

SHEFFIELD CITY COUNCIL

Strategy and Resources Policy Committee

Meeting held 28 June 2023

PRESENT: Councillors Tom Hunt (Chair), Fran Belbin (Deputy Chair), Angela Argenzio, Dawn Dale, Douglas Johnson (Group Spokesperson), Ben Miskell, Shaffaq Mohammed (Group Spokesperson), Zahira Naz, Joe Otten, Martin Smith and Richard Williams

1. APOLOGIES FOR ABSENCE

1.1 There were no apologies for absence.

2. EXCLUSION OF THE PRESS AND PUBLIC

2.1 It was noted that Appendix 1 and 2 to the report at item 5 and appendix 1 to the report at item 8 were not available to the public or press because they contained exempt information. If Members wished to discuss the exempt information, the Committee would ask the members of the public and press to kindly leave for that part of the meeting and the webcast would be paused.

3. DECLARATIONS OF INTEREST

3.1 There were no declarations of interest.

4. PUBLIC QUESTIONS AND PETITIONS RELATING TO THE ISSUES TO BE DISCUSSED

4.1 There were no public questions or petitions.

5. PROPOSED AGREEMENT FOR LEASE OF FORMER COLE BROTHERS BUILDING

5.1 The Executive Director City Futures submitted a report setting out details of a proposed agreement for the lease of the former Cole Brothers Building.

The Council acquired the former Cole Brothers Building from John Lewis in January 2022 and marketed it through external agents CBRE from May 2022. This report informs Committee of the very exciting outcome of this marketing and recommends a preferred bidder to take forward with detailed negotiations.

During consideration of this item of business, and in order for Members of the Committee to ask questions on Appendix 1 and Appendix 2 of the report, it was **RESOLVED:** That the public and press be excluded from the meeting and the webcast be paused before further discussion takes place on the grounds that, in view of the nature of the business to be transacted, if those persons were present, there would be a disclosure to them of exempt information as described in paragraph 3 of Schedule 12A to the Local Government Act 1972, as amended.

The meeting was re-opened to the public and press, and the webcast was

recommenced, prior to the decision being taken by the Committee.

5.2 RESOLVED UNANIMOUSLY: That Strategy and Resources Policy Committee:-

(a) notes the outcome of the marketing exercise conducted in respect of the former Cole Brothers Building by CBRE on behalf of the Council and notes the outline of the preferred bid as set out in this report;

(b) endorses proceeding with proposed scheme (Option 1) as set out in Parts 1 and 2 of this report and a conditional agreement for a 250-year lease of the Cole Brothers Building;

(c) notes that when further discussions have better particularised the lease terms, a further report will be brought to this Committee as soon as is reasonably practicable for a further decision; and

(d) notes that as well as the preferred bid, the Council received a number of other credible bids and thank all bidders for their interest and endorses discussing alternative opportunities within the city which they may be interested in pursuing.

5.3 Reasons for Decision

5.3.1 The proposed agreement for lease to the preferred bidder will result in the delivery of an exciting mixed-use scheme comprising flexible workspace and cafes/retail/leisure/cultural uses/event space which are all considered to be complementary uses to the rest of the Heart of the City project. The scheme will create space for new jobs, places to shop, eat and visit and will help to increase the vibrancy and attractiveness of the city centre for residents and visitors.

5.3.2 The bidder has a strong track record of working with many public sector parties. The proposed project team have redeveloped many challenging and listed buildings, including both historic and post-war structures.

5.3.3 Bringing this vacant listed building back into active use will be hugely beneficial both for the wider city centre and the surrounding Heart of the City Scheme. Retaining the large majority of the structure, whilst improving the thermal performance of the building, should have a positive impact on climate change.

5.3.4 The building was openly marketed over a significant period of time and the preferred bidder submitted the highest financial offer.

5.4 Alternatives Considered and Rejected

5.4.1 The summary report annexed to the Part 2 report explains why the preferred bidder is being recommended to progress with rather than the other bidders.

5.4.2 As stated in the previous reports to this Committee in August 22 and March 23, the Council could decide not to progress with a disposal of the building at the present time. However, to do so would lead to further delays and uncertainty around what is an important building for the regeneration of the city centre and

of a lot of interest from many people both within and outside of Sheffield. There is also a risk that developers currently interested in the scheme could withdraw.

- 5.4.3 Retaining the building without securing its redevelopment will have financial implications for the Council both in vacant property management, security and holding costs and in potential blight suppressing values and interest in the surrounding property and the Heart of the City Scheme.

6. REVIEW OF POLICY COMMITTEE WORK PROGRAMMES

- 6.1 The Director of Policy and Democratic Engagement submitted a report:

(a) recognising the important role that the Strategy and Resources (S&R) Committee plays in providing strategic direction to Council's Policy Committees and in particular ensuring that cross-cutting policy issues are strategically and collaboratively managed through Sheffield's Committee System;

(b) identifying S&R Committee's role in supporting and overseeing the workplans of Policy Committees across the year; and

(c) setting out an initial version of the S&R Committee's workplan for this year based on the Strategic Framework that was agreed by S&R Committee on 31st May 2023.

- 6.2 **RESOLVED UNANIMOUSLY:** That Strategy and Resources Policy Committee:-

(1) recognises the vital role S&R Committee plays in supporting and overseeing the Committee System;

(2) welcomes the work that all Policy Committees have undertaken to date on developing workplans for the year ahead;

(3) agrees the current draft of the Strategy and Resources Committee Workplan based on the Strategic Framework for 2023/24 as agreed at the 31st May meeting of this committee.

6.3 Reasons for Decision

- 6.3.1 Agreeing a workplan for the S&R Committee is an important part of the Committee's responsibilities to manage work over the coming year and demonstrate to the people of Sheffield the areas that the Committee will lead and progress this year.

- 6.3.2 As part of Sheffield City Council's constitution, citizens have the right to see what decisions committees will take and when.

6.4 Alternatives Considered and Rejected

- 6.4.1 Do nothing – this was dismissed as Policy Committees are required to set out and regularly review their workplans under the SCC Constitution. It is essential that

citizens, Members and officers are able to see what decisions a Committee plans to take and when.

- 6.4.2 Strategy and Resources Committee to focus only on its own work plan – this option was rejected as it is essential that in order to fulfil its remit the committee is able to coordinate and provide strategic oversight across the breadth of the other committees' work plans.

7. 2022-23 FINANCIAL OUTTURN

- 7.1 The Interim Director of Finance and Commercial Services submitted a report bringing the Committee up to date with the Council's final outturn position for 2022/23.

- 7.2 **RESOLVED UNANIMOUSLY:** That Strategy and Resources Policy Committee notes the updated information and management actions provided by this report on the 2022/23 Revenue Budget Outturn.

7.3 Reasons for Decision

- 7.3.1 To formally record changes to the Revenue Budget.

7.4 Alternatives Considered and Rejected

- 7.4.1 The Council is required to both set a balance budget and to ensure that in-year income and expenditure are balanced. No other alternatives were considered.

8. SHEFFIELD'S GAINSHARE PROGRAMME

- 8.1 The Executive Director City Futures submitted a report in respect of Sheffield's Gainshare Programme.

The Council has, in principle, access to devolved Government funding, known as Gainshare, via the South Yorkshire Mayoral Combined Authority (SYMCA) to deliver inclusive and sustainable economic development in the City. Government has, in total, made £900m available to South Yorkshire over 30 years starting in 20/21.

Gainshare is being made available to the Council to bring forward projects that benefit the City and align with the South Yorkshire Strategic Economic Plan. SYMCA have agreed that in-principle funding will be available on an annual basis in the form of £6m capital and £4m revenue.

A number of strategic projects have been identified that require access to Gainshare that have either started and are facing significant cost inflation or are ready to progress subject to funding being available.

The number of projects and amount of funding required to take them forward means an approach based on annual allocations will significantly delay delivery and/or result in the opportunity to deliver some projects being lost altogether. In

order to address this issue an approach has been developed so that projects are progressed in the form of a programme where beneficial schemes are identified and Gainshare funding brought forward with the agreement of SYMCA to enable earlier delivery.

8.2 RESOLVED UNANIMOUSLY: That Strategy and Resources Policy Committee:-

(a) approves the strategy to explore accelerated Gainshare funding options with SYMCA enabling activity and benefits to be realised as soon as possible, as set out in this report;

(b) approves the strategy to progress the existing pipeline of projects and develop additional projects using year 24/25 Gainshare funding, as set out in this report and subject to Council approval of any future commissioning decisions.

8.3 Reasons for Decision

8.3.1 The underlying benefits of this proposal are:

8.3.2 The creation of a Programme approach to Gainshare that enables the Council to significantly contribute to the outcomes of the South Yorkshire Strategic Economic Plan and deliver critical benefits for the residents and businesses of the City.

8.3.3 It enables the Council to accelerate a strategic capital programme and ensure the delivery of projects that are at risk of not progressing or progressing in a reduced form and/or at a slower rate.

8.3.4 It secures the delivery of the final year of UKSPF in 24/25 and establishes a secure funding stream for economic focussed revenue funding for the future.

8.3.5 The proposal also sets out a governance regime for Gainshare so that Economic Development and Skills Committee maintains oversight of programme performance and future activity

8.4 Alternatives Considered and Rejected

8.4.1 A do-nothing option would see the current Programme of projects progress at a slower rate being reliant on annual Gainshare allocations. This approach could potentially see a number of projects not progress because they can no longer access match funding or meet other funders requirements, or the projects could be reduced in scale as cost pressures mean some elements are no longer affordable. The consequence is that a number of the benefits outline in section 2 will either be reduced or not realised at all.

8.4.2 These benefits are seen as critical to improve the economic situation for many residents and businesses located in the City and failure to deliver may have reputational damage with other local, regional and national partners.