

Report title: Temple Gate and Temple Meads

Wards affected: Lawrence Hill

Strategic Director: Barra Mac Ruairí / Strategic Director: Place

Report Author: Robert Orrett / Service Director: Property

RECOMMENDATION for the Mayor's approval:

- 1 To agree that the Council will enter into a joint development and land agreement with Skanska UK Limited relating to their land ownership at Temple Meads, the George & Railway and Temple Gate to achieve comprehensive regeneration and development of the land on terms set out in the report.**
- 2 To authorise the Strategic Director: Place to approve purchase of the Grosvenor Hotel by negotiation at Market Value and resolving any other land issues from the funds previously approved notwithstanding a purchase price may be in excess of £500,000. These purchases are required to secure comprehensive redevelopment of the Temple Gate area.**
- 3 If the acquisition of the Grosvenor Hotel by agreement cannot be achieved within the time frame officers judge necessary to efficiently progress and support the wider regeneration project for the Temple Meads / Temple Quarter area the Strategic Director: Place shall bring a further report to Cabinet outlining the alternative options that the Council can consider in relation to acquiring the Grosvenor Hotel Site.**
- 4 To authorise the Strategic Director: Place to seek advice on the active marketing of the land for regeneration and advice on the prospects of such development proceeding in a reasonable time frame.**

Key background / detail:

a. Purpose of Report

To obtain approval for a joint development agreement and land agreement for property at Temple Meads and Temple Gate as part of comprehensive regeneration and development.

b. Key details:

1. Cabinet previously approved funds and delegations to buy strategic land in the BTQEZ where improvement in quality and speed of regeneration can be delivered by the Council through strategic land ownership
2. A unique opportunity exists to support those aims by securing an agreement with nearby landowners. Further details are set out in the confidential appendix to this report

3. Over 15 years attempts have been made to acquire the Grosvenor Hotel site and secure comprehensive development. This has been unsuccessful. Under the proposed landowners agreement the council will be responsible for site assembly. Further attempts will be made to purchase the Grosvenor Hotel site. If this is unsuccessful a further report will be brought to Cabinet.

**BRISTOL CITY COUNCIL
CABINET
1st March 2016**

REPORT TITLE: TEMPLE GATE AND TEMPLE MEADS

Ward(s) affected by this report: Lawrence Hill

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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The proposal:

1. The Bristol Temple Quarter Enterprise Zone (BTQEZ) is a Council priority and pace of redevelopment is fundamental to overall success.
2. On 4 August 2015 Cabinet approved funds and a delegation to the Strategic Director: Place to buy strategic land in the BTQEZ to improve the quality and speed of regeneration delivered by the Council through strategic land ownership.
3. A unique opportunity exists to support the aims of the August 2015 Cabinet report by securing an agreement with nearby landowners. Further details are set out in the confidential appendix to this report.
4. Objectives achieved by a joint land agreement include:
 - a. The Council secures contractual control of land at Bristol and Exeter Yard (Site 7 on Appendix 1). This will include control over the timing of any redevelopment and if required by the Council the right to purchase the land.
 - b. Early progress with Temple Gate (Site 1). This will be released by delivery of £11m RIF funded Temple Circus junction project due to be completed on site by mid 2017
 - c. Early progress of Engine Shed 2 (on Site 3) to meeting pent-up incubator demand and building on achievement of Engine Shed.
5. Under the agreements, Skanska would be responsible for development costs and risks. Any land disposals would be at the point of completion of any development phased and based on the Market value of the land at that date.

Grosvenor Hotel

6. The Grosvenor Hotel is shown as Site 2 on Appendix 1. It has been vacant for several years and run down over many years. It was last used as temporary residential accommodation by a housing association but was surrendered as no longer viable in that use.
7. Over 15 years there have been attempts to acquire the property both by the Council and private developers seeking to promote comprehensive development. None has been successful. The owner's expectation of value has been considered unrealistic. Recent discussions with the owners confirm this position has not changed.
8. In 2008 and 2012 Cabinet passed resolutions to acquire by compulsory purchase as a last resort. Acquisition was dependent on a scheme promoted by a private developer that did not proceed.
9. Acquisition of this site together with the appropriation of land held by the Council next to the Grosvenor Hotel is proposed to enable the Council to facilitate comprehensive development in connection with the Temple Gate and the Engine Shed 2 (on the George and Railway site). Under the proposed landowners agreement the Council would be responsible for site assembly through this acquisition.
10. Further attempts will be made to purchase the site by agreement, and in the event

these negotiations are unsuccessful a further report will be brought to Cabinet.

Consultation and scrutiny input:

a. Internal consultation:

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.

b. External consultation:

Skanska UK Limited
Homes and Communities Agency

Other options considered:

Option 1 – Do nothing. The land at Bristol and Exeter Yard would be developed for offices at an early date. This would not allow the development on the site to fully reflect emerging spatial planning and proposals for Temple Meads and the wider area.

Option 2 – Purchase the sites. The Bristol and Exeter site was acquired by Skanska. Discussions with the Grosvenor Hotel owner have failed to agree terms.

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		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	Key decisions are made without Cabinet approval	High	Medium	Strategic Director responsible for decision making following briefing of Mayor or Assistant Mayor and advice on terms of purchases.	High	Low	Strategic Director: Place
2	Procurement challenge.	High	Medium	Ensure the arrangements do not amount to a Public Works contract(s)	High	Low	
3	Grosvenor Hotel acquisition cannot be secured by agreement	High	High	Evaluate alternative options	High	Medium	Strategic Director: Place
4							
6	The agreement with Skaska could be state aid	High	Medium	Ensure terms of the agreement do not breach state aid rules	High	Low	[Services Director, Property?]

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	Development proposals by current owners of Bristol and	High	High	A landowners agreement would secure the deferment of development	High	Medium	

	Exeter site may undermine the success of BTQEZ						
2	Failure to secure the Grosvenor Hotel site could undermine comprehensive development of the adjoining Temple Gate and Engine Shed 2 sites.	High	High	Consider alternative options to acquire the site	High	Medium	

Public sector equality duties:

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 by the developer.

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

- All development phases referenced in this report are subject to 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 Claire Craner-Buckley, Environmental Project Manager
Date 26 January 2016

Resource and legal implications:

a. Financial (revenue) implications:

The report raises no specific revenue costs. Any costs associated with capital purchases are likely immaterial and also likely eligible for capitalisation. Any such capitalisation of costs would require a separate review at the time of any property purchase

Advice given by Mike Allen Finance Business Partner
Date 9th February 2016

b. Financial (capital) implications:

The cost of any purchase will be contained within the limit imposed by Cabinet in August 2015. No additional funding is requested.

Advice given by Mike Allen Finance Business Partner
Date 9th February 2016

Comments from the Corporate Capital Programme Board:

Not Applicable.

c. Legal implications: Land

A development agreement risks being classed as a Public Works Contract, and so subject to the Public Contracts Regulations 2015 (which would require a fully compliant tendering process) if it contains legally binding obligations (direct or indirect) on the developer to execute works specified by the Council and where there is some form of pecuniary interest (which will be very broadly construed). There is no need for the Council to acquire ownership of the works, provided that they confer an immediate economic benefit. Care will need to be taken in negotiating the detail of the Development Agreement to avoid this situation, and to ensure that in practice the arrangement is and remains a property disposal.

In the absence of any competition for the development agreement, in order to avoid any state aid challenge (on the basis of a failure to secure market value and so in essence provide a subsidy) the terms for the disposal of the sites to Skanska should be certified by an independent valuer as representing market value. There is EU Commission guidance on this which would need to be followed.

The terms of any property disposal would also need to have regard to the Council's general obligation to secure best value.

Legal Implications: Acquisition of Grosvenor Hotel

The acquisition of the Grosvenor Hotel by negotiated agreement will enable the Council to proceed with the site assembly needed to secure a comprehensive regeneration of the area.

In the event that site cannot be acquired by agreement the Council will have to consider the alternatives that would secure the objectives of site assembly, one of which could be to acquire the site by exercise of Compulsory Purchase powers. In the event of a failure to acquire by agreement a further report will need to be presented to Cabinet at that time.

Advice given by **Joanne Mansfield – Lawyer**
 Eric Andrews – Team Leader

Date **1st February 2016**

d. Land / property implications:

The proposals assist the aim of securing comprehensive development on the sites and their surroundings that supports the aims of the BTQEZ and the emerging spatial framework. Under an agreement with Skanska the Council would be responsible for securing ownership of the Grosvenor Hotel. The Council will seek to achieve unconditional purchase of the Grosvenor Hotel by negotiation as a priority. If it is not possible to secure early commitment to such a sale and purchase, the Council may need

to consider other options including CPO.

Advice given by Robert Orrett, Service Director - Property
Date 8 February 2016

e. Human resources implications:

There are no implications for the Council's workforce from the recommendations.

Advice given by Mark Williams, People Business Partner
Date 26 January 2016

Appendices:

Appendix 1 – Temple Quarter Enterprise Zone: Key Sites

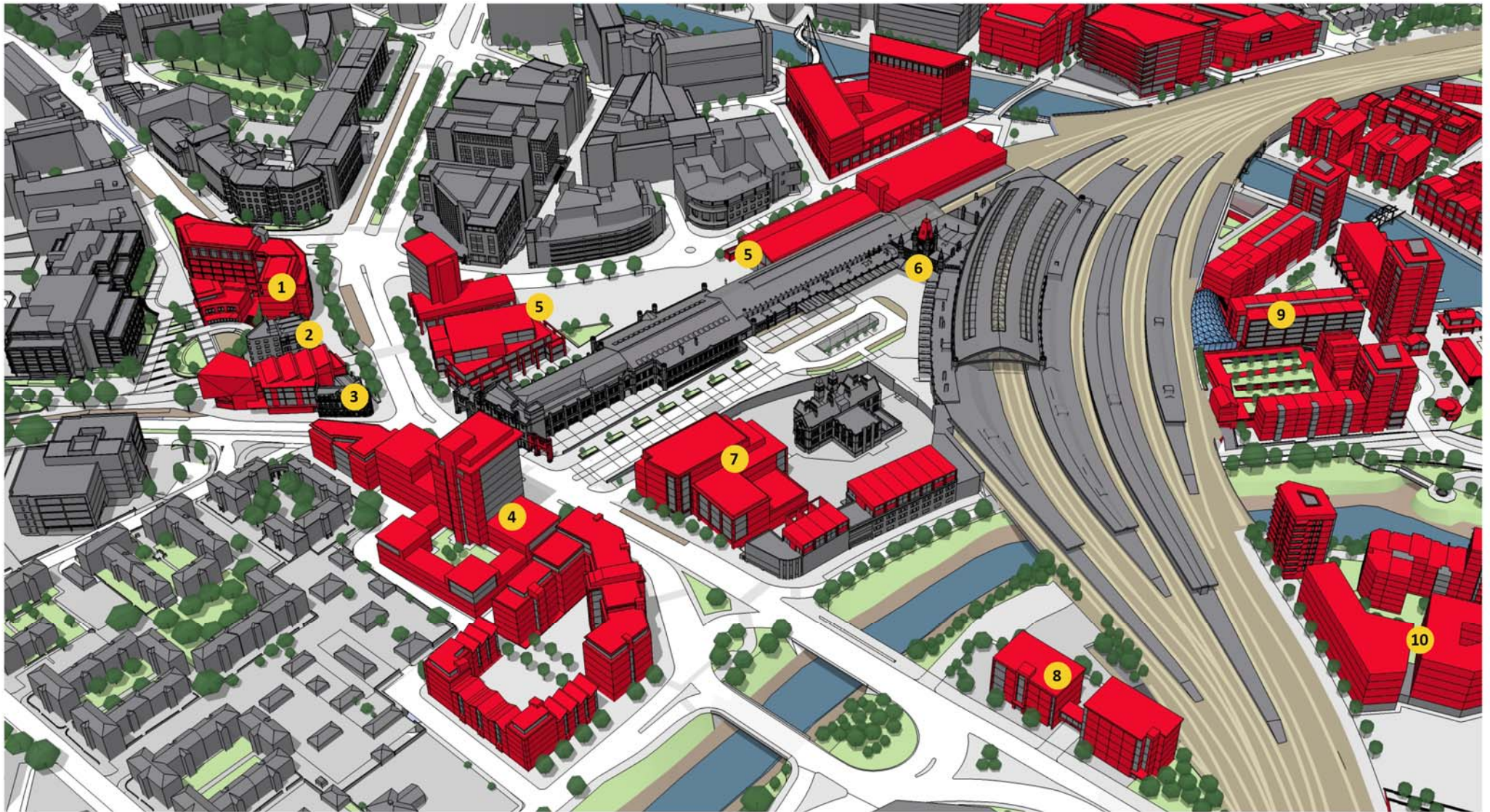
Appendix 2 – Site plan

Appendix 3 – Exempt – Not for publication under Part 1 of Schedule 12(A) of the Local Government Act 1972, paragraph 3 (Information relating to the financial or business affairs of any particular person, including the authority holding that information)

Appendix 4 - Bristol City Council Equality Impact Relevance Check

Access to information (background papers):

Cabinet report 4 August 2015: Capital Funding for Enterprise Zone Property Purchases
https://www2.bristol.gov.uk/committee/2015/ua/ua000/0804_8.pdf



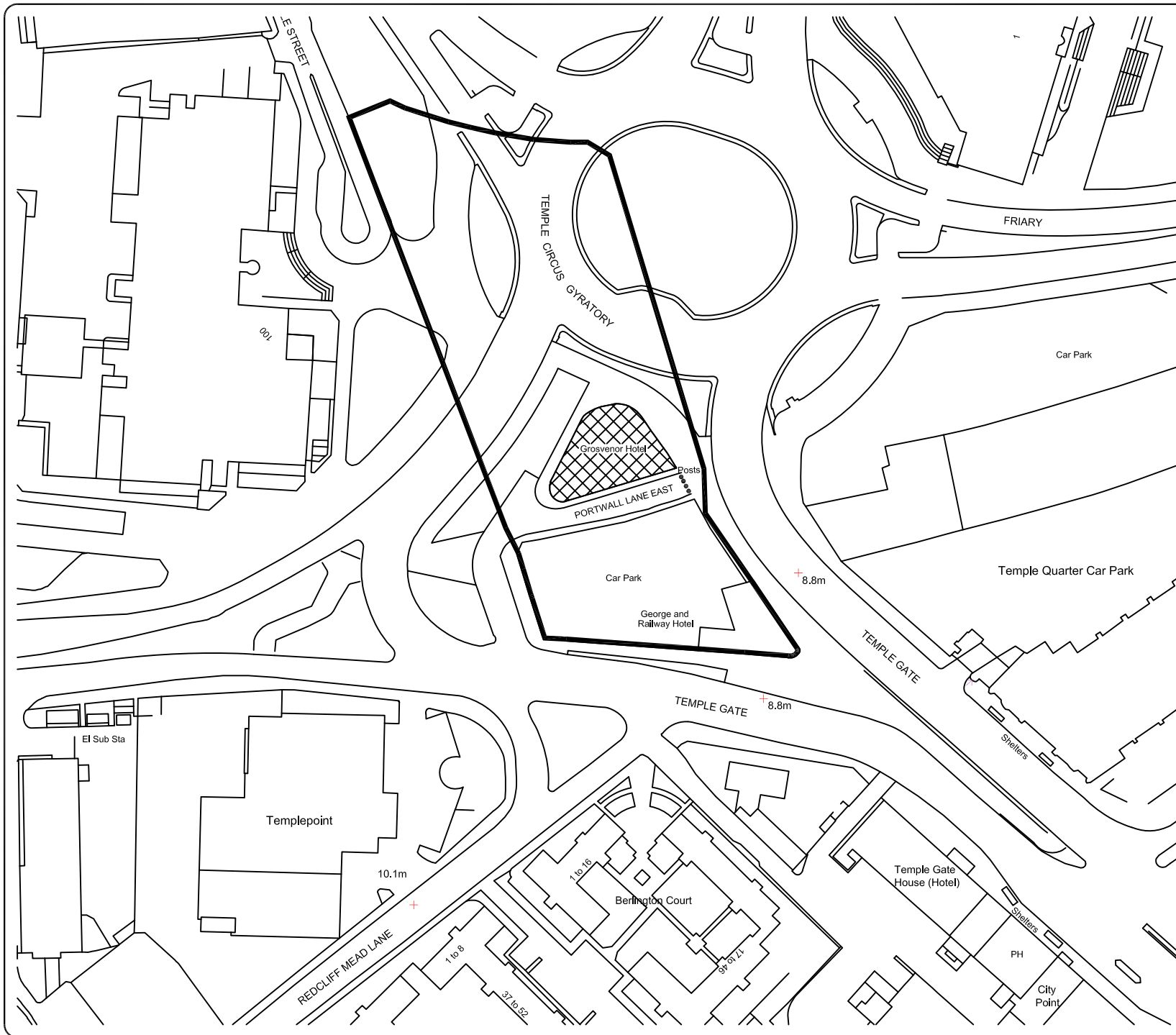
- | | | | | |
|-------------------|--------------------------|------------------------|---------------------------|---------------------|
| 1 Temple Gate | 3 The George and Railway | 5 Temple Meads North | 7 Bristol and Exeter Yard | 9 The Cattle Market |
| 2 Grosvenor Hotel | 4 Bath Parade | 6 Temple Meads Station | 8 The Fish Dock | 10 Arena Island |

Appendix 1: Cabinet Report - 1st March 2016



Temple Quarter Enterprise Zone: Key Sites



**City
Design
Group**



Grosvenor Hotel

 Grosvenor Hotel
 Temple Gate Site

SITE PLAN : To ensure boundary accuracy, please refer to deeds.

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PROPERTY

Plan No	: N6910b
Prop ID Ref	: N\A
Polygon Ref	: N\A
Scale	: 1:1,250 @A4
Date	: 04/02/2016



CORPORATE PROPERTY

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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	TEMPLE GATE AND TEMPLE MEADS
Please outline the proposal.	It is proposed that the Council and Skanska with Homes and Communities Agency support conclude a joint agreement as landowners to secure development across the Council and Skanska land ownerships in the Temple Quay Enterprise Zone. Skanska would undertake the developer role under a development agreement.
What savings will this proposal achieve?	N/A
Name of Lead Officer	Robert Orrett / Service Director - Property

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.
The joint agreement as landowners to secure development across the Council and Skanska land ownerships in the Temple Quay Enterprise Zone does not have any relevance to equalities communities. The future proposals as to what will be developed on the land does have equalities relevance therefore any plans need to have an equality impact assessment
Please outline where there may be significant negative impacts, and for whom.
n/a

Could your proposal impact staff with protected characteristics? (i.e. reduction in posts, changes to working hours or locations, changes in pay)
Please outline where there may be significant opportunities or positive impacts, and for whom.
n/a
Please outline where there may be negative impacts, and for whom.
n/a

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, 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.

No

Service Director sign-off and date:

Equalities Officer sign-off and date: Anne James Equality and Community Cohesion Team Leader 26/1/2016