

Call In Sub-Committee (of the Overview and Scrutiny Management Board)



Agenda

Date: Thursday, 20 September 2018

Time: 2.00 pm

Venue: Meeting room, City Hall

Distribution:

Councillors: *Committee Members to be confirmed*, Gary Hopkins, Mayor Marvin Rees, Craig Cheney, John Goulandris, Claire Hiscott, Tim Kent, Anthony Negus and Mark Weston

Copies to: Mike Jackson, Colin Molton (Executive Director: Growth and Regeneration (Interim)), Nancy Rollason (Service Manager Legal), Lucy Fleming (Democratic and Scrutiny Manager), Louise deCordova (Scrutiny Advisor), Ian Hird (Democratic Services Officer), Johanna Holmes (Policy Advisor - Scrutiny), Ben Mosley (Mayor's Office), Simon Cowley (Mayor's Policy Advisor), Denise Murray (Service Director - Finance & Section 151 Officer) and Stuart Woods (Programme Manager)

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Date: 12th September 18



Agenda

1. Election of Chair

2. Introductions and Safety Information

3. Declarations of Interest

To note any declarations of interest from councillors. They are asked to indicate the relevant agenda item, the nature of the interest and in particular whether it is a **disclosable pecuniary interest**.

Any declaration of interest made at the meeting which is not on the register of interests should be notified to the Monitoring Officer for inclusion.

4. Call in of Key Decision - Bristol Arena

(Pages 3 - 27)



Call In Sub-Committee (of the Overview and Scrutiny Management Board) 2pm on 20 September 2018



Title: Call In of the Cabinet's Decision on Bristol Arena

Ward: Windmill Hill and City Wide

Summary

To review the decision (taken at 4 September 2018 Cabinet) as a result of the matter having been called in by the Proper Officer on behalf of the Council.

Please note the purpose of the Call In Sub-Committee is to review the process around a Cabinet decision and cannot change the decision itself.

Recommendation

The Panel must decide either:

- a. to take no further action
- b. to refer the matter back to Cabinet -with issues (to be detailed in the minute) for Cabinet to consider before taking a final decision.
- c. to refer the matter to Full Council for a wider debate (NB : Full Council may decide either to take no further action or to refer the matter back to Cabinet with specific recommendations for them to consider prior to decision taking.)



Appendices:

A – Procedure at the meeting

B – Call In Proforma

C – Cabinet Decision Record

D – Cabinet Report

E – Officer/Executive Response to the Call In – *will be circulated as soon as possible*

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

Cabinet report dated – 4th September 18

CALL IN SUB-COMMITTEE - PROCEDURE AT MEETING.

1. The Chair explains the purpose of the meeting and the decisions which the Sub-Committee is able to take.
2. Callers-in present their case, explaining reasons for calling in Cabinet's decision.
3. Members of the Panel ask questions and seek clarification from the callers in.
4. The Strategic/ Service Director and Mayor/Cabinet member will explain the background to the decision.
5. Members of the Panel ask questions and seek clarification from the Mayor/ Cabinet member and Strategic/Service Director.
6. General debate during which Panel members may ask questions of both parties with a view to helping them make up their mind.
7. The Chair sums up and identifies the key issues arising out of the debate.
8. The Panel resolves either;
 - to take no further action
 - to refer the matter back to Cabinet -with issues (to be detailed in the minute) for Cabinet to consider before taking its final decision.
 - to refer the matter to Full Council for a wider debate (NB: Full Council may decide either to take no further action or to refer the matter back to Cabinet with specific recommendations for them to consider prior to decision taking)



Bristol City Council

Call in of a decision taken by the Executive

Overview and Scrutiny Rule OSR17 states that where **non-executive councillors** have evidence which suggests that the executive did not take the decision in accordance with Article 14 (Decision Making) of part 2 of the Council's Constitution, at least **five non-executive members** may ask the proper officer to call-in a decision for scrutiny using the appropriate call-in form (attached). The decision making principles in article 14 are set out below and the members seeking the call-in should identify those principles in Article 14 of the Constitution which they believe have been breached.

Proportionality	The action must be proportionate to the desired outcome.
Due consultation	(a) It may be appropriate to consult with communities, businesses and other third parties who have an interest in the matter. In some cases minimum consultation requirements are prescribed in law. (b) The council is required to act in the interests of the public as a whole so the decision desired by consultees may not necessarily be the right decision to make.
Taking of professional advice from others	Professional advice from the council's legal, financial and other specialist staff is always essential for the executive.
Respect for human rights	The Human Rights Act 1998 is of great importance to local authorities. Any decision which may breach an article or protocol of the Act should be subjected to "anxious scrutiny" and professional advice sought.
A presumption in favour of openness	Decisions taken by executive members or officers should be taken under this presumption. Access to material contributing to a decision should be made available to anyone with a legitimate interest in it unless this would involve disclosing exempt or confidential information
Clarity of aims and desired outcomes	Decision makers must be clear as to what they are seeking to achieve and why. This will often require thoughtful consideration of other options.
Due regard to public sector equality aims	The Equalities Act 2010 requires that all decisions taken must have due regard to the need to (a) eliminate discrimination, harassment, victimisation and any other conduct which is prohibited under the Act; (b) advance equality of opportunity between equality groups and (c) foster good relations between equality groups.

Procedure

1. Where a decision is made by the executive or a key decision is made by an officer with delegated authority from the executive, or under joint arrangements the decision will come into force, and may then be implemented on the expiry of five clear working days from the date the decision was taken unless the decision is called-in. The 5 clear working days run from 8.30am on the day **after** the decision was taken and exclude any day when the Council's offices are shut - i.e. weekends and bank holidays.

2. The proper officer will first satisfy themselves that the following requirements have been met:
- (i) the call-in notice has been received within the prescribed timescales
 - (ii) the decision taker's decision has been properly identified and described
 - (iii) the members seeking the call-in have identified those principles of Article 14 of the constitution which they believe have been breached.
3. If the requirements are met the proper officer will call-in the item and within five working days of the request, give notice as to the date on which the call-in will be considered by a Call-In Sub Committee, which will be held within 5 days of the request for call-in being approved by the Proper Officer. If a debate at Full Council is decided by the Call-In Sub-Committee then this will be held within ten days at an extraordinary meeting of the full Council or at the Lord Mayor's discretion.

The following points relate to established working practice in relation to call in:

- The call-in procedure should not be abused or used to unduly delay decisions or slow down the process of decision making
- Members should try to avoid calling in matters which are already within the agreed work programme of a scrutiny commission
- To give notice of a call in, councillors **must use** the form attached to these notes. It should be detached and completed and **send to the Proper Officer**. Members are strongly recommended to deliver their notice in person, or to email the form
- The form must be filled in fully - members must explain in detail how in their view, the decision taken breaches any of the principles in Article 14 of the Constitution. They must also be meticulous in identifying which part of any executive decision they are referring to. Failure to do so could result in the suspension of a complex decision, when in fact the callers in only wish to object to a small part of it.
- The Proper Officer will review all call ins and may reject or refer back to members, any call in notice which does not fully meet the requirements specified in the Constitution

Early submission of a call in is advised. This will maximise the time available to the executive to formulate a response and for arrangements to be made for appropriate representatives of an executive to attend the Call In Panel which will discuss the decision called in.

Bristol City Council

Request to the Proper Officer to call in an Executive Decision

This form should only be completed after the accompanying guidance notes have been read. It should be completed fully in order that the Proper Officer has an adequate basis upon which to call in the decision. Please return the call-in form to the Proper Officer

Names of the non-executive members requesting the proper officer to call the decision in :	Cllr Tim Kent Cllr Mark Weston Cllr Anthony Negus Cllr Claire Hiscott Cllr John Goulandris
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Date and time request submitted :	Monday 10 th September
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Details of Executive (or officer acting under delegated power)	Cllr Craig Cheney, Cabinet 4 th September 2018
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Decision number and date	Agenda Item 9: Arena Update
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<p>Description of decision or part of decision</p> <p><i>(if you only quote the subject then everything in the decision could be suspended pending the Call In Sub meeting)</i></p>	<p>All of the decision of Agenda Item 9: Arena Update</p>
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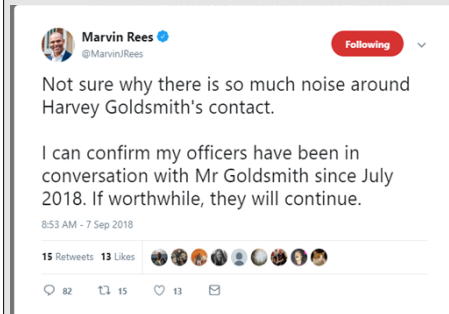
Page 8

<p>State which principle(s) in Article 14 of the Constitution you believe the executive has breached and set out any evidence to support this.</p>	<p>We set out the main reasons for our call-in of this decision below. We have attempted to limit the reasons to core ones that most pertain to Article 14. It should be noted that the decision was made under delegated authority by Cllr Cheney. But the Mayor has clearly stated on several occasions in news reports that he has made the decision. As he can also withdraw delegated decision making at any time it is clear that this decision was made as much by the Mayor as it was Cllr Cheney.</p> <p>We have restricted the call-in to 18 breaches of the principles of decision making in Article 14 of the constitution. We understand that we needed only one breach but we felt it important to demonstrate our grave concern with regard to the decision and more importantly the process engaged in making that decision.</p> <p>(a) Proportionality</p> <ol style="list-style-type: none"> 1. The decision breached the principle of proportionality by failing to take into account other viable options for the funding and de-risking of the arena island project. The failure to follow up several requests by Stephen Fear and Harvey Goldsmith to meet with an American company interested in developing the arena with private capital is a major breach of process. That this information was withheld in the report makes the decision appear to be very disproportionate. <p>(b) Due consultation</p> <ol style="list-style-type: none"> 2. The meeting of Full Council the day before the decision gave a clear view of the full council that the Arena should continue and be at Temple island. This meeting was informed by the Cabinet Report and the Mayors disregard for the outcome of the meeting, his dismissal of legitimate views and failure to take into account significant issues raised was a breach of meaningful consultation. 3. The Mayor failed to consult the general public with regard to the policy change on the Arena. It is clear the Mayor has been intent on deleting the arena project at Temple Island for a long time yet in his recent budget consultation he included plans for the Arena with a budget allocation. He had the opportunity at this point to consult the public on this major change in policy and to the capital strategy and council budget but failed to do this. This was a failure in consultation. The Mayor had in his manifesto 'Our Bristol Plan' that he would 'complete the new city arena'. Temple Meads was the only site at the time with none other being considered and the decision at the Cabinet was to end the Arena project. The new plan is a major departure which has not been tested with the public. 4. The Mayor failed to meet and consult with third parties who have an interest in the decision. Arena Island Ltd have asked for a meeting for over 8 months but the Mayor has deliberately chosen to not meet with them failing in the duty to due consultation and leaving the Council at greater legal and financial risk. 5. The Mayor failed to meet with Stephen Fear and Harvey Goldsmith who had indicated verbally and in emails to him and a senior officer (Nigel Greenhalgh) that they had an alternate funding proposal for the Arena. This was a breach of due consultation as defined by Bristol City Council Constitution.
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(c) The taking of professional advice from officers

6. Exempt call-in reason – redacted.

7. Failure of advice with regard to other options – The offer from Harvey Goldsmith and Stephen Fear on June 21st and subsequently in early July to meet the Mayor to discuss the arena was not within the report to Cabinet. Since that decision the Mayor has stated:



From the above statement, by the Mayor, it is clear that he is in command of additional information, given to him by senior officers, that was withheld from the published and exempt reports. That an alternative proposal is being considered, was excluded from all written reports and is an ongoing consideration of the council officers yet the Mayor withheld this information from the final decision maker (Cllr Cheney) meant that Cllr Cheney was not able to take professional advice in this regard.

(d) A presumption in favour of openness

8. The withholding of the offer by Stephen Fear and Harvey Goldsmith and this not being referenced in the report or by the Mayor despite the ongoing work (as referred to by the Mayor) was a breach of a presumption in favour of openness.
9. The Mayor's refusal to meet with the council's own contracted operator, Arena Island Ltd, a failure to use all best endeavours to openly consult in an open manner was a breach of the presumption in favour of openness.
10. The failure to allow Arena Island Ltd and developers Bellway full access to figures and documents used by KPMG in preparing their best value report and a lack of direct engagement with them that led to errors within the report was a breach of a presumption in favour of openness.
11. The Mayor's failure to attend the Overview and Scrutiny Management Committee Meeting on September 3rd despite the request was a breach of OSR15, Members and officers giving account. This is a constitutional breach by the Mayor and a breach of the presumption in favour of openness.
12. The failure to publish the Decision Record within 2 working days as per OSR15 (the requirement to email the decision to members of OSM) is a breach of the constitution, which gives the appearance of an attempt to frustrate the democratic process and call-in and a breach of a presumption in favour of openness.

	<p>(e) Clarity of aims and desired outcomes</p> <p>13. Failure to consider other options. Within the report and the decision making process no mention was made of other alternatives to the funding of the Bristol Arena such as the offer from Mr Fear and Mr Goldsmith. This option appears to have been deliberately not looked at. This is in breach of the need to consider other options in detail.</p> <p>14. The decision taken is in conflict with the adopted local plan of the council. Not only does this put it outside of the Policy Framework and the adopted strategic plan for the city centre and enterprize zone it also means that it is at significant risk of not being able to obtain planning permission. This appears to contradict the Mayor's claim that the decision has been taken to reduce risk and that the alternative scheme is deliverable.</p> <p>15. The conflict with the councils adopted policies and its policy and budget framework not only means that the decision is at significant risk of legal challenge it is arguably not one the executive had lawful power to make.</p> <p>16. The Mayor has now made public statements that he will consider other options for the site, including that of an arena, since this decision was made. The aims seem unclear and this consideration of other options should have been made before the decision was taken.</p> <p>17. A perception of a conflict of interest has been allowed to develop which has damaged the office of mayor, councillors and Bristol City Council's reputation. Irrespective of the reality in this procurement process this perception has undermined the aims and desired outcomes of the decision making process.</p> <p>18. In recognising that Temple Island is the best location of the Arena, and voting for the all-party resolution to this effect, only to then perform an about-face on this the following day betrays muddled, contradictory thinking on this.</p>

Signed by Councillors

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

Decision Recording Form

Decision determined at Cabinet meeting
on 4 September 2018



Cabinet members present:

Marvin Rees

Councillor Nicola Beech, Cabinet Member with responsibility for Spatial Planning and City Design

Councillor Craig Cheney, Designated Deputy Mayor with responsibility for Finance, Governance and Performance

Councillor Kye Dudd, Cabinet Member with responsibility for Energy, Waste and Regulatory Services

Councillor Helen Godwin, Cabinet Member for Women, Children and Young People, and Lead Member for Children's Services

Councillor Helen Holland, Cabinet Member with responsibility for Adult Social Care

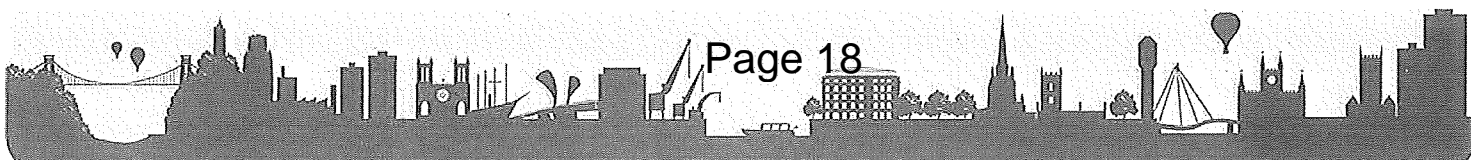
Councillor Anna Keen, Cabinet Member with responsibility for Education and Skills

Councillor Paul Smith, Cabinet Member with responsibility for Housing

Councillor Mhairi Threlfall, Cabinet Member with responsibility for Transport and Connectivity

Apologies:

Councillor Asher Craig, Deputy Mayor with responsibility for Communities (Public Health, Public Transport, Libraries, Parks), Events and Equalities



Deadline date for Call-in referral 11 September 2018

(a)	Subject:	Bristol Arena (agenda item 9)
(b)	Ward:	All Wards
(c)	Declarations of interest: None	
(d)	Decision taken Based on the information contained within the reports and due to the scale of potential benefits of an alternative scheme on Temple Island, which had been prepared and soft market tested by the Council, it was agreed to proceed with the alternative scheme. 1. The Council resolved not to progress further with the proposed Arena on Temple Island and to take all steps necessary and incidental to the cessation of that project. 2. The Council would continue to work with partners to develop an alternative mixed use scheme for the Temple Island site, with a view to bringing a worked up proposal(s) back to cabinet in due course. Ideally, any proposal should include the following uses: a. Conference Centre and 4 or 5* hotel facility; b. Commercial space with the supporting retail offer; c. Residential units, including a policy compliant level of affordable housing. 3. The Council would develop a business case for the re-allocation to other projects of the £53m Economic Development Fund (EDF) money earmarked for the Arena project. Such business case to be submitted for approval to the West of England Local Enterprise Partnership at the earliest opportunity.	
(e)	Exempt Information? Part exempt 3 Information relating to the financial or business affairs of any particular person (including the authority holding that information)	

(f)	Decision made in exempt session? No
(g)	Additional information at the meeting/documents taken into account: 1) 26 public statements 2) 5 public questions (a verbal reply was given by the relevant Cabinet Member/Mayor at the meeting or will be sent in writing if not present) 3) 6 Councillor statements 4) 7 Councillor questions (a written reply had been given by the relevant Cabinet Member/Mayor prior to the meeting) 5) 4 Councillor questions (as time had run out for public forum a written reply would be provided following the meeting) 6) The equalities impact assessment appended to the report.
(h)	Reason for decision: As set out in the report.

Signed :  Date : 10/9/2018

Councillor Craig Cheney, Designated Deputy Mayor with responsibility for Finance, Governance and Performance

Decision Pathway – Report Template

PURPOSE: Key decision

MEETING: Cabinet

DATE: 04 September 2018

TITLE	Bristol Arena		
Ward(s)	Windmill Hill and City wide		
Author: Stuart Woods / Nigel Greenhalgh	Job title: Arena Project Director / Arena Consultant		
Cabinet lead: Mayor	Executive Director lead: Colin Molton		
Proposal origin: BCC Staff			
Decision maker: Cabinet Member Councillor Craig Cheney, Deputy Mayor - Finance, Governance and Performance Decision forum: Cabinet			
Timescales: Cabinet 4 th September.			
Purpose of Report: <p>To set out an assessment of the relative merits of the existing Arena scheme as compared to potential alternative uses of the Temple Island site such as a mixed use development including hotel and conference facilities.</p> <p>This has been informed by a range of information including the Value for Money (VfM) Studies produced by KPMG, exploratory work undertaken by BCC including the Social Value impact and a review of the relative merits of the Arena and the possible alternative uses for the site.</p> <p>The assessment set out in this report has also been informed by the outputs and comments from the three OSM sessions on 18th, 20th and 22nd June 2018.</p>			
Evidence Base: <ul style="list-style-type: none"> Bristol is the only core city without an Arena. Neither does it have a major bespoke conference venue. Developments of cultural assets, such as arenas, normally require public sector intervention and funding, because in general the returns realised are not sufficient for them to be funded by private sector investment. For the purposes of the assessment contained in this report economic and social value assessments have been used to help to identify, understand and quantify the indicative economic and social benefits likely to be generated by the Arena scheme as compared to potential alternative use schemes on Temple Island. Reference to Appendix I. The current Arena proposals for Temple Island were developed at a time when there was no alternative proposal for the Temple Island site or for the delivery of a private sector funded Arena for Bristol. This changed when the University of Bristol (UoB) purchased the Cattle Market Site and part of the Temple Island site, for the development of a post graduate university campus. This changed further in 2017 when YTL, a Malaysian developer with an investment grade rating, put forward an alternative proposal to fund and deliver a 16,000 capacity Arena within the Brabazon Hangar at Filton. 			

This will require public sector funding to deliver infrastructure works which is estimated to be between £10m and £20m with the information presently available.

- The Temple Island proposal for a 12,000 capacity Arena would require public sector investment of £173m (which includes investment in car parking) and BCC would bear the development risk alongside the contractor.
- The KPMG Value for Money (VfM) reports (Appendix I) show that of the two propositions, the alternative BCC scheme at Temple Island provides better value for money in economic terms, based on the information provided to them. The alternative BCC mixed use scheme creates an estimated 2,101 jobs against 660 for the Arena and an economic net present value NPV of £837.2m against £282.6m for the Arena.
- KPMG reports that the two proposals are at different stages of maturity, based on the information provided to them, in terms of their development and carry different levels of risk in terms of deliverability. KPMG notes that the alternative BCC scheme at Temple Island are at an early stage in development planning and hence are not comparable from a deliverability perspective to the Temple Island Arena plans.
- It is the Council's view that this increased level of economic impact and job creation, for the alternative scheme, would clearly have a greater impact on the vitality of the City Centre. The jobs associated with the alternative proposals for a mixed use scheme at Temple Island are more likely to be of a regular nature than the employment patterns typically associated with entertainment venues which require increased staffing when events are being staged.
- The soft market testing has demonstrated that there is interest from the private sector to develop the Temple Island site and that the delivery of a conference facility, with the associated break-out and exhibition space, and 4 or 5* hotel could be included within the scheme. There is further work to be undertaken before all the risks and benefits are understood and a deal agreed with a private sector partner.

Temple Island Arena (see Appendix A1):

- After several previous attempts to deliver an Arena in the city, the project is now well advanced. The project benefits from an approved budget of £123.5m, a site in the Council's ownership, a technical design (RIBA Stage 4), and detailed planning permission. A 25 year operational agreement with an operator, Arena Island Limited (AIL) and a Pre-Construction Services Agreement (PCSA) with a Contractor, Buckingham Group Contracting Limited (BGCL), are in place.
- The initial Target Cost presented to the Council in October 2017 combined with the Council's own costs was significantly over the project budget.
- Following this, in November 2017 BGCL presented a revised offer based on value engineering and assessing the risk profile of the project. The officers and the consultant team believe that this proposal is deliverable but the design will need considerable value engineering to achieve the revised Target Cost, whilst at the same time retaining the existing planning permission and operator requirements.
- Following the OSMB (Overview and Scrutiny Management Board) meetings in June further discussions have taken place with the contractor. The Council and BGCL have agreed that a Target Cost of £119m may be achievable, which is a reduction of £3m on the previous Target Cost. This change is subsequent to the KPMG VfM reports, which have not been refreshed, and has therefore accounted for as a separate exercise in this report.
- The latest total project cost, which includes the revised Target Cost, exceeds the approved budget. The total project cost is now £173m, or £157m without the capital sums set aside for car parking. The total cost of £157m includes the Target Cost, the Council's client side or "direct" costs, the Council's risk contingencies, and the cost of capitalised borrowing during construction. As the Council's risk contingencies are commercially sensitive, the full detail of this is presented in exempt Appendix J1.
- If a decision was taken to proceed with the project, the proposed programme is now a start on site date in 2019 with the Arena opening in 2021.
- The agreements with the Contractor and Operator have been extended, whilst the Council reviews its options.
- Should an arena at Temple Island be preferred, further car parking would need to be identified within close

proximity. An initial study on additional sites, including 1-9 Bath Road and Portwall Lane, is complete and this work will be taken forward if the Temple Island Arena proceeds (though no decision on the Portwall Lane site has been agreed). In addition, the Council's transport department will be carrying out an upgrade to the Temple Gate car park as part of its works programme, and this will supply part of the provision required.

- The KPMG estimates for employment and economic NPV, for the Temple Island Arena, provides justification for the use of public money at a lower than commercial rate of return. However, it must be noted that the project exceeds the allocated budget and relies heavily on Council borrowing.
- Both the Council's project team and the contractor agree that following a decision on the project, it will take 5 or 6 months before the building contract can be signed, followed shortly after by a start on site. Some enabling works could take place prior to contract signature depending on the Council's appetite for risk.
- As reported at OSMB, the Arena operator (AIL) made an improved offer to the Council in December 2017, and this has been incorporated into the VfM reports. The Operator further improved this offer in June 2018. Details of this are set out in Appendix A1. It should be noted that these changes do not impact on the cash flow as they are based on the future performance of the Arena.

Alternative Temple Island Scheme (see Appendix A2):

- BCC developed an indicative scheme of development which is planning policy compliant and the KPMG VfM report is based on this scheme.
- The scheme content comprises around 65,000 sqm and is made up of the following uses:
 - 460 residential units; and
 - 26,000 sqm of mixed use commercial floor-space, which could include office, retail and hotel space, as well as a conference centre and business incubation space.
- During the OSMB hearings, the level of detail and supporting information for the alternative scheme was questioned. Since then the project team has carried out additional "soft market testing" with Legal and General (L&G), who had previously expressed a desire to work with the Council on this site, to further develop an alternative scheme.
- Preliminary work suggests that the L&G scheme could deliver increased density of around about 100,000 sqm of development with a significant portion of residential accommodation incorporating a policy compliant level of affordable housing, conference centre and hotel as well as office and retail space.
- The current status of the design points to a development mix as set out below, but these will be further refined and finalised during the development of the scheme:
 - Office 23,000 sqm
 - Retail 2,500 sqm
 - Residential 50,000 sqm
 - Conference centre 10,000 sqm
 - Hotel 16,000 sqm
- However, it should be noted that these proposals are not the subject of this paper or the VfM report, as the scheme content would naturally change during a development process.
- There is still work to be carried out to optimise the development opportunities, to understand the economic benefits and costs and finalise a deal with a private sector partner, and this is to be expected at this stage of development.
- As an example, evidence suggests that the provision of a conference centre and hotel facility increases the number of bed nights and spend, when compared to an arena. It has been calculated that a conference centre could produce up to 30% more bed nights than an arena. This will be part of the detailed work to be carried out to demonstrate the extent that the alternative scheme would improve the economic benefit for the city.
- The alternative scheme focusses on the development of a vibrant and dynamic mixed use development at the heart of Temple Quarter. The scheme complements the UoB's existing proposals for student residential development on the northern portion of the site.
- The proximity of the site to the UoB's proposed new Enterprise Campus and the developing commercial and

residential communities around the Temple Quay area would enhance the offer of this new quarter of the city. It would act as both a catalyst for future redevelopment to the east of the station and a fitting gateway to this area of the city.

- A proposed mixed use scheme could make the site a 24/7 destination with improved permeability through to future development areas.
- It is proposed that the work could start on site in 2020, subject to planning consent.

VfM Summary

Following a review of the VfM reports the main points and figures are summarised below. These are for the West of England and are totals over a 25 year appraisal period, based on the alternative scheme:

	Temple Island Arena	Alternative development at Temple Island (based on the BCC scheme)
Benefits Cost Ratio (BCR*)	3.2:1	23.0:1
Net Present Value (NPV*)	£282.6m	£837.2m
Employment (in net FTE terms)	660	2,101
Housing	0	460

These figures should not be viewed in isolation as due to the varying degrees of information available to KPMG for each proposition, the figures are not comparable on a like-for-like basis. Each of the KPMG reports need to be reviewed in full in order to understand the scope of analysis (including what impacts have or have not been captured in the value for money assessment) and caveats and assumptions to the analysis which must be taken in to account when interpreting the results. Furthermore, KPMG notes that a VFM assessment extends beyond consideration of a BCR. The financial and commercial cases for the proposals also need to be taken into account – details of which are included in the VfM reports.

***see Appendix G – Financial Advice**

There are now two potential questions that need to be asked for the Temple Island site:

1. Is the proposed Arena on Temple Island affordable:

- The proposed Arena at Temple Island has the benefit of existing planning permission and a revised Target Cost offer based on a tender process. However, the total project cost still substantially exceeds the approved budget.
- If the decision is made to build the Arena, there will clearly be pressure on available budgets to deliver other Council priorities and decisions will need to be made on the capital programme.

2. What is the best use of the Temple Island site:

- It is understood that the level of detail and supporting information for the alternative scheme is not at the same level as for the existing Arena proposal. Therefore, the two schemes are not directly comparable.
- However, the high level information available on the alternative scheme demonstrates that the possible benefits (economic, financial and social) are so compelling that the development possibilities should be pursued.
- Having regard to the findings of the VfM reports specifically for the economic benefits, it is apparent that the Council's alternative scheme on Temple Island, subject to deliverability, is significantly better value for money in economic and cost terms than the proposed Temple Island Arena.
- If an alternative mixed use scheme is supported at Temple Island, then the Council investment saved

could be used to promote other targeted schemes.

Recommendation:

Based on the information contained within these reports and due to the scale of potential benefits of an alternative scheme on Temple Island, which has been prepared and soft market tested by the Council, proceed with the alternative scheme.

It is recommended that:

1. The Council resolves not to progress further with the proposed Arena on Temple Island and to take all steps necessary and incidental to the cessation of that project.
2. The Council continues to work with partners to develop an alternative mixed use scheme for the Temple Island site, with a view to bringing a worked up proposal(s) back to cabinet in due course. Ideally, any proposal should include the following uses:
 - a. Conference Centre and 4 or 5* hotel facility;
 - b. Commercial space with the supporting retail offer;
 - c. Residential units, including a policy compliant level of affordable housing.
3. The Council develops a business case for the re-allocation to other projects of the £53m Economic Development Fund (EDF) money earmarked for the Arena project. Such business case to be submitted for approval to the West of England Local Enterprise Partnership at the earliest opportunity.

Corporate Strategy Alignment:

- Deliver 2,000 homes, of which 800 are affordable, built in Bristol each year by 2020.
- Develop an inclusive economy that offers opportunity to all and makes quality work experience and apprenticeships available to every young person.
- Reduce social and economic isolation and help to connect people to people, people to jobs and people to opportunities.

City Benefits – (See VfM reports and Appendices)

Consultation Details: None

Revenue Cost	(See VfM reports and Appendices)	Source of Revenue Funding	(See VfM reports and Appendices)
Capital Cost	(See VfM reports and Appendices)	Source of Capital Funding	(See VfM reports and Appendices)
One off cost <input type="checkbox"/>	Ongoing cost <input type="checkbox"/>	Saving Proposal <input type="checkbox"/>	Income generation proposal <input type="checkbox"/>

Required information to be completed by Financial/Legal/ICT/ HR partners:

1. Finance Advice: Please refer to Appendix G for the financial commentary associated with this report.

Chief Finance officer: Denise Murray

2. Legal Advice:

- Cabinet will appreciate that the Council has a number of contracts in place in support of the Arena project, (eg an agreement for lease with the proposed operator, a pre-construction services agreement with the building contractor, appointments for the design team) and will be mindful of the parties' respective rights and obligations under each of these. In the event that the outcome of cabinet deliberations is that the project cannot proceed, (whether immediately or following any further action or review) these will need to be brought to a satisfactory close having due regard to the specific terms of each contract, which will include dealing with any outstanding fees or other payments which may be due. Exempt Appendix J4 identifies some further particular legal issues to be considered in contemplating any decision not to proceed.

- In respect of an alternative development on this site, consideration will need to be given to any potential procurement issues in connection with the selection of a suitable partner and in achieving best value. Any such proposal will likely require a comprehensive development agreement which one can anticipate will take some time to negotiate.

Legal Team Leader: Eric Andrews, Solicitor, Team Leader - Corporate & Governance, Legal Services.

3. Implications on ICT: There may be some IT Implications in the event of this initiative proceeding, including IT fit-out of a project team, and these would be addressed as part of any project. However, there are no direct or immediate implications in this submission.

ICT Team Leader: Ian Gale, Business Change and ICT, Service Manager – Date 23.08.18

4. HR Advice: Resources are in place to contract manage the construction of an arena. If the decision is taken not to proceed with the construction then resource will be redeployed to other project work.

HR Partner: James Brereton, G & R HR Business Partner - Date: 21.08.18

EDM Sign-off	Colin Molton, Executive Director Growth and Regeneration	23.08.18
Cabinet Member sign-off	Cllr Craig Cheney	24.08.18

	Temple Island Arena	Alternative scheme on Temple Island
Appendix A1 – Further essential background / detail on the Arena on Temple Island proposal	YES	n/a
Appendix A2 – Further essential background / detail on the Arena in the Brabazon hanger and the alternative scheme at Temple Island proposal	n/a	YES
Appendix B – Details of consultation carried out - internal and external	Only Internal Consultation for both schemes	
Appendix C – Summary of any engagement with scrutiny	YES	YES
Appendix D – Risk assessment	YES	High-Level risk register in Appendix A2
Appendix E – Equalities screening / impact assessment of proposal	YES (E)	YES (E1)
Appendix F – Eco-impact screening/ impact assessment of proposal	YES (F and F1)	YES (F2)
Appendix G – Financial Advice	YES	
Appendix H – Legal Advice	Not Used	
Appendix I – Combined Background papers		
1) KPMG VfM Study – Summary Report		
2) KPMG VfM Study – Arena at Temple Island		
3) KPMG VfM Study – Temple Island Arena Background report (redacted)		
4) KPMG VfM Study-Temple Island Alternative scheme		
5) Temple Island Arena- Scope of Enabling works pre contract		
6) Social Value calculator		
Appendix J		
Exempt and not for publication by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act		

1972 (Information relating to the financial or business affairs of any particular person (including the authority holding that information))' and 5 (Information in respect of which a claim for legal professional privilege could be maintained in legal proceedings').

J1-Finance Appendix

J2-AECOM Target Cost Tender Report v0.5

J3-KPMG Temple Island Arena Background report (Unredacted)

J4-Legal Comments exempt