

Executive Summary of Agenda Item No. 17



Report title: Callowhill Court New Lease
Wards affected: Central
Strategic Director: Barra Mac Ruairí / Strategic Director: Place
Report Author: Robert Orrett / Service Director: Place - Property

Recommendation for the Mayor's approval:

- 1 To agree that the Council will merge the existing 26 long lease agreements currently held by Bristol Alliance from the Council, into a single new consolidated lease agreement, on the terms described in this paper, in order to enable the future redevelopment of Callowhill Court.**
- 2 To authorise the Strategic Director: Place, to approve completion of the new lease on the following basis; to resolve any other issues in terms of the new lease, including land ownership issues within the scope of the defined land area, subject to:**
 - a. Briefing of the Cabinet Member for Place on due diligence, details of the new lease, legal arrangements, and the contribution of the new lease to the overall regeneration and economic growth in the area.**
 - b. Advice from the Service Director: Place - Property, recommending the terms of the new lease and any other property implications that might affect the Council's interests as a result of the new lease.**
 - c. The agreed amount paid for the new lease meets the Council's obligation to achieve best consideration pursuant to s123 of Local Government Act 1972.**

Key background / detail:

a. Purpose of report: To obtain Cabinet approval to consolidate 26 existing long lease agreements, currently held by The Bristol Alliance from Bristol City Council, into a single new lease agreement, in order to facilitate further major redevelopment in Broadmead, in the area known as Callowhill Court.

b. Key details:

1. The Bristol Alliance wish to bring forward the next phase of Cabot Circus, by redeveloping a substantial area of Broadmead, adjacent to Cabot Circus, known as Callowhill Court. The Alliance needs to consolidate all these into a single, new long lease arrangement, to ensure that additional large-scale funding can be secured, and that the new scheme can be successfully delivered and managed.
2. Bristol City Council has strongly objected to the proposed expansion of The Mall at Cribbs Causeway. The Cribbs Causeway application proposals would also significantly impact on shopper, retailer and investor confidence in the city centre and act as a deterrent to investment. In order to put up a viable challenge, it must be shown that future demand can be met within the City centre.



3. It is proposed that the 26 existing long leasehold interests held by The Bristol Alliance at Callowhill Court are consolidated into a single new 250-year lease that will enable the Alliance to seek appropriate funding for scheme construction, and provide sufficient land control to enable development management and future scheme management. The existing ground rent of £249,023 pa will be maintained at the same level until redevelopment of the site, when a new rent will be payable based on the net rents received by the Bristol Alliance.

4. The size of the new scheme is currently proposed to be c. 102,480 sq m (1,103,000 sq ft). This will be partly replacing existing retail floorspace that is now failing to meet the needs of shoppers or retailers. By comparison the existing Cabot Circus scheme is c. 140,000 sq m (1,506,950 sq ft). The new scheme will provide a mix of uses including retail, commercial, leisure and hospitality floor space, as well as flats, car parking, access, landscaping, public realm works.

5. Upon grant of the new lease the Council will receive a capital receipt based on the increased market value of the new leasehold interest created. The value of the capital receipt is based upon external valuation advice from CBRE, and commissioned by the Council's Property Investment Team. The values and details are commercially sensitive for both parties. Accordingly, the supporting details and valuation advice is contained the Exempt Appendix C to the report.

