



Report to Economic and Environmental Wellbeing Scrutiny and Policy Development Committee 26th April 2017

Report of: Nalin Seneviratne – Director Major Projects

Subject: Sheffield Retail Quarter - Update

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Summary:

This report provides a progress update to the Committee following Key Decisions taken by Cabinet. This report is being presented to the Committee for information only at the request of the Committee to enable it to understand the current position and prepare for future scrutiny meetings.

The Leader of the Council and Cabinet took key decisions in July 2014 to progress the Retail Quarter including completing all necessary land acquisitions and working up new plans for taking forward the Retail Quarter.

In August 2016 the Cabinet took key decisions over progressing the first phase of the Retail Quarter including taking forward the development of a new office building for HSBC (an international bank) with new retail units at the ground floor with extensive public realm improvements.

This report will provide an update on progress against those key decisions.

Type of item: The report author should tick the appropriate box

Reviewing of existing policy	
Informing the development of new policy	
Statutory consultation	
Performance / budget monitoring report	
Cabinet request for scrutiny	
Full Council request for scrutiny	
Community Assembly request for scrutiny	
Call-in of Cabinet decision	
Briefing paper for the Scrutiny Committee	X
Other	

The Scrutiny Committee is being asked to:

The Committee is being asked to note progress to date and request further reports and/or presentations on the Retail Quarter when updated scheme plans are available.

Background Papers:

There are no background papers.

Category of Report: OPEN

Report of the Chief Executive and Executive Director of Place

Sheffield Retail Quarter – Progress Report

1 Introduction

- 1.1 The Sheffield Retail Quarter is now under delivery after difficulties with previous schemes and the economic climate at the time. Following key decisions taken by The Leader of the Council and Cabinet in 2014 and 2016, as described earlier, the scheme is now in delivery and this report sets out progress to date. This report has been requested by the Committee for information.

2 Main report

- 2.1 Since the decisions taken in 2014, progress has been made in securing, for Sheffield City Council, the relevant land interests that enable the new scheme to be built. The only land interests that remain in 3rd party ownership are that belonging to John Lewis.
- 2.2 In the summer of 2015, a public consultation was held to share the Council's new master plan. This work concluded in August 2016 with the Planning Committee endorsing the new plans. Also in the summer of 2015 the Council started a selection process for a new development partner. Queensberry Real Estate Ltd was selected as strategic development Partner and they started work on reviewing the scheme plans in conjunction with John Lewis, the proposed anchor retail tenant.
- 2.3 The retail environment is changing rapidly. Queensberry are reviewing the current masterplan with a view to recommending changes required to ensure the scheme continues to respond positively to retailer and occupier requirements. It is expected that a revised master plan be produced for consultation later this year. It will be appropriate for the Committee to be updated at that time in order for constructive scrutiny to take place.
- 2.4 Meanwhile, in 2015, the Council put forward the Retail Quarter Site as part of HSBC's desire to find a site for a new office for its Sheffield operations. The Retail Quarter was always planned to be a mixed-use scheme and the opportunity to attract a major office occupier to the centre of Sheffield and the Retail Quarter was important. Such a large office use helps provide office workers into the scheme and the City Centre that helps with making the Retail Quarter scheme an active, vibrant place. In August 2016, an Agreement for Lease was signed with HSBC sealing the first deal for the Retail Quarter and enabling the first phase to be taken forward with the works comprising not just the office space but also new retail units, restaurants, new public space on Charter Square with road and cycling improvements. The marketing and letting of the retail units is yet to take place. Queensberry will be managing the retail lettings.

- 2.5 The demolition of the Grosvenor Hotel is now complete and was finished in time to enable the contract for the HSBC and retail block to commence as planned (10th April 2017). At the time of writing, piled foundation works have commenced. The highway works continue and are focussed on the area to the rear of Debenhams. The new carriageway has been opened to traffic. Highway works will continue to July/August 2017. The majority of utility disconnections are complete, progressing or in hand.
- 2.6 The works to Charter Square and the new office and retail block are due for completion in the first quarter of 2019.
- 2.7 The second phase of the Retail Quarter, subject to receipt of planning permission, is expected to start in mid-2018. The second phase will comprise:
- New shops
 - Restaurants
 - Leisure facilities
 - Hotel accommodation
 - Additional office space
 - New public realm including, squares, landscaping and pedestrianised streets.
- 2.8 Further reports may be presented to Cabinet for decisions, as required, once the new master plan is established.
- 2.9 The capital budget allocation for the current phase of works is £176,504,827. The current cost forecast, which takes account of the completion of the first phase in the first quarter of 2019 is £175,562,885.

The final value of the completed scheme is still estimated at this stage to be in the order of £480m +

3 What does this mean for the people of Sheffield?

- 3.1 As stated in previous reports the Sheffield Retail Quarter will provide a high class regional shopping and leisure addition to the current city centre retail offer which will deliver a step change and lift Sheffield up the national retail ranking to compete with other city centres such as Manchester, Leeds and Nottingham.
- 3.2 It will deliver substantial economic and social benefits, not only providing new retail, but also leisure uses, offices, housing and high quality public realm, creating an attractive environment in which to live, work, shop and relax.
- 3.4 The scheme will stimulate wider investment in the city centre, generate business rates and create a high quality retail and leisure led mixed use scheme and consolidate the prime retail offer.
- 3.5 The development of the Sheffield Retail Quarter also enhances the status of Sheffield and the city centre in itself and it will help generate much improved city centre visitor numbers thus adding to the overall success of the city centre. It will help stimulate office, commercial and

leisure investment/development in the city centre which is part of the City's growth strategy.

- 3.6 It will retain both HSBC a large financial services employer in the city centre in new modern flexible office space, and, subject to final agreements, provide a new retail stores, together with providing modern high quality restaurant and leisure accommodation that the city centre is currently lacking. This new space will allow both current retailers/leisure brands to expand and for new retailers/leisure brands to establish a presence in the city centre.

4 Recommendation

- 4.1 It is recommended that the Committee note the significant progress that has been made in achieving a start in delivering the Retail Quarter with the first phase now under way.
- 4.2 That the Committee request the project team to attend future meetings to present the final plans and provide and update on progress, financial outcomes and risk management.

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