

**BRISTOL CITY COUNCIL
CABINET
4 October 2012**

REPORT TITLE: Filwood Green Business Park

Ward(s) affected by this report: Filwood

Strategic Director: Rick Palmer - Interim Strategic Director for
Neighbourhoods and City Development

Report author: Paul Owens - Programme Manager, Major Projects

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**Report signed off by
executive member:** Cllr Anthony Negus

Purpose of the report:

Cabinet authorisation is sought to, subject to successful external funding bids, construct and operate a green business park supporting enterprise and job creation in South Bristol.

RECOMMENDATION for Cabinet approval:

1. Invest up to £11m in developing a new 'green' business park at Hengrove Way, Filwood (to include the appointment of design team and construction contractors, professional fees and construction costs), to be operated by Bristol City Council subject to the successful outcome of funding bids as detailed in this report.
2. Enter into an agreement with the Department of Communities and Local Government to access European ERDF funding.
3. Enter into an agreement with Bath and North East Somerset Council, acting on behalf of the West of England Local Enterprise Partnership, to access Regional Growth Fund funds, including Revolving Investment Fund

The proposal:

1. Planning policy [Bristol Development Framework (BDF) Core Strategy] calls for regeneration and employment space development in South Bristol, particularly focused at Knowle West and Hengrove Park. In line with the emerging Knowle West Regeneration Framework, the Council's Development Control (South & East) Committee have supported

an outline planning application for the provision of new employment floorspace within this area at 'The Hanger Site', Hengrove Way, Filwood, Bristol (359432, 169210).

2. The Hanger Site has lain undeveloped since 1956 when Whitchurch airport was closed. It is proposed that the Council develop a 'green' business park on this site to high design and environmental standards (BREEAM Excellent) to accommodate local businesses, particularly new businesses. The, approximately 4,500m², facility will be marketed at enterprises focusing on environmental technologies and green goods/services with the aspiration of supporting a sector specific cluster and local job creation.

3. The Filwood Green Business Park proposal forms an important component of the delivery of the Knowle West Regeneration Framework. The Knowle West Regeneration Framework has been developed by the Knowle West Project Board together with local people to help secure the regeneration of the Knowle West area. Integral to these plans is the early regeneration of the Filwood Broadway corridor (Filwood Broadway, Filwood Park, and the Hanger Site). The implementation Knowle West Regeneration Framework is expected to support growth, including 2,000 new homes in the area, and to provide opportunities for local people.

4. Construction costs, fees, and other costs to include the provision of enterprise support to local business start-ups and growing businesses, are expected to total approximately £11m. Exact costs won't be known until the receipt of construction tenders.

5. Funding bids to the value of approximately £11m have been submitted as a part of the European Commission supported South West Employment and Competitiveness Programme 'European Regional Development Fund' (ERDF) and to the West of England Local Enterprise Partnership for Regional Growth Fund allocations (Revolving Infrastructure Fund etc.) to cover these costs. Regional Growth Fund funding is expected to be predominantly received in the form of repayable interest free loans. It is expected that these loans can be repaid by the Council from future rental income streams to be received from Filwood Green Business Park tenants.

6. Construction will not proceed unless adequate funds are secured. It is a condition of the European funding that this development be completed and operational by 2015.

7. The development site is currently owned by the Government's Homes and Communities Agency (HCA) with whom the Council is working in partnership to secure the regeneration of Knowle West. The HCA has agreed to sell this site to Bristol City Council for £1 to secure this Filwood Green Business Park development.

8. It is anticipated that 126 businesses will be supported through this provision of enterprise support and workspace, potentially creating 180 new jobs and safeguarding/enhancing a further 170 jobs, providing substantial additional economic value in the area.

9. This project will contribute towards achieving a number of corporate priorities, including Bristol 20:20 priorities: Making our prosperity sustainable; Reduce health and wealth inequalities; and A city of strong and safe communities. The successful implementation of this project is also expected to support the implantation of wider regeneration in the Knowle West Regeneration Framework area.

Consultation and scrutiny input:

a. Internal consultation:

- Consultation has taken place with the Bristol Futures Group (Economic Development) and the Council's Climate Change and Built Environment Co-ordinator
- The proposal is supported by the Knowle West Project Board

b. External consultation:

- The initial concept of a green business park at this location came from the local Knowle West Residents Planning Group.
- The location of new business space at this location has been supported at public consultation on the Knowle West Regeneration Framework Plan.
- A local 'Enquiry By Design' consultation process has been carried out on this site together with the adjacent Filwood Park site - which informed the successful Outline Planning application for this site.

Other options considered:

1) Consideration has been given to Bristol City Council not progressing with this project. This course of action is expected to result in loss of anticipated economic benefit within this disadvantaged area.

2) Consideration has been given to seeking a private sector developer to support employment provision on this site. The Government's Homes & Communities Agency view is that this site will not be brought forward by the private sector in the foreseeable future.

Risk management / assessment:

FIGURE 1							
The risks associated with the implementation of the (subject) decision :							
No.	RISK Threat to achievement of the key objectives of the report	INHERENT RISK (Before controls)		RISK CONTROL MEASURES Mitigation (ie controls) and Evaluation (ie effectiveness of mitigation).	CURRENT RISK (After controls)		RISK OWNER
		Impact	Probability		Impact	Probability	
1	Unsuccessful ERDF funding bid	High	Medium	Abort project	High	Medium	PO
2	Construction delays	High	Medium	HCA contract manager appointed to manage process	med	low	HCA
3	Cost overruns	High	Medium	HCA assistance + Design & Build contract with Risk Transfer	High	Low	PO
4	Lower than expected business take up	High	Medium	Enterprise support + marketing	High	Low	PO
5	Lower than expected rental income	High	Medium	Marketing + negotiate longer loan repayment period	Med	Low	BCC

FIGURE 2**The risks associated with not implementing the (subject) decision:**

No.	RISK Threat to achievement of the key objectives of the report	INHERENT RISK		RISK CONTROL MEASURES Mitigation (ie controls) and Evaluation (ie effectiveness of mitigation).	CURRENT RISK		RISK OWNER
		(Before controls)			(After controls)		
		Impact	Probability		Impact	Probability	
1	Non-achievement of regeneration objectives	Med	High	Alternative uses for the site will be sought	Med	High	BCC
2	Loss of enterprise support and job creation opportunity	Med	High	Seek alternative enterprise support provision	Med	High	BCC

Public sector equality duties:

Before making a decision, section 149 of the Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following “protected characteristics”: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:

i) eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.

ii) advance equality of opportunity between persons who share a relevant protected characteristic and those do not share it. This involves having due regard, in particular, to the need to:

- remove or minimise disadvantage suffered by persons who share a relevant protected characteristic.

- take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);

- encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

iii) foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to tackle prejudice and promote understanding.

An Equalities Impact Assessment is appended (APPENDIX 1)

Eco impact assessment**The significant impacts of this proposal are:-**

Short-term increase in environmental impacts through the consumption of fossil fuels and raw materials in clearing and construction on the site. Longer term, there will be on-going consumption of energy for heat and power, production of waste and travel associated with staff commuting and commercial haulage.

Loss of green space may occur as a result of the development which will have the potential to have a negative impact on biodiversity and the appearance of the site.

Potential exists for positive environmental effects from the development which aims to create a green business park. The development and incubation of environmental goods and service businesses is of importance to support green enterprise activity and synergy, which should result in increased carbon reduction activities and increased local expertise in the environmental goods and services sector.

The proposals include the following measures to mitigate the impacts ...

- The site and new buildings will be developed to a standard of BREEAM “Excellent”.
- The development will meet the planning requirement for 20% of energy demand to be met from on-site renewables.
- Use of Sustainable Drainage will be incorporated into the site design.
- Resilience to flooding and extremes of temperature will be incorporated into the business park development.
- The facility is being planned to fit with the new BRT rapid transit route (Hengrove to Northern Fringe of Bristol), and new cycle routes.
- The plans for the site include on site renewable energy production. The viability of potential energy schemes will be considered by the ELENA team.
- It is noted that any new planning permissions will need to comply with the following policies from the Core Strategy:
 - BCS 13 - Climate change – mitigation and adaptation
 - BCS 14 - Sustainable energy
 - BCS 15 - Sustainable design and construction
 - BCS 16 - Flood risk and water management

The net effects of the proposals are....

If the aims of the development are met and the business park acts as a green hub which promotes the development and activities of businesses in the environmental goods and service sector the overall impact is considered to be positive.

Resource and legal implications:

Finance

Financial (capital) implications:

This scheme is a work-space development with associated capital and revenue costs covered by income.

It is anticipated that 50% of the capital costs will be drawn down as an 'ERDF' grant from European sources this is subject to a successful bid. The rest of the scheme is expected to be funded from borrowing. A loan at 0% interest is expected to be offered from the Regional Growth Fund, to be underwritten by the Council. It is anticipated that this 0% interest loan will need to be repaid in 3 tranches: £4m in 2020/21, and the remainder over the following two years (2021 - 2023).

Net rental income will be used to contribute towards loan repayments. However these are not expected to generate enough funds to repay the loans by 2023. Prudential borrowing

is expected to need to repay the Regional Growth Fund by 2023.

Whilst the Council will acquire a capital asset this will be worth less than its cost and the council will be required to provide a subsidy from its own resources of circa £65k pa, or a one-off capital sum of circa £1.5m that may be provided from locally ring-fenced capital receipts.

The £65k would need to be identified from making reductions in other parts of the Neighbourhoods and City Development budget.

There are substantial risks associated with interest bearing borrowing being used to partially fund development targeted at start-up and growing SMEs and this contribution is based on reasonable success of the venture. A worst case scenario would expose the council to revenue risks of £180k pa or repaying all of the £5.3m from its own resources.

However, it remains possible in significantly improving and favourable market conditions over a period of time that this development could generate a surplus.

Capital costs	£000
Feasibility	13
Design	606
Planning Permission	71
Construction	9,295
Management/Admin/Marketing	600
Hub Set up	158
Total Costs	10,743

Advice given by Peter Baralett - Finance Team Manager, Business Planning/Major Capital Projects

Date 7/9/12

c. Legal implications:

The Council has the power to carry out this project under section 1 of the Localism Act 2011 (the “general power of competence”).

The Council must ensure that all contracts relating to this project are awarded in accordance with procurement law (in particular the Public Contracts Regulations 2006 (as amended)) and with the Council’s own internal rules.

The Council must ensure that any support to the businesses that use the business park is granted in compliance with state aid law.

Advice given by Philip Roberts Senior Practitioner Solicitor
Date 6/9/12

d. Land / property implications:

The land is not currently owned by the Council. The Council will acquire the land from the Homes and Communities Agency for £1. The completed scheme is to be managed by the Council and therefore sufficient resources need to be put in place to ensure that the scheme can be professionally marketed and managed

Advice given by Chris Woods / Principal Project Officer

Date 5/9/12

e. Human resources implications:

Advice not sought

Appendices:

Equalities Impact Assessment (APPENDIX 1)

Access to information (background papers):

None



Bristol City Council Equality Impact Assessment Form

Filwood Green Business Park

Directorate: Neighbourhoods and City Development

Service: Major Projects Team – City Development

Lead officer: Paul Owens

Start date for EqlA: 5th September 2012

Estimated completion date: 6th September 2012

Step 1 – Use the following checklist to consider whether the proposal requires an EqIA

1. What is the purpose of the proposal?
Please summarise what is planned.

Filwood Green Business Park

1. Construction of new business park / enterprise centre to support enterprise development & employment
2. Provision of soft enterprise support to assist local people start / grow businesses, with a focus on environmental sustainability

2. Could this be relevant to our public sector equality duty to:	High	Medium	Low
a) Promote equality of opportunity		✓	
b) Eliminate discrimination		✓	
c) Promote good relations between different equalities communities?		✓	

If you have answered 'low' to question 2, please describe your reasons

3. Could the proposal have a positive effect on equalities communities?	Yes	
<p>Please describe your initial thoughts as to the proposal's positive impact</p> <p>Project seeks to support enterprise and employment creation in this disadvantaged area of South Bristol.</p> <p>The project is to be located in one of the 2% most deprived Super Output Areas in the country. Life expectancy in Filwood is 78, well below city average of 80. Disability Living Allowance claimants are almost twice the city average in Filwood. 24.4% of Filwood Residents are under the age of 16, compared to citywide average of 16.6%. Only 3.8% of Filwood residents are BME compared to city average of 8.2% (2001). The Super Output Area in which this project is located is in the worst 10% nationally for: % income deprivation, % children income deprived, % older people income deprived, health deprivation & disability, and % working age employment deprived. 13.4% of working age Filwood residents claim Incapacity Benefit.</p> <p>Local employment creation is expected to assist equalities communities / those with protected characteristics with income generation, recognising that many equalities groups e.g. disabled people experience significantly higher levels of worklessness than the average level.</p>		

4. Could the proposal have a negative effect on equalities communities?	Yes	
<p>Please describe your initial thoughts as to the proposal's negative impact</p> <p>Mechanisms are not in place to ensure that businesses started or businesses renting accommodation at the Filwood Green Business Park are established by groups with protected characteristics.</p>		
<p>Additional comments</p> <p>The Filwood Green Business Park will boost business activity and employment opportunities in what is a very deprived area of the city. The challenge is to ensure that equalities communities (that face higher than average rates of worklessness and exclusion) benefit significantly from the development.</p> <p>Actions identified:</p> <ul style="list-style-type: none"> • Work to ensure under-represented groups are targeted with guidance and support and promote opportunities to and those particularly affected by worklessness • Build equalities requirements in to our procurement processes to ensure equalities outcomes are identified and delivered • Assist equalities groups to obtain training and jobs in the new business park/enterprise centre and ensure that the new workforce is a representative of the local community as possible 		

Signed: Alun Owen

Service Director:

Date: 24/09/12

signed: Gillian Douglas

Equalities Adviser:

Date: 24/09/12