



Report to Strategy and Resources Committee

Author/Lead Officer of Report: Tammy Whitaker, Head of Regeneration and Property Services

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Report of: *Kate Josephs, Chief Executive*

Report to: *Strategy and Resources Committee*

Date of Decision: *15th March 2023*

Subject: *Update on marketing of the Former Cole Brothers Building,*

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>				
Has appropriate consultation 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:-				

Purpose of Report:

To update Members on the current position with the marketing of the former Cole Brothers store in Barkers Pool.

Recommendations:

- That the current position be noted and approval given to the next steps set out in this report
- That the process to secure a developer continues as planned and that a further report is brought back to this Committee following the elections in May for selection of the preferred developer

Background Papers:

Report to Strategy & Resources Committee 24th August 2022

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: Tony Kirkham
		Legal: David Hollis
		Equalities & Consultation:
		Climate: <i>(Insert name of officer consulted)</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>Kate Josephs, Chief Executive</i>
3	Committee Chair consulted:	<i>Terry Fox</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 Committee 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>Tammy Whitaker</i>	Job Title: <i>Head of Regeneration and Property Services</i>
	Date: March 2023	

1. PROPOSAL

Background

1.1 Members will be aware that following the permanent closure of the John Lewis & Partners department store, Council officers engaged with the and the parties agreed the surrender their lease of the building on terms that included the payment of a premium to the Council and in January 2022 the Council took back the building. If this had not been done then the building would have sat empty, potentially for many years, blighting the rest of the Heart of the City scheme and having a negative impact on the rest of the City Centre.

1.2 Members will also recall that the property was marketed by external agents CBRE last year but that during that marketing the building was given a Grade II listing. The implications of the listing status were explained to this Committee on 24th August 2022 and the decision taken to continue with the marketing. Whilst the listing did cause some of the potential developers to withdraw, several have remained seriously interested. This report sets out the current position and proposed next steps.

Current Position

1.3 Over the past six months Council officers from Regeneration and Planning teams together with CBRE and representatives from Historic England have held several meetings with prospective developers in order to explore potential options for the reuse of the building that would be acceptable given its listed status. These meetings have been very positive and productive.

1.4 CBRE invited the developers to submit proposals by a closing date of 3rd February 2023. There has been a strong response with six quality bids received from credible developers, all with impressive track records. A range of uses and delivery solutions have been proposed which are in keeping with the Heart of the City Vision and Council aspirations for the wider city centre.

1.5 The proposals carry varying risk for the Council, offering potential for an early capital receipt, a share of profits/overage or the potential for sharing long term revenue generation. As is usual at this stage of a commercial transaction, further analysis and discussion with bid teams is required prior to full briefings and subsequent officer recommendations. Due to the commercial sensitivity and need for a robust assessment it is not appropriate to provide any further information on the nature of the bids at the present time.

Next Steps

1.6 Officers will continue to work with CBRE to interrogate the submissions in more detail, seeking clarifications and interviewing all six bidders over the

coming weeks. It is then intended to request full and final bids by 31st March.

- 1.7 Following that, further detailed reviews will be undertaken of the final bids and appropriate Members will be provided with full briefings which will include recommendations from officers on which bidder they consider that the Council should take forward. It is then proposed to bring a report to the earliest meeting of this Committee following the elections in May
- 1.8 for a decision by Members on the preferred bidder.

The bids will be evaluated by officers against criteria which were agreed and signed off by Members at the Regeneration and Development Board in November. The scoring covers compliance with planning policies, including the listed status of the building; quality of proposals including mix of uses together with environmental and social benefits; engagement strategy; deliverability and track record; conditionality and financial matters.

2. HOW DOES THIS DECISION CONTRIBUTE ?

- 2.1 Redevelopment of the building is an important part of realising the vision for the city centre and the Heart of the City project. The proposals that have now been submitted incorporate a range of different uses, but all meet the Council's aspiration for the delivery of imaginative high quality, sustainable development which is appropriate to the transformational nature of the opportunity & the surrounding proposals.
- 2.2 Officers are very satisfied that following the next steps of clarifications and final submissions, a commercially deliverable scheme will be brought forward which will have multiple benefits for the city centre and the people of Sheffield and visitors.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 Public engagement on the future options for the building was undertaken through the work on the City Centre Strategic Vision in January / February 2022. Due to the commercial sensitivity of the bidding process it is not appropriate for the details of the bids to be consulted upon with the public.
- 3.2 The submissions all include details of how the successful bidder will engage with the public and other organisations going forwards. The quality of these engagement strategies form part of the scoring in selecting a preferred bidder.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

Equality Implications

- 4.1 Future reuse of the Cole Brothers building offers the opportunity for providing a range of uses for all citizens of the city. This aspect will be

considered as part of the development of the proposals and will be the subject of the future report.

Financial and Commercial Implications

- 4.2 Whilst the bids received in February include financial proposals these are still subject to further clarifications and potentially further negotiations. There are therefore no direct financial or commercial implications from the recommendations in this report.

Legal Implications

- 4.3 Officers will continue to work within the previously agreed selection process and therefore are no direct legal Implications from the recommendations in this report

Climate Implications

- 4.4 There are no specific climate implications related to this decision.

Other Implications

- 4.5 None

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1 This report simply updates Members on the current position and next steps with the marketing of the building and decision making timescale. Members could decide to pause the process but 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.

6. REASONS FOR RECOMMENDATIONS

- 6.1 Officers are pleased with the range, number and quality of submissions received at the current stage of marketing, particularly given concerns raised when the building was listed. The next steps set out in this report will give sufficient time for the bids to be fully explored and further clarifications obtained in advance of final bids.
- 6.2 The timescales proposed are considered to be sensible given the need to give officers and the developers the opportunity to secure the best outcome for the future of the building and positive benefits of the Heart of the City project and wider city centre.

Kate Josephs, Chief Executive

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