



Report of: *Paul Billington*

Report to: *Cabinet*

Date of Decision: *October 18 2017*

Subject: *Development of the Olympic Legacy Park*

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
- Expenditure and/or savings over £500,000	<input type="checkbox"/>	
- Affects 2 or more Wards	<input type="checkbox"/>	
Which Cabinet Member Portfolio does this relate to? <i>Leader</i>		
Which Scrutiny and Policy Development Committee does this relate to? <i>Economic and Environmental Wellbeing Scrutiny and Policy Development Committee</i>		
Has an Equality Impact Assessment (EIA) been undertaken?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If YES, what EIA reference number has it been given? <i>(Insert reference number)</i>		
Does the report contain confidential or exempt information?	Yes <input checked="" type="checkbox"/>	No <input 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>Appendix 2 is not for publication because it contains exempt information relating to the financial or business affairs of any particular person (including the authority holding that information).under Paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended) and in all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.”</p>		

Purpose of Report:

To update Cabinet on progress at the Olympic Legacy Park and to authorise delegated authority to support the further development of the site through discussions and negotiations with potential investors in the OLP site

Recommendations:

That Cabinet;

1. *Note the progress that has been made in transforming the former Don Valley Stadium site to the Olympic Legacy Park through;*
 - *the setting up of LPL to cement public sector partnership working and create a vehicle to engage with the private sector,*
 - *the construction and opening of both the academy and UTC,*
 - *the delivery of the 3G pitch and appointment of an operator,*
 - *completion of the impressive public realm on the site and its management by LPL, and*
 - *the funding and agreement with Sheffield Hallam University for the building of the Advanced Well-being Research Centre*
2. *In relation to the stadium, endorse the recommendation from LPL that the preferred solution is the one submitted by SIPL and approve further dialogue to reach agreement with SIPL on terms for disposal so that the stadium can be delivered*
3. *To endorse the principle that Sheffield Eagles Rugby League club should be allowed access to play at the sports stadium provided a commercial agreement can be reached with the operator*
4. *In relation to the indoor sports arena, to note the progress that has been made so far with PCA and approve further dialogue to reach agreement on terms for disposal with the proviso that agreement shall be reached by the end of October 2017*
5. *Note the preferred solution for school indoor sports access is the sports arena and to endorse the principle for the school indoor sports that the access for the school be legally secured in the event of a change of ownership or operator and to note this may affect the value of any premium to be received by the Council*
6. *Authorise the further discussion with SIPL and Sheffield Hallam University to progress options for the remaining commercial sites and wider options for the long term future of the OLP*
7. *Delegate to the Executive Director Resources in consultation with the Leader; and in consultation with the Chief Property Officer authority to agree terms for disposal of sites on the OLP, and take such steps not covered by existing delegations as he feels appropriate to achieve the outcomes in this report.*

Background Papers:

*Confidential submissions to LPL from prospective investors into the stadium.
Project*

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, where required.	Finance: <i>Paul Schofield -HoS Finance & Commercial Services Business Partner Resources and Place</i>
		Legal: <i>David Hollis – Assistant Director Legal and Governance</i>
		Equalities: <i>None</i>
<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	EMT member who approved submission:	<i>Eugene Walker Executive Director of Resources</i>
3	Cabinet Member consulted:	<i>Leader</i>
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: <i>Paul Billington</i>	Job Title: <i>Director of Culture and Environment</i>
	Date: <i>18 October 2017</i>	

1. PROPOSAL

- 1.1 This report seeks to update Cabinet on progress and seek approval to enter detailed discussions and conclude negotiations with potential developers and investors in the Olympic Legacy Park (OLP). Any negotiated agreements must be in line with the vision for the site which is to *'promote 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 The site of the former Don Valley Stadium has seen significant development since 2013 and is now about to enter a second wave of investment as set out in this report.
- 1.3 The work so far has included the multi-million pound development of a major school academy and UTC; the creation of high quality public realm; a new state-of-the-art floodlit artificial pitch to accommodate community, education and professional sports. To initiate regeneration in 2013, the Council undertook a significant proportion of the initial site development: the school, land remediation and public realm/infrastructure works have all been undertaken at the Council's risk, but on the basis much of this has been funded through external grants secured by the Council.
- 1.4 The Council has also agreed terms with Sheffield Hallam University which has attracted government funding of £14m for a research centre in health and wellbeing (Advanced Wellbeing Research Centre/AWRC) to occupy a site on the OLP.
- 1.5 The Council has appointed an operator for the pitch which is already being used by the school and UTC and community use is about to start. The option for professional use of the pitch by Sheffield United women and girls is currently being explored and an in principle agreement with Sheffield Eagles for their use of the pitch in the coming season has been agreed.
- 1.6 In partnership with Sheffield Hallam University and Sheffield Teaching Hospital NHS Foundation Trust, the Council set up Legacy Park Limited (LPL), a company limited by guarantee, to develop the vision for the site and to work with potential developers and investors from the private sector. The board of LPL is made up of representatives from the three organisations and is chaired by the Rt. Hon. Richard Caborn who has been key to developing and delivering the vision for OLP after being asked by the Council to look at options for the former Don Valley Stadium site. LPL secured planning approvals for the site and has also arranged the management of the public realm at the site on behalf of the Council.
- 1.7 In addition to the investment so far, LPL, acting on behalf of the Council, has brokered discussions with three potential developers and investors in the site, Scarborough International Property Limited (SIPL), Sheffield

Hallam University (SHU) and Park Community Arena (PCA). The Council is the landlord of the site and it remains the Council's decision on all investment proposals.

Stadium

- 1.8 Part of the OLP proposal is for a sports stadium to be developed around the pitch. LPL has been looking at options for investment in the stadium and approached potential developers who had expressed an interest. Key to the preferred outcome will be the ability for Sheffield Eagles Rugby League team to be able to play at the stadium, alongside education and community use. LPL invited proposals from two developers and the LPL evaluation of each is in Appendix 2.
- 1.9 The proposal from SIPL has been recommended by Legacy Park Limited as the preferred investor and developer of the stadium. SIPL is proposing a 3600 seat community stadium at no cost to the Council which will accommodate education and community use alongside use by Sheffield United women's and junior teams. Any potential lease structure of the pitch from the Council to SIPL will ensure continued education access for the school and UTC irrespective of who may operate the site and the opportunity for Sheffield Eagles to play their competitive matches and have appropriate training time at the stadium provided they can reach a commercial arrangement with the investor/operator.

Sports Arena

- 1.10 The Park Community Arena is a development proposal from Park Community Arena Limited (PCA) and involves providing a permanent venue for the Sheffield Sharks professional basketball team. PCA would bring investment to build the indoor sports arena that would accommodate professional use by the Sharks but also daytime use by the school and UTC and community use at evenings and weekends. Discussions are at an advanced stage between PCA, LPL and the Council and the arena will be self-funding in both initial capital construction costs and on-going running costs without a need for Council grants, loans or subsidy.
- 1.11 The Council has an obligation to provide the use of indoors sports facilities to the school to meet their curriculum needs. The sports arena is the preferred option and therefore any deal will need to ensure that the school's access is legally secured for the period of any lease irrespective of who holds the lease or operates the facility. The current proposal is that the school's Academy Trust will have the benefit of an under-lease from PCA and the Council will look at the lease structure to ensure this offers an affordable and long term solution to access for the school as well as allowing the financing needed by PCA. The school is unlikely to have any revenue funding to pay for any lease premium or rent and therefore the Council will probably need to reflect the value of the under-

lease in its own premium for the head lease to PCA. If deliverable and viable this may represent a better value solution than funding the construction of a stand-alone sports facility for the school.

- 1.12 If the PCA option for school cannot be realised, then the Council will pursue alternative solutions to the provision of indoor sports, in part to meet educational needs, but also wider community demand. Whilst the PCA proposal is attractive to the Council, it has been at the development stage for a considerable period of time and given the Council's legal obligation to provide indoor sports facilities for the school within a reasonable time period, it is recommended that an end of October 2017 final deadline be set for reaching agreement with PCA in order to guarantee progress.

Commercial Plots

- 1.13 There are remaining commercial opportunities on the OLP site. Both SIPL and Sheffield Hallam University have expressed interest in these. Sheffield Hallam University is interested in taking a more strategic role across the park in the form of developing a 'Health Innovation Campus'. The next step for the Council is to further develop with both SIPL and Sheffield Hallam University their proposals to seek a solution for investment and development in line with the vision for the site and that meet the aspirations of both SIPL and Sheffield Hallam University.

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 The vision for the OLP project demonstrates it has major potential economic, sporting and health outcomes for the people of Sheffield. A Cabinet decision in support of the development will be a significant step towards realising these benefits.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 A number of public consultation events have taken place led by our partner on this project, LPL. Consultation has also taken place with the on-site educational establishments and the proposed investors and sports teams. There is significant support for the proposals set out in this report.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

- 4.1.1 Whilst the development will serve the whole city and beyond, it also serves a disadvantaged community in the local area. The development aims to bring economic, sporting and health benefits to this community.

4.2 Financial and Commercial Implications

- 4.2.1 The strategy for the development of the OLP site is based on the principle that the Council will cover any costs it incurs, so that over the medium term there will be no net cost to the Council. . The school, land remediation and public realm/infrastructure works have all been undertaken at the Council's risk, but much of this has been funded through external grants. Now that this initial phase is over and the OLP site is developing, the next phases recommended in this report will be self-sustaining with no direct cost to the Council. The operating costs of the site will be re-charged to the occupants in line with standard estate management practices.
- 4.2.2 The Council will be required to fund the apportioned share of any site management costs for continuing vacant plots. There is currently no budgetary provision for this and it will fall as a pressure to be managed by the Place portfolio through the prioritisation of expenditure.
- 4.2.3 Subject to the details of the terms of any future agreements for the disposal of the remaining land interests on the site, the Council may receive either a capital sum or future income stream.
- 4.2.4 The developments on site will also earn the Council additional business rates and, more importantly, be a catalyst to generate further economic growth through the Lower Don Valley.

4.3 Legal Implications

- 4.3.1 Under s123 Local Government Act 1972 the Council may dispose of land in any manner it wishes. The disposal will need to comply with the provisions of s123 in respect of receiving consideration that is the best that can reasonably be obtained. Any disposal will also need to comply with State Aid law.
- 4.3.2 It is not considered that there are any procurement law implications from the proposals in this report as they do not involve the Council commissioning public works. Disposals of land (whether by way of lease or freehold) are not caught by procurement law
- 4.3.3 The Council's Disposals Policy within its Asset Disposal Framework does not always require public marketing of disposal sites and the proposal in this report to negotiate with developers is in line with that policy on negotiating with special purchasers in that SIPL and Sheffield Hallam University fall into the following categories recognised in the policy;
- developer with a major investment project
 - A locally based manufacturing company or other significant employer seeking to expand

- An adjoining landowner (SHU)
- A developer offering a public/private partnership with special focus on the land/property in question

The market testing and publicity undertaken by LPL provides assurance that the proposed developers/investors are the ones that will provide the right balance between return for the Council and realisable development in line with the vision for the OLP.

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1 A number of alternatives were considered ranging from pure commercial development through to a totally public-sector led project. The project outlined in this report which combines commercial and public sector and aims to have both economic and social/health benefits is by far the best option available.

6. REASONS FOR RECOMMENDATIONS

- 6.1 The option set out in this report is regarded as the best solution for delivering the vision for the site. It also allows the future development of the site with no calls on Council funding or subsidy.

Appendix 1 – Indicative Site Plan



ALA300PB25E
Olympic Legacy Park - Illustrative Masterplan - Wider Context
 ISSUED FOR INFORMATION | 12.09.2017 | Scale 1:2500 @ A1

