

## **CABINET – 5 December 2013 EXECUTIVE SUMMARY OF AGENDA ITEM 15**

### **Report title: Filwood Green Business Park**

Wards affected: Filwood

Strategic Director: Neil Taylor – Interim Strategic Director Regeneration

Report Author: Paul Owens

### **RECOMMENDATION for the Mayor's approval:**

To vary a Cabinet approval given on 4<sup>th</sup> October 2012 to invest up to £11,671,000 (rather than previously approved £11m) in developing a new 'green' business park at Hengrove Way, Filwood. Any additional Council funding required to come from capital receipts already allocated to support regeneration in the Knowle West area.

### **Key background / detail:**

a. Purpose of report: To authorise investment of up to £11.671m for the development of a new 'green' business park at Filwood and the delivery of an associated local Enterprise Support programme. £10.71m has been secured for this development from external sources (incl: European ERDF funding, and LEP RIF funding). The remainder to be secured either from external sources or to be provided by Bristol City Council, from capital proceeds of sale of Filwood Park (already sold and proceeds ring-fenced to support regeneration in Knowle West).

#### **b. Key details:**

1. Cabinet authorised expenditure of up to £11m on this project in October 2012, when it was reported that exact project costs unknown and were dependent on the receipt of construction tenders.
2. The development is expected to support local Knowle West Regeneration Framework objectives, and support over 350 jobs.
3. Construction tenders received are more expensive than anticipated. Increased costs due to:
  - Construction to enhanced 'BREEAM Outstanding' environmental standards rather than previously anticipated 'BREEAM Excellent'
  - Construction sector inflation
  - Increased (partially contaminated) spoil disposal costs due to landowner requirement.
4. Strenuous effort to achieve cost savings, through specification changes and use of recycled furniture and equipment, have helped to contain costs. This will reduce the call on Council finances.

**BRISTOL CITY COUNCIL  
CABINET  
5 December 2013**

**REPORT TITLE:** Filwood Green Business Park

**Ward(s) affected by this report:** Filwood

**Strategic Director:** Neil Taylor – Interim Strategic Director Regeneration

**Report author:** Paul Owens - Programme Manager, Major Projects

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**Report signed off by  
executive member:** Cllr Mark Bradshaw

**Purpose of the report:**

Cabinet authorisation is sought to vary the agreed funding package to construct and operate a green business park supporting enterprise and job creation in South Bristol.

**RECOMMENDATION for Cabinet approval:**

1. To vary a Cabinet approval given on 4<sup>th</sup> October 2012 to invest up to £11,671,000 (rather than previously approved £11m) in developing a new 'green' business park at Hengrove Way, Filwood. Any additional Council funding required to come from capital receipts already allocated to support regeneration in the Knowle West area.

**The proposal:**

1. As agreed by Cabinet on 4<sup>th</sup> October 2012, the Council has commenced work to develop a 'green' business park in Filwood to facilitate local job creation and stimulate regeneration investment in the area. The new infrastructure will be supported by an enterprise support programme to support the development of local businesses. The new 4,459m<sup>2</sup> Filwood Green Business Park will be built to high design and environmental standards and accommodate local businesses, particularly new businesses. The 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. Over 350 jobs are expected to be supported.
2. The Filwood Green Business Park proposal forms an important component of the delivery of the agreed 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 sustainable regeneration of the Knowle

West area. 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. The Filwood Green Business Park is to be completed and opened in 2014/15

3. The proposed site of the Filwood Green Business Park site is part of a wider 'Filwood Park' development site owned by the HCA. The wider mixed use development site is expected to provide 150 additional new homes and a remodelled public park. The HCA has agreed to sell the Filwood Green Business Park site to BCC for £1 to ensure that this development creates a high-quality landmark 'gateway' to the area, and complements the proposed adjacent high quality housing development, intended to create a benchmark for future development in the area.
4. Funding bids for this strategic project have been successful resulting in external funding awards of £10.71m being received for this project to date (£5.37m from the 'ERDF' European Regional Development Fund, and £5.34m from the West of England Local Enterprise Partnership Revolving Investment Fund). The Council has now entered into contract with these funders to deliver the project. The ERDF funding is a grant at an intervention rate of no more than 50% which must be defrayed by June 2015. The RIF funding is a repayable grant due to be repaid through rental income to be achieved by the project.
5. Planning Permission has been secured for this development, illustrated below. It has been awarded a 'BREEAM Outstanding' interim design-stage certificate, potentially making this one of the best performing non-residential developments in England in terms of BREEAM environmental certification, which is expected to accord with European Green Capital objectives.

### **Proposed Filwood Green Business Park**



6. Bristol City Council's Cabinet on 4<sup>th</sup> October 2012 approved the investment of up to £11m in developing a new 'green' business park at Hengrove Way, Filwood, subject to successful external funding bids. At this time it was reported that exact project costs were unknown and were dependent on the receipt of construction tenders.
7. The external funding subsequently secured for this development, together with the acquisition of the land for the token sum of £1, contractually requires the development to be constructed to high specified standards within tight timescales, and the achievement of targets agreed by project funders and partners. Unfortunately these conditions, including an ERDF requirement that the development achieves the highest 'BREEAM Outstanding' environmental standards rather than the less onerous 'BREEAM Excellent' standard previously envisaged and agreed by Cabinet, along with construction sector inflation, has increased project delivery costs.
8. To reduce project costs, a number of value engineering workshops have been held and savings made through specification reductions and elimination of items such as the proposed Ground Source Heat Pump provision (to be replaced by additional solar panel provision) prior to going out to tender.
9. Construction tenders for this development were received in August 2013, and it is now clear that the agreed scheme cannot be successfully delivered for the available £10.743m (£10.71m secured from external funders and the £33,500 already contractually committed by the Council towards this project).
10. It is clear at this stage that project costs may reach up to £11.671m, and that only £10.743m (at the time of writing) has currently been secured from external sources, leaving funding shortfall of up to £928k (8.6%). Further more radical cost savings are currently being pursued for this project.
11. Additional external funding is currently being sought, including an increased ERDF award, and contributions from the Government's Homes & Communities Agency. If it is not possible to source additional external funding, then it is proposed, as a backup, to make good funding shortfalls from unallocated capital receipts from the sale of Filwood Park already ring-fenced to support regeneration in the local Knowle West Regeneration Framework area (Cabinet decision 4/10/2012).
12. The benefits of delivering this project remain as originally reported to Cabinet on 4<sup>th</sup> October 2012 along with external consultation findings and equalities impact assessment. The land required to deliver this development is to be bought from the Homes and Communities Agency for an agreed £1 as previously reported.

## **Consultation and scrutiny input:**

### **a. Internal consultation:**

As reported in 4<sup>th</sup> October 2012 Cabinet Report

- 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:**

As reported in 4<sup>th</sup> October 2012 Cabinet Report

- 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:**

As reported in 4<sup>th</sup> October 2012 Cabinet Report

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:**

As reported in 4<sup>th</sup> October 2012 Cabinet Report

<b>FIGURE 1</b>							
<b>The risks associated with the implementation of the (subject) decision :</b>							
No.	RISK	INHERENT RISK		RISK CONTROL MEASURES	CURRENT RISK		RISK OWNER
		(Before controls)			(After controls)		
	Threat to achievement of the key objectives of the report	Impact	Probability	Mitigation (ie controls) and Evaluation (ie effectiveness of mitigation).	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

<b>FIGURE 2</b>					
<b>The risks associated with <u>not</u> implementing the (subject) decision:</b>					
No.	RISK	INHERENT RISK	RISK CONTROL MEASURES	CURRENT RISK	RISK OWNER

	Threat to achievement of the key objectives of the report	(Before controls)		Mitigation (ie controls) and Evaluation (ie effectiveness of mitigation).	(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.***

The Equalities Impact Assessment is as reported in 4<sup>th</sup> October 2012 Cabinet Report

### Eco impact assessment

As reported in 4<sup>th</sup> October 2012 Cabinet Report

### 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” [*“now upgraded to BREEAM Outstanding”* ]
- 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 (revenue) implications:**

The Cabinet Report of 4th October set out the revenue requirements for the scheme. The projected shortfall in resources due to increased costs will not affect the revenue impact of the scheme as set out in that report.

**Advice given by:** Mike Allen, Finance Business Partner, Regeneration

### **Financial (capital) implications**

The change to the capital cost of the project requires additional funding. The report proposes that this is sourced from capital receipts which were subject to ring fencing per the Cabinet Report of 4<sup>th</sup> October on Knowle West Regeneration Framework

That report asked:

“.....Cabinet for their approval to ring-fence capital receipts from asset disposals in the Knowle West Regeneration Framework Area for reinvestment into the KWRF. This includes the capital receipts from the current disposal of Filwood Green, which is estimated

at £4m and additionally those arising from the disposal of around twenty of the larger sites that have also been identified.”

This funding would be required for the Business Park if additional grant funding was not available. This report asks that should grant funding not be forthcoming, part of the capital receipts from Filwood Green can be used for the Filwood Green Business Park. The impact on the Council will be limited to a reduction in capital resources for the Knowle West Regeneration Framework Area.

**Advice given by:** Mike Allen, Finance Business Partner, Regeneration

**c. Legal implications:**

The legal advice provided in the 4 October 2012 report is unaffected by the Recommendation. It should however be noted that, in line with that earlier advice, the works contract has been let in compliance with the 2006 Regulation and the Councils own procurement rules.”

**Advice given by** Eric Andrews Senior Practitioner Solicitor  
**Date** 16/9/13

**d. Land / property implications:**

As reported in 4<sup>th</sup> October 2012 Cabinet Report:

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:**

None

**Access to information (background papers):**

None