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Report of: Kate Martin

Report to: Finance Sub-Committee

Date of Decision: 22nd March 2023

Subject: Sheffield Olympic Legacy Park: Proposed lease of land for National Centre for Child Health Technology and adjoining offices

Has an Equality Impact Assessment (EIA) been undertaken? Yes No

If YES, what EIA reference number has it been given?

Has appropriate consultation taken place? Yes No

Has a Climate Impact Assessment (CIA) been undertaken? Yes No

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:-

“Part 2 of the Report is not for publication because it contains exempt information under Paragraphs 3 and 5) of Schedule 12A of the Local Government Act 1972 (as amended).”

Purpose of Report:

To seek approval to the City Council entering into a lease to deliver a new research facility together with an adjoining office building at the Sheffield Olympic Legacy Park on the terms outlined within the report.

Recommendations:

- 1 Pursuant to the terms of the development agreement between the Council and Scarborough, to agree in principle the disposal of land through a lease for a term of 250 years, as detailed in this report.
- 2 To delegate to the Executive Director City Futures in consultation with the Chief Property Officer and the Director of Legal and Governance the final decision to dispose land as set out in this report.

Background Papers:

Report to Cabinet 17th July 2019 and earlier papers referred to in that report and report to Co-operative Executive 23rd June 2021

| Lead Officer to complete:- | | |
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| 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: Liz Gough |
| | | Legal: Rahana Khalid and David Sellers |
| | | 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 | SLB member who approved submission: | Kate Martin |
| 3 | Relevant Policy Committee | Finance Sub-Committee |
| 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. | |
| | Lead Officer Name: Neil Jones | Job Title: Partnership Team Manager, City Regeneration and Property |
| | Date: 13th March 2023 | |

1.0 BACKGROUND

1.1 In recent years the site of the former Don Valley stadium has been transformed. The Sheffield Olympic Legacy Park (SOLP) now represents one of the most exciting regeneration projects in the city region; delivering a tangible legacy from the London 2012 Olympic Games by promoting an integrated approach to health, wellbeing and sport to a local, national and international audience via a combination of education, research, community participation and professional sports

1.2 A report to Cabinet in July 2019 approved continuing the delivery arrangements whereby a special purpose vehicle, Legacy Park Ltd (LPL), chaired by Richard Caborn and with representatives of the main public sector partners on the SOLP, has responsibility for delivery of the SOLP vision in close consultation with the Council as landowners.

1.3 That Cabinet report also authorised Council officers to negotiate with the private sector developers Scarborough International Properties Ltd (Scarborough) in respect of an overarching development agreement for the commercial development plots on SOLP. That development agreement was entered into in December 2020 and Scarborough have since completed constructing the SOLP Community Stadium under the terms of an earlier agreement and lease.

1.4 The SOLP development agreement has recently been novated to a new company called Scarborough Legacy Holdings Ltd which is a new special purpose vehicle. The Scarborough SPV that constructed the community stadium has provided security to third party lenders and it would be better for that to be separate from the developer of the wider site. The parent company, Scarborough Group International Ltd will remain guarantor to both agreements/lease

1.5 A report to Co-operative Executive in June 2021 gave approval to the Council entering into an agreement for lease and lease to deliver the Canon Medical Park Community Arena which is a combined research and sports facility. That development is currently being constructed by Canon Medical Systems Ltd and will open this summer.

1.6 In addition to these facilities at the SOLP, the Sheffield Children's NHS Foundation Trust (the Trust) has been working on a proposal to develop a new research centre for the development of innovative technologies for child health on the park. The National Centre for Child Health Technology (NCCHT) is explained in more detail at section 2 of this report. In 2021 the Council and the Trust entered into a Memorandum of Understanding to adopt a collaborative approach by bringing each party's remit, skills, contacts, and experience together to support the development of the NCCHT and seek to achieve a deliverable project without exposing either party to an unacceptable degree of financial risk

1.7 In order to support the Trust the Council successfully applied to the Government for approximately £9m from the first round of the Levelling Up Fund. This must be defrayed by the Council by 31st March 2024. More recently, the Trust

applied to the South Yorkshire Mayoral Combined Authority for an additional £6m grant and that was approved in January, subject to finalising details of total costs.

1.8 The Scarborough development agreement allows the Council to elect to retain up to 10% of net developable area on the SOLP for other publicly funded research facilities where these are agreed to be of strategic benefit and in line with the SOLP vision. Whilst the NCCHT could be designated as such as, if the site was designated then it would take the total amount of land withdrawn to over 10%. Whilst Scarborough may be willing to accept this, there are commercial and logistical reasons not to do seek their agreement which are explained in Part 2 of this Committee agenda.

1.9 It is therefore proposed that Scarborough develop the NCCHT in a building which the Trust are happy with and which was granted planning permission in November 2022.

1.10 Scarborough are also about to submit a planning application for a new office building of approximately 60,000sq ft which will sit alongside the NCCHT on the same plot. Subject to planning being granted this will be built slightly later but it is intended that the external works are completed, as far as possible, prior to the NCCHT opening in order to reduce disruption to that facility.

2. PROPOSALS

2.1 NCCHT Vision

2.1.1 The NCCHT is proposed to be a unique centre for the development of innovative technologies for child health. The scheme will have at its heart a ground-floor co-creation space to facilitate user-centred design and allow designers, clinicians, children and their families to explore unmet needs, create new designs and test evolving technologies.

2.1.2 Whilst it is not primarily a centre for treatment, clinical spaces will bring a new approach to contact to create the 'Paediatric Consultation of the Future'. Facilities will include 3D printing, robotics, laser cutting, oculus rift and other technology tools to develop prototypes. Children with long term conditions will have access to novel technologies in dedicated therapy and rehabilitation space while a living lab will re-create home and hospital environments for the testing of novel technologies.

2.1.3 Flexible office space will allow the co-location of clinicians, researchers and industry partners to focus on innovations that improve the health of children. A dedicated public engagement space will be used to provide up to date information on best practice healthcare, help change behaviour in children, families and clinicians and disseminate successes to the media.

2.2 New Offices

2.2.1 Alongside the research centres that are open or being built, the SOLP will have a range of commercial spaces suitable for businesses at every stage of development

from single person start-ups to rapidly growing enterprises. Next to the NCCHT the Grow-On Centre will provide new state-of-the-art workspace for established SMEs looking to grow and move into larger accommodation but still tap into the Park's first-class facilities, thriving business networks and academic expertise. It could also be suitable for a larger single corporate occupier.

2.3 Proposed Property Arrangements

2.3.1 The existing development agreement with Scarborough contains provisions that set out what needs to be done prior to drawing down individual sites. It also includes a standard form of long lease and a mechanism for the Council and Scarborough to agree the premium payable for the land. The details of this proposed transaction are set out in the report in Part 2 of this agenda which is broadly to enter a lease for a term of 250 years pursuant to the development agreement dated 21st December 2020

2.3.2 The intention is that Scarborough construct the NCCHT building and then grant an underlease of the building to the Trust that mirrors the headlease, but with a lease period of 3 days less. The headlease and underlease will be in the standard format to match the other leases on the SOLP and ensure that the property is used in accordance with the SOLP Vision. It will also include provisions in respect of promoting and sale of healthy foods and contributing towards the costs of maintaining the public realm and car parking at the SOLP through a service charge.

3. HOW DOES THIS DECISION CONTRIBUTE?

3.1 Economic

3.1.1 Strong economy – by bringing brownfield land back into use for the development and creating new jobs, the SOLP supports the Council's desire to create a fairer, more sustainable local economy where everyone has the chance access to good jobs, training and economic opportunity. The new research facilities to be provided by the Trust and the activities of the businesses within the Grow-On Centre will enhance both the SOLP and in the wider Advanced Manufacturing Innovation District.

3.1.2 Thriving neighbourhoods and communities – By converting low quality land into international standard community and commercial space with high quality public realm, SOLP has already transformed the image and perception of its immediate surrounding area. The research and clinical activities at the NCCHT are intended to directly benefit adjoining neighbourhoods which suffer from deprivation and the wider community, offering members of the community new positive activities in line with Council policies to encourage people to have a good quality of life and feel proud of where they live, with increased access to local amenities and facilities. New jobs will also be created and supported in the Grow-On Centre.

3.2 Environmental

3.2.1 The development will be built on brownfield land which has been reclaimed as part of the previous infrastructure works at the SOLP. The site is well served by public transport and active travel is positively being promoted.

3.2.2 The planning application for the NCCHT included a detailed Sustainability Statement which set out in detail a range of environmental benefits and the intention for it to be BREEAM Excellent

3.3 Social

3.3.1 Located between communities which suffer the effects of longstanding deprivation SOLP provides new ways to bring people of different backgrounds together through health and wellbeing and employment opportunities, supporting Council policies to make it easier to overcome obstacles by investing in the most deprived communities and supporting individuals to help themselves and achieve their full potential.

3.3.2 The NCCHT will focus on developing technologies to address key national strategic priorities in child health including prevention and health inequalities, children's mental health, obesity, long term conditions, children's cancer, and children's disability.

4. HAS THERE BEEN ANY CONSULTATION?

4.1 The proposals set out within this report relate to a specific site disposal are aimed at accelerating the delivery of the project and as such there has been no formal consultation. However, the principle of comprehensive redevelopment at the SOLP has been the subject of previous public consultations with positive feedback. Community consultation was undertaken as part of the recent NCCHT planning application

4.2 LPL carry out regular community engagement events and online publications.

5. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

5.1 Equality of Opportunity Implications

5.1.1 Sheffield Olympic Legacy Park is intended to promote inclusive economic growth, community engagement and improved health and wellbeing outcomes. The site is surrounded by wards that have high levels of economic deprivation, therefore it is an explicit objective of the project that it will have positive equality implications.

5.1.2 The outcomes of the research to be carried out at the NCCHT are intended to be made available to all of the community and should be of real and long lasting benefit to local people as well as nationally and globally.

5.2 Financial and Commercial Implications

5.2.1 Section 123 of the Local Government Act 1972 states that 'a Council should not dispose of land under this section for a consideration less than the best

that can be reasonably obtained. The provisions in the development agreement with Scarborough ensure that the premium to be paid for the land complies with this statutory duty. This is explained in more detail in the report in Part 2 of this agenda.

5.2.2 The reclamation and infrastructure works on the SOLP were funded through grants from ERDF and SCRIF and were subject to certain provisions regarding uses for the disposal of development plots. The proposed disposal is in accordance with those requirements.

5.2.3 Other than the premium to be paid to the Council there are no other financial implications arising from the proposed disposal.

5.3 Legal Implications

5.3.1 Section 1(1) of the Localism Act 2011 states that a local authority has power to do anything that individuals generally may do. This power of general competence allows local authorities to act in innovative ways and sub section 1(5) makes clear that the generality of section 1(1) is not limited by the existence of any other power of the authority which may over-lap the generality of the power. As with all functions of the Local Authority the exercise of the power of general competence is subject to the public law limitations in respect of vires and any existing specific limits imposed by other legislation.

5.3.2 The legal implications of the proposed disposal is set out in Part 2 of this report.

5.3.4 As this report proposes to dispose of land on open market commercial terms there are currently no implications arising under the Subsidy Control Act 2022 and this will be reviewed again when consideration is given for a decision to dispose under delegation.

5.3.5 As referred to above section 123 of the Local Government Act 1972 requires that the Council obtains best value for the proposed transaction.

6. ALTERNATIVE OPTIONS CONSIDERED

6.1 The Council could decide not to enter into the proposed agreement to dispose of the site to Scarborough and to try to persuade them to allow it to be withdrawn from the development agreement in order that it be developed by the Trust.

6.2 There are commercial and logistical reasons not to do this as set out in the report in Part 2 of this agenda.

7. REASONS FOR RECOMMENDATIONS

7.1 The proposed NCCHT is another exciting new development which further enhances the existing facilities in accordance with the SOLP Vision and accelerates its growth and brings a range of economic benefits for both the local community and wider city region. The results of the research which will be carried out will potentially improve the health of children throughout the world.

7.2 The new offices in the Grow-on Centre will deliver further private investment and will attract attention and interest from other organisations and businesses who wish to be associated with the ongoing success of the SOLP

7.3 The proposed disposal of the site to Scarborough as set out in this report and in Part 2 will enable both of these developments to proceed, subject to officers agreeing the final terms of the lease.

Kate Martin
Executive Director City Futures