



Report to Policy Committee

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Report of: Executive Director, City Futures

Report to: Transport, Regeneration and Climate Policy Committee

Date of Decision: 12 June 2024

Subject: Devonshire Quarter Regeneration Update: Milton St Neighbourhood

Type of Equality Impact Assessment (EIA) undertaken	Initial <input checked="" type="checkbox"/>	Full <input type="checkbox"/>
Insert EIA reference number and attach EIA	EIA Ref: 2704	
Has appropriate consultation/engagement taken place?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Does the report contain confidential or exempt information?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-		
<p><i>“The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended).”</i></p>		

Purpose of Report:

The Milton St neighbourhood, as identified within the City Centre Strategic Vision, is emerging as a new residential area within the wider Devonshire Quarter. This report provides an update on ongoing regeneration schemes within the area and seeks a steer on a proposed land disposal strategy to ensure a balanced mix of housing. It also considers proposals from the owners of the Grade II* Listed Beehive Works to bring that building back into use as a mixed-use commercial hub at the heart of the neighbourhood.

Recommendations

The Transport, Regeneration and Climate Policy Committee is recommended to:

1. Note the progress with housing development shown in the update report at Appendix A.
2. Note the future land disposal strategy outlined in Appendix B to ensure a balanced mix of housing within the Milton St neighbourhood.
3. Note the proposals outlined for Beehive Works at Appendix C and supports the continued work of Council officers with the owners and other partners, including Historic England, to develop a viable business plan to bring the buildings back into commercial use.

Background Papers:

(Insert details of any background papers used in the compilation of the report.)

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.	Finance: Damian Watkinson
		Legal: David Sellars
		Equalities & Consultation: Ed Sexton
		Climate: Kathryn Warrington
	<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	Committee Chair consulted:	Cllr Ben Miskell
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 Committee by the SLB member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: David Mason	Job Title: Principal Development Officer
	Date: 03 June 2024	

1. PROPOSAL

1.1 Background

Sheffield's City Centre Strategic Vision identifies Milton St, within the Devonshire Quarter, as one of twenty-three distinct neighbourhoods in the central area. The Priority Neighbourhood Frameworks (a supporting document to the submitted Sheffield Plan) set out guiding principles for regeneration here: a mixed demographic and high-quality architecture in this prominent location, retaining the former industrial feel and celebrating the historic assets.

A variety of developers have delivered residential schemes and continue to do so. The majority of the remaining land without planning permission is within Council ownership, so there is an opportunity to consider these sites as a programme and to ensure a mix of housing types and tenures that encourages that mixed demographic.

In addition, there is a Grade II* Listed building at the heart of the neighbourhood, Beehive Works, which is only partially occupied and is on the Heritage At Risk Register. The owners have approached the Council and Historic England to discuss proposals to safeguard the building, celebrate it and ideally bring all of it back into commercial use.

1.2 Progress

Within the Sheffield Plan, there are eleven allocated housing sites in the Milton St neighbourhood. Of those, six are on site or have planning permission. Notably, the regeneration of Grade II Listed Eyewitness Works by Capital & Centric is moving towards completion and demolition has been completed at SkyHouse's DQ scheme at Egerton St. A full progress update is included at Appendix A.

1.3 Housing Mix

Initial residential development in the Milton St neighbourhood was dominated by Purpose Built Student Accommodation (PBSA), but this is likely to fall away following adoption of the Sheffield Plan, which places the area outside that in which further PBSA would be supported. In its place, Build to Rent (BTR) is now the prominent tenure among new schemes, with Moda's proposed 410-unit scheme at Hanover Way expected to follow Eyewitness Works, which was originally conceived as a scheme for owner occupation but is now entirely BTR. Similarly, the DQ scheme was planned as a private sale scheme but may yet switch to BTR dependent on market conditions and funder preferences.

Build to Rent will continue to be an important tenure within the city centre but, within the Devonshire Quarter with its primary school and open spaces, there is an opportunity to complement BTR for young

professionals here with family housing of all tenures, as well as options for downsizers and social housing for those priced out of BTR. A balance of tenures is key to limiting the transient population within an area, encouraging those who wish to make Milton St their home for the long term.

1.4 Future land disposal strategy

The Council owns the freehold of two key allocated housing sites within the neighbourhood, at Fitzwilliam St and Milton St (known within the Sheffield Plan as HC15 and HC25, respectively). HC25 is split between two plots, Milton St and Hodgson St. The scale of development at Milton St will be constrained by the proximity to the Grade II Listed Eyewitness Works, limiting height to four storeys according to the latest Informal Planning Advice Note for the site. This presents an opportunity to introduce family housing into the mix, at a more domestic scale than would usually be achievable in the city centre. There is greater potential for height at Fitzwilliam St, but still sufficient scope to deliver a development that meets the needs of a variety of future residents.

Phasing of disposals is important as other proposals within the vicinity are at a more advanced stage and the delivery of these schemes may impact on future proposals for the Council owned land. It may be beneficial to allow other schemes to advance before disposing of Council sites. An indicative future land disposal strategy to achieve a balanced housing mix is included at Appendix B.

1.5 Affordable Housing

Following a review of the Council's Stock Increase Programme, the Housing Growth Service is now reviewing Council-owned land to identify potential opportunity sites for housing associations, to maximise total affordable housing delivery. These sites are being reviewed as part of this and, if any were included, would be part of a separate business case and report later this year.

1.6 Beehive Works

As one of only two Grade II* Listed buildings of its kind in the city, Beehive Works on Milton St occupies a significant place in Sheffield's industrial history. Purpose built as a cutlery factory in the late 1850s, some of the buildings are still in use, accommodating offices, a beauty salon, a takeaway café and a young tradesman making steel axes. However, much of the property is vacant, in a poor state of repair and Beehive Works was placed on the Heritage At Risk Register in 2018.

The current owners have approached the Council and partners at Historic England with ambitious plans to restore the entire building for a range of commercial purposes including offices, food and beverage, retail, makers' workshops and potentially museum/arts/venue space too.

The owners, who inherited the building, estimate the full cost of the project to be £3.9m, with a funding gap of £2.6m. They hope to secure support from Historic England by way of a Heritage Repair Grant for £0.4m, which would go towards safeguarding the future of the four-storey Egerton St block, the most vulnerable part of the Works. That would reduce the overall funding gap to £2.2m.

Recognising that other large grants may be hard to attract and that different grants may be available for different uses, the owners have broken down the proposed works into distinct phases, which would ideally be delivered together, but could also be completed independently dependent on funding availability. The proposed phases are as follows:

Proposed Phase	Proposed Use	Est. Cost (£m)	Funding gap (£m)
Milton St	Offices (refurbishment of existing occupied areas)	0.998	0.670
Courtyard (ground floor units)	F&B / retail / leisure / public access to courtyard	0.846	0.520
Makers' block	Maker's workshops (in vacant units above existing workshop)	0.422	0.294
Egerton Lane	Museum/arts/venue space or Offices. Retail/F&B on Ground.	1.650	*1.100
Total		3.916	2.584
*Less potential Heritage Repair Grant from Historic England (£0.4m)			2.184

More detail on the owners' proposals is provided at Appendix C (Parts 1 and 2). Part 1 is a summary of the proposed works in each phase, with costs, while Part 2 includes more detail on the building, design concepts and how the regenerated Beehive Works is envisaged to sit within the city's commercial landscape.

At this stage, the owners are seeking strategic support from the Council for their proposals and reassurance that the project sits comfortably with the recently adopted Heritage Strategy and emerging Growth Plan for the city, and that it will be a strong candidate for relevant funding streams. They are seeking constructive feedback on their proposals and a partnership approach, along with Historic England, to access the necessary finances to realise the scheme.

The Heritage Strategy for Sheffield sets out five aims, including "exploiting the economic potential of heritage", which is of particular relevance for Beehive Works. The Strategy notes the importance of historic environment in deciding business location and the additional economic activity that tends to be generated by heritage-led regeneration. The Beehive Works proposals seek to capitalise on the former trend and would help deliver the wider regeneration that the

Council seeks in the neighbourhood, focused on high quality architecture.

Beehive Works is an allocated housing site within the Sheffield Plan, for an estimated 46 units (site ref: HC24). However, it also sits within a proposed Flexible Use Zone, in which the various commercial uses proposed would be acceptable in principle. From a placemaking perspective, the benefits of reinvigorating a mixed-use commercial hub at the centre of an emerging residential neighbourhood, which would bring life to the area and provide services to its residents, outweigh the hypothetical loss of housing units on this site.

2. HOW DOES THIS DECISION CONTRIBUTE?

2.1 This report is not for decision, but the proposal outlined would contribute towards the achievement of the City Goals, with prospective housing schemes providing investment “in children, young people and families, giving them a strong start to life with affordable, healthy, secure homes” (Goal 17), whilst the proposals for commercial space at Beehive Works would help “enable all creatives to thrive...as part of an enriching cultural and creative economy” (Goal 3).

2.2 The proposals align with the Council’s priorities outlined in the Council Plan, Together We Get Things Done, including:

- “Increase the availability, quality and range of housing in our neighbourhoods”
- “A thriving, liveable and sustainable city centre that plays a major role in our region’s economy”
- “More homes for a sustainably growing city with choice, quality and affordability across Sheffield”

3. HAS THERE BEEN ANY CONSULTATION?

3.1 The proposal seeks to deliver the objectives of the Sheffield City Centre Strategic Vision, which was subject to consultation in 2022, and the Sheffield Plan, which was subject to extensive public consultation prior to submission in October 2023. Individual projects would be subject to further consultation as proposals are firmed up.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality Implications

4.1.1 Whilst this is not a report for decision, future decisions would follow from the recommendations and an initial Equality Impact Assessment has been undertaken (see Appendix D).

The Equality Act 2010 identifies the following groups as a protected characteristic: age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex and sexual orientation.

The Equality Impact Assessment carried out highlights that there are no significant differential negative equality impacts from this proposal. There are positive impacts identified:

- provision of additional affordable housing will impact Poverty and Financial Inclusion
- provision of additional accessible housing in sustainable location will provide improved options for people with disabilities

The EIA will be developed as appropriate to inform any further decisions when more detail is known.

4.2 Financial and Commercial Implications

4.2.1 The sites at Fitzwilliam St, Milton St and Hodgson St were purchased by the Council following a Cabinet decision in October 2017, which made finance available to acquire sites in the Devonshire Quarter for redevelopment, with a view to delivering a more balanced residential offer. If any of the sites are put to market with constraints over and above those imposed through the normal Planning process, this could affect the capital receipt. This applies in particular to any disposal for affordable housing.

4.2.2 Not all of the acquisitions proposed in 2017 were completed, therefore the remainder of the budget is available should further acquisitions be required to deliver the vision for the neighbourhood.

4.2.3 The Council's Milton St site currently generates an income of c.£30K per annum from its use as a car park. This revenue will be lost to Parking Services as and when site is redeveloped.

4.3 Legal Implications

4.3.1 There are no direct legal implications as a result of this high-level proposal. The eventual disposal of Council land would have legal implications, which would be the subject of further business cases and reports.

4.4 Climate Implications

4.4.1 Full Climate Impact Assessments (CIAs) will be undertaken for individual projects as business cases are brought forward for those. At project level, the CIAs can be more specific and have more targeted mitigation measures than at a programme level.

5. ALTERNATIVE OPTIONS CONSIDERED

5.1 Rather than balancing the residential offer within the neighbourhood, the Council could focus its disposal strategy – in term of land use and phasing – on maximising capital receipts. However, this may not make

the same contribution towards delivering the City Goals, Council Plan or City Centre Strategic Vision.

6. REASONS FOR RECOMMENDATIONS

- 6.1** Focussing the Council's future land disposal strategy on achieving a more balanced residential offer aligns with the guiding principles for regeneration in this area as set out in the Priority Neighbourhood Frameworks, which envisage a mixed demographic in the Milton St neighbourhood. The guiding principles emphasise the importance of retaining the former industrial feel – celebrating the historic assets – and the proposed rejuvenation of Beehive Works as a commercial building, including maker spaces, would enhance the sense of place and preserve a historic identity for the emerging neighbourhood.

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