Neighbourhoods and Communities and of a Strong Economy. In particular this will deliver up to 400 new homes; help to drive the wider regeneration of the Attercliffe area and attract investment to build on the success of the Olympic Legacy Park.
- 2.2 The Attercliffe Waterside project is an opportunity to transform this area from its current mostly vacant, semi-derelict condition into an attractive mixed use development. Bringing significant numbers of new residents and commercial uses in the characterful existing buildings next to the canal will be a much needed boost to Attercliffe Centre
- 2.3 High quality design and issues of sustainability and connectivity to other sites in the area will also be important considerations of the project. This is also likely to involve improvement works to the canal itself and associated landscaping. The precise details of this will be agreed as part of the planning process.

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

- 3.1 It has not been considered necessary to carry out specific consultation on these proposals. The Darnall Attercliffe and Tinsley Neighbourhood Development Framework was widely consulted upon at the time as was the Attercliffe Action Plan in 2010 and these proposals remain in line with those.

## **4.0 RISK ANALYSIS AND IMPLICATIONS OF THE DECISION**

### **4.1 Equality of Opportunities Implications**

- 4.1.1 There are not considered to be any specific equality implications arising from these proposals.

## **4.2 Financial and Commercial Implications**

- 4.2.1 As stated above the Attercliffe Waterside site is owned by the Council, CRT and DoN and the respective ownerships are a mix of freehold and long leasehold interests. The former recreation ground is also subject to a restrictive covenant imposed by the Duke of Norfolk when the land was originally gifted to the Sheffield Corporation in 1897 for public recreation at no charge. Parts of both the Council and CRT ownerships are long leases with the freehold owned by the DoN. These leases and use restrictions within them are not sufficient to be able to raise funding for new housing development.
- 4.2.2 In order to provide terms that will be acceptable to developers, lenders and homeowners the draft development agreement provides for the three landowners to sell their respective interests to the selected developer so that the developer will have a clean freehold title. This will happen in phases and only take place once a developer has full planning permission for a defined phase of development and is ready to commence the development of that phase.
- 4.2.3 Negotiations have been held between the three landowners and an independent valuation carried out to agree the existing base values of the respective interests. These base values reflect the various leasehold and freehold interests and reflect the removal of the restrictive covenant by the DoN and assume that the interests will be merged on a sale as set out above.
- 4.2.4 The base values will be used to set the pro-rata apportionment of the receipts which are to be paid by the developer to the respective owners as the phases are drawn down and existing leases surrendered. These are 46% to the Council; 37% to DoN and 17% to CRT.
- 4.2.5 The current estimated base value of the Council's interest is over £3m. The actual receipt is likely to be phased over time and will depend on what is proposed by the selected developers, but the joint sales agreement will ensure that the total is not less than the current base value.
- 4.2.6 Due to the existing market conditions the site will potentially have a significant uplift in value in future once wider regeneration progresses and the site itself becomes more attractive and established. It is therefore proposed to protect all of the existing owner's interests by including a mechanism in the joint sales agreement for the developer's original bid price to be indexed over time and for the land value at the time of each phase drawdown to be reassessed and increased if appropriate.
- 4.2.7 Combining the disparate interests of the three landowners into a comprehensive scheme will create a much higher value for all than if the interests were to be sold separately. The largest part of the Council's land is the recreation ground and without the removal of the restrictive covenant that is currently virtually worthless.

## **4.3 Legal Implications**

- 4.3.1 The proposed Attercliffe Waterside project is likely to achieve the promotion or improvement of the economic, social and environmental well-being of the city and its inhabitants. Entering into the joint sale agreement would be authorised by the power to promote well-being conferred by Section 2, Local Government Act 2000.

- 4.3.2 The open marketing process and safeguards built into the draft development agreement to capture future increases in value as the area improves will satisfy the Council's obligations in Section 123 of the Local Government Act 1972 to obtain best consideration.

## **5.0 ALTERNATIVE OPTIONS CONSIDERED**

- 5.1 The Council and the other owners could continue to hold their property for the next few years before seeking to dispose on the open market and if the wider regeneration of the Lower Don Valley continues it is possible that they may achieve a higher value in future. However future values cannot be guaranteed and the vacant and semi derelict condition of the properties would continue to have a negative impact on the immediate area and not deliver the homes and economic benefits for the regeneration of Attercliffe.
- 5.2 The Council could consider trying to dispose of its properties in isolation rather than in a comprehensive scheme with the other landowners. However the complexity of the leasehold interests and restrictive covenants together with the lack of control over what would happen with the other owner's properties would mean that this would be difficult to achieve and values would definitely be lower.
- 5.3 As a further alternative the Council could consider using its own capital resources to seek to acquire the interests of the other two landowners such that it has complete control over marketing and long term proposals for the site. However the Council's capital programme has limited capacity and this may not be seen as a high priority for the use of limited funds, particularly if an alternative strategy can achieve largely the same outcomes. It is also unlikely that the other land owners would cooperate with such a proposal as both CRT and DoN have a long term interest in the future of the area.

## **6.0 REASONS FOR RECOMMENDATIONS**

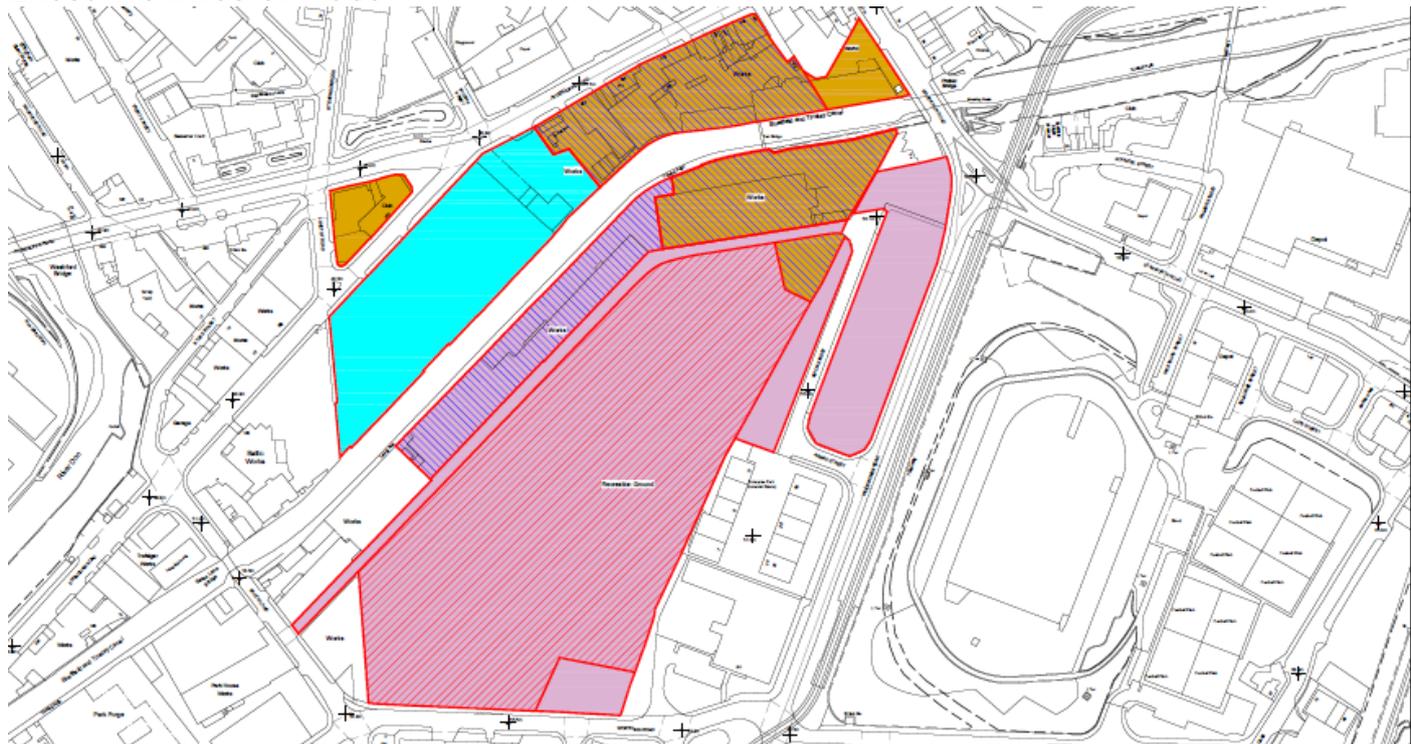
- 6.1 The proposed development at Attercliffe Waterside will be a major boost for the regeneration of Attercliffe, building on the success and momentum of the Olympic Legacy Park and growth of investment and employment in the wider Lower Don Valley.
- 6.2 The site has the potential to deliver up to 400 new homes in a mix of different housing types and to attract new businesses and jobs into characterful existing buildings around the canal.
- 6.3 The proposal to enter into a joint sales agreement will produce higher land values to the Council than by trying to sell its interest in isolation.
- 6.4 The proposed open market process and safeguards that will be built into the joint sales agreement and draft development agreement to capture future increases in value will ensure that the Council obtains the best consideration for its properties.

## **7.0 RECOMMENDATIONS**

- 7.1 That the Cabinet Member for Finance approves the proposals to enter into the agreements to carry out a joint sale and future development of the land at Attercliffe Waterside on the basis set out in this report.

- 7.2 That the Head of Property Services in consultation with the Director of Legal and Governance be instructed to agree the final terms of the documentation required to effect this transaction
- 7.3 That the Director of Legal and Governance be authorised to complete such legal documentation as she considers necessary or appropriate in connection with this transaction on such terms as she may agree to give effect to the proposals set out in this report and generally to protect the Council's interests

**Laraine Manley**  
**Executive Director Place**



Notes:

 SCC	 D of N FREEHOLD REV
 SCC IN TRUST	 D of N
 CRT	

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Building	Drawing Title RIPON STREET RECREATION GROUND	Scale 1:2000
Location	Drawing No/File No	Date 18/09/2017
Project Ref.	Drawn AH	Rev. 31/01/2019
		A3

