

Report title: Capital Funding for Enterprise Zone Property Purchases

Wards affected: Lawrence Hill, Windmill Hill, and City Wide

Strategic Director: Barra Mac Ruairí / Strategic Director: Place

Report Author: Robert Orrett / Service Director – Property

RECOMMENDATION for the Mayor’s approval:

1. **To agree the provision of up to £5,000,000 from capital to be available for the purchase of properties within the Bristol Temple Quarter Enterprise Zone.**
2. **To authorise the Strategic Director: Place to approve purchase of specific properties within the Zone, even where the purchase price is in excess of £500,000 subject to remaining funds from the overall amount approved and subject to:**
 - a) **Briefing of the Mayor or Assistant Mayor for Place on the proposed property purchase including the relevance of control through ownership by the Council to contribute to the overall improvement of the regeneration and economic growth in the Zone.**
 - b) **Advice from the Service Director: Property recommending the terms proposed for the purchase.**

Key background / detail

a. Purpose of the report:

To obtain approval for allocation of a new capital fund to be available for the purchase of properties within the Bristol Temple Quarter Enterprise Zone where control through ownership by the Council will contribute to the overall improvement of the regeneration and economic growth achieved in the Zone.

b. The proposal:

1. During April 2012 the Bristol Temple Quarter Enterprise Zone (BTQEZ) was launched and a programme delivery team was established by Bristol City Council (BCC). A Memo of Understanding was signed on the 4th December 2013 between the West of England Local Enterprise Partnership, Bristol City Council, Homes & Communities Agency, Network Rail and English Heritage which identified the collaborative approach to taking forward the initial development phases of the TQEZ programme.
2. The core objective of this project is to speed up the pace of delivery on the stated objectives of the LEP in its Strategic Economic Plan (SEP):
 - Create the right conditions for business to thrive. Give confidence and certainty to our investors to attract and retain investment to stimulate and incentivise growth.

- Ensure a resilient economy, which operates within environmental limits. That is a low carbon and resource efficient economy, increases natural capital, and is proofed against future environmental, economic and social shocks.
 - Create places where people want to live and work, through delivery of cultural infrastructure and essential infrastructure, including broadband, transport and housing to unlock suitable locations for economic growth.
 - Shape the local workforce to provide people with skills that businesses need to succeed and that will provide them with job opportunities.
 - Ensure all our communities share in the prosperity, health and well-being and reduce the inequality gap.
3. BTQEZ is one of the UK's largest regeneration projects. BTQEZ will contribute to the delivery of these objectives through:
 - the delivery of 17,000 new jobs and 240,000 sq m of commercial floor space by 2037
 - the wholesale regeneration of the area around and including Temple Meads Station
 - the generation of more than £173 million of business rates growth, which will go to the Economic Development Fund for investment in projects leading to further economic development and growth.
 4. A framework that will guide and shape how Bristol Temple Quarter could look is being developed. This Spatial Framework is being produced by Bristol City Council as part of its simplified planning measures to help develop the Zone and give greater certainty of outcome for developers. The framework continues to be shaped and advanced. There remains a significant amount of evolution to take place in the framework.
 5. There will be locations within the Zone where the overall quality of the regeneration delivered should be advanced by the Council achieving control through ownership of additional properties. An example would be where a property would make an important contribution to transport, access or public realm, improving the Zone, but an existing owner would prioritise a different use which might deliver financial gain to that owner.
 6. There is a need to be able to act with pace in the open market if properties are to be successfully acquired. There is also a need to avoid undermining the commercial position of the Council or other parties by publishing advanced information about properties where purchase is being considered.

**BRISTOL CITY COUNCIL
CABINET
4th August 2015**

REPORT TITLE: Capital Funding for Enterprise Zone Property Purchases

Ward(s) affected by this report: Lawrence Hill, Windmill Hill, and City Wide

Strategic Director: Barra Mac Ruairí / Strategic Director: Place

Report author: Robert Orrett / Service Director - Property

**Contact telephone no. 0117 922 4086
& e-mail address: robert.orrett@bristol.gov.uk**

Purpose of the report:

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RECOMMENDATION for the Mayor's approval:

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The proposal:

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4. A framework that will guide and shape how Bristol Temple Quarter could look is being developed. This Spatial Framework is being produced by Bristol City Council as part of its simplified planning measures to help develop the Zone and give greater certainty of outcome for developers. The framework continues to be shaped and advanced.
5. There will be locations within the Zone where the overall quality of the regeneration delivered should be advanced by the Council achieving control through ownership of additional properties. An example would be where a property would make an important contribution to transport, access or public realm, improving the Zone, but an existing owner would prioritise a different use which might deliver financial gain to that owner.
6. There is a need to be able to act with pace in the open market if properties are to be successfully acquired. There is also a need to avoid undermining the commercial position of the Council or other parties by publishing advanced information about properties where purchase is being considered.

Policy

7. The new generation enterprise zones reflect the Government's core belief that economic growth and job creation should be led by the private sector, and for Government to remove the barriers to private sector growth through reduced burdens for businesses including regulatory and administrative burdens.

8. The enterprise zone programme was established to allow areas with real potential to create the new business and jobs they need, with positive benefits across the wider economic area. The creation of new enterprise zones provides another tool for Local Enterprise Partnerships (LEPs) and their partners to improve the local economy and increase their contribution to national growth.
9. Development of BTQEZ is a central plank of LEP plans for sub-regional economic growth, together with the area's contribution to national economic growth and re-balancing. Not only will BTQEZ provide jobs and prosperity that will spread across the LEP area, it will also be a significant contributor to the Economic Development Fund that will enable further infrastructure investment. Using a small part of the Economic Development Fund to support this scheme will initiate a virtuous spiral that will facilitate larger scale investment elsewhere.
10. There is also a distinct regeneration aspect to BTQEZ, which this scheme will aim to promote and exploit. BTQEZ is located in one of England's most disadvantaged areas, centred on Lawrence Hill ward, and adjacent to areas of South Bristol that also experience deep-seated and persistent disadvantage. The opportunities offered by effective development of TQEZ can, if delivered appropriately, make real differences to these communities, having positive impacts on lives.

Consultation and scrutiny input:

a. Internal consultation:

11. The Strategic Director for Place is the Senior Responsible Officer for the EZ Programme, and chairs the Arena Project Board and Enterprise Zone Strategic Directors Board. There are regular briefings with the Mayor and cabinet portfolio Assistant Mayors, and also a reporting line into the BTQEZ governance structure.
12. The EZ programme has benefitted from a Gateway Review led by Local Partnerships in November 2014.

b. External consultation:

13. During the Arena OBC process a number of external parties were contacted for their views on the project and this was set out in the Outline Business Case and January Cabinet Paper. They included the Homes and Communities Agency, Network Rail, Destination Bristol, Bristol Music Trust, and arena operators and promoters. A Stakeholder Engagement Plan and Communications Strategy are in place. A briefing for local councillors and Neighbourhood Partnership leads took place in September to update them on the Enterprise Zone and Arena. The Temple Quarter Stakeholder event took place at the Passenger Shed at Temple Meads Station during 18th March 2015 and the three previous events have attracted direct engagement with over 150 delegates in attendance.

Other options considered:

14. Option 1 - Do Nothing
15. Option 2 – Establish the means and authority to purchase properties in BTQEZ where control through ownership by the Council will contribute to the overall improvement of the regeneration and economic growth achieved in the Zone.

16. Option 1 – would result in properties being used or developed in ways which would detract from the overall planning of BTQEZ and weaken the level of regeneration and economic growth achieved in the Zone.

17. Option 2 – Preferred option - the basis of the recommendation would enable limited investment by the Council to secure properties that will contribute to the overall improvement of the regeneration and economic growth achieved in the Zone. The recommended approach provides a reasonable prospect of success in this regard by enabling individual decisions to be made with pace and the commercial confidentiality of the Council's and other parties' position to be maintained prior to purchase.

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	Capital investment is committed without Cabinet approval	Med	High	Strategic Director responsible for decision making following briefing of Mayor or Assistant Mayor and advice on terms of purchases	Low	Med	Strategic Director: Place
2	Development proposals by current owners may undermine the success of BTQEZ	High	Med	Purchase of properties will provide control through the Council to the EZ Board	Low	Med	EZ Board

FIGURE 2							
The risks associated with <u>not</u> implementing 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	Property may be neglected damaging potential of the adjoining areas	High	High	Threat of CPO or enforcement action	Med	High	
2	Development proposals by current owners may undermine the success of BTQEZ	High	Med	Individual purchase recommendations may be made to Cabinet if owners will defer their proposals	High	Med	

Public sector equality duties:

1. Previous best practice involving land assembly, design / construction will need to be embedded in the process from the very beginning and progressed further so that it will improve the offer to equalities communities. The process needs to be transparent and have the full involvement of Equalities Stakeholders throughout the planning, construction and implementation stages of the project so that the decision making processes are robust and comply not only with current national legislation but also includes local guidance such as the Environmental Access Standard.

2. An Equality Impact Relevance Check is attached as Appendix 1.

Advice given by: Anne James, Equalities and Communities Cohesion Team Leader
Date: 24 July 2015

Eco impact assessment

The significant impacts of this proposal are...

There are no direct significant impacts generated by the purchase of properties as outlined in this proposal. Indirectly, highly significant impacts will be generated through demolition and redevelopment, including waste, energy consumption, transport and use of resources

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

- *All development is subject statutory planning requirements, including the Central Area Plan which applies to Temple Quarter. The Central Area Plan specifies a range of environmental criteria such as BREEAM "Excellent" for new development.*
- *Any council-led development would be subject to a new cabinet report and eco-impact assessment. Previous examples include the Engine Shed and the Arena.*
- *Any demolition shall include controls to manage statutory nuisances, transport, and re-use, recycling and disposal of waste*

The net effects of the proposals are...

Net direct impacts of this proposal are not significant. Indirect negative impacts are highly significant, but effectively mitigated through planning policy and control of demolition.

Advice given by Steve Ransom, Environmental Performance Programme Co-ordinator
Date 24 July 2015

Resource and legal implications:

Finance

a. Financial (revenue) implications:

This funding will be provided from prudential borrowing and will form part of the council's overall cost of treasury management. The current cost of borrowing from the PWLB is at a rate of 3.5% for loans offered over 25 years, a cost to the council of approximately £60,000 per year per £1m borrowed.

Advice given by Mike Allen - Finance Business Partner
Date 24th July 2015

b. Financial (capital) implications:

As noted above, this level of provision will require prudential borrowing and will form part of the overall council borrowing and approval by the s151 officer. The cost of any such purchase will need to be justified within the development strategy for the Enterprise Zone.

Advice given by Mike Allen - Finance Business Partner
Date 24th July 2015

Comments from the Corporate Capital Programme Board:

Not applicable

c. Legal implications:

The proposal raises no particular legal issues at this time, but particular site acquisitions will need to comply with the Councils normal requirements.

Advice given by Eric Andrews, Solicitor, Corporate Legal Team
Date 24th July 2015

d. Land / property implications:

The approval of this funding and approval for purchases using the fund will enable the Council to secure improved outcomes for the BTQEZ by exercising control through property ownership. This will assist in avoiding developments which may conflict with overall objectives, or bringing forward neglected properties for regeneration.

Advice given by Robert Orrett / Service Director - Property
Date 24 July 2015

e. Human resources implications:

There are no HR implications for existing employees of the council. However, the approval of funding will support the delivery of 17,000 new jobs.

Advice given by Sandra Farquharson, HR People Business Partner,
Neighbourhoods Directorate
Date 24 July 2015

There are no HR implications for existing employees of the council. However, the approval of funding will support the delivery of 17,000 new jobs.

Appendices:

1: Equality Impact Relevance Check

Bristol City Council Equality Impact Relevance Check

This tool will identify the equalities relevance of a proposal, and establish whether a full Equality Impact Assessment will be required. Please read the guidance prior to completing this relevance check.

What is the proposal?	
Name of proposal	BTQEZ Programme Delivery Team
Please outline the proposal.	This Relevance Check is to accompany the August 2015 Cabinet Paper
What will this proposal achieve?	Establish the means and authority to purchase properties in BTQEZ where control through ownership by the Council will contribute to the overall improvement of the regeneration and economic growth achieved in the Zone.
Name of Lead Officer	The Senior Responsible Owner is Barra Mac Ruairí

Could your proposal impact citizens with protected characteristics? (This includes service users and the wider community)
Please outline where there may be significant opportunities or positive impacts, and for whom.
<p>The LEP have a number of priorities which dovetail well with the public sector equality duty to advance equality of opportunity:</p> <ul style="list-style-type: none"> • Shape the local workforce to provide people with skills that businesses need to succeed and that will provide them with job opportunities • Ensure all our communities share in the prosperity, health and well-being and reduce the inequality gap. • Closing the gap between disadvantaged and other communities
Please outline where there may be significant negative impacts, and for whom.

This proposal to purchase properties in the enterprise zone has low relevance for the public sector equality duty. The local population in Lawrence Hill has the highest BME population in Bristol; therefore purchasing any residential space around the Enterprise Zone could impact on the homes of BME people. A high number of commercial properties on Old Market are LGBT businesses as the area is known as Bristol's Gay Village. Any purchase could have a negative impact for the individuals involved. However this could be justified by the greater benefit to the economy of the area therefore any purchase to residential properties or LGB run commercial property should be considered on individual merit and an individual EQIA done on the impact. General purchases of commercial properties do not need to have an EqIA as there is no equalities relevance.

**Could your proposal impact staff with protected characteristics?
(i.e. reduction in posts, changes to working hours or locations, changes in pay)**

There is no impact on BCC staff

Is a full Equality Impact Assessment required?

Does the proposal have the potential to impact on people with protected characteristics in the following ways:

- access to or participation in a service,
- levels of representation in our workforce, or
- reducing quality of life (i.e. health, education, standard of living)?

Please indicate yes or no. If the answer is yes then a full impact assessment must be carried out. If the answer is no, please provide a justification.

An EqIA should be done on any decision to purchase any residential properties or LGB run commercial property.

Service Director sign-off and date:

Robert Orrett 24/07/2015

Equalities Officer sign-off and date:

Anne James 24/07/2015