

# Decision Pathway – Report



**PURPOSE:** Key decision

**MEETING:** Cabinet

**DATE:** 04 December 2018

<b>TITLE</b>	<b>Hawkfield Business Park – acquisition DRAFT v2.2</b>		
<b>Ward(s)</b>	Hengrove & Whitchurch Park. See <a href="https://www.bristol.gov.uk/voting-elections/ward-boundary-changes">https://www.bristol.gov.uk/voting-elections/ward-boundary-changes</a>		
<b>Author:</b> Stuart Woods / Richard Fear	<b>Job title:</b> Programme Manager, Major Projects/ Service Manager Property Investment		
<b>Cabinet lead:</b> Cllr Cheney	<b>Executive Director lead:</b> Colin Molton		
<b>Proposal origin:</b> BCC Staff			
<b>Decision maker:</b> Cabinet Member			
<b>Decision forum:</b> Cabinet			
<b>Purpose of Report:</b>			
<ul style="list-style-type: none"> <li>- To seek authorisation to purchase land and buildings at Hawkfield Business Park, to make a strategic investment in protecting an employment site in Hengrove; Then, to develop a project to allow the partial relocation and development of the Council’s Bottle Yard Studios facility (there will be a future cabinet report to cover this).</li> </ul>			
<b>Evidence Base:</b>			
<ol style="list-style-type: none"> <li>1) The proposal is to acquire the Kelston Gears site on Hawkfield Business Park site in order to protect an employment site in South Bristol to balance the increase in housing development in that part of the City.</li> <li>2) The <i>Bristol Local Plan’s Core Strategy 2011</i> identifies South Bristol as a priority focus for mixed use development with a specific requirement for major regeneration activity on previously developed land in Knowle West and Hengrove. It highlights a South Bristol focus for growth of housing and new employment provision to enable regeneration and provide a counterbalance to the existing attraction of the north fringe of the city.</li> <li>3) Significant progress is being made in delivering housing in South Bristol with schemes on site at Filwood Park (150 units), Hengrove Phase 1 (261 units), outline planning permission at Hartcliffe Campus (350 units), and outline planning application pending for Hengrove Park (1500 units). In addition Park View Campus, once a large employment site, has secured permitted development to convert the former offices to residential. The housing market is currently strong in the south of the city as development closer to the city is completed and developers look further south for future opportunities. Bristol City Council and Homes England have played a significant role in facilitating this progress by de-risking and releasing sites to the market.</li> <li>4) Pressure from housing development on existing employment land is demonstrable by the recent permitted development application of Parkview where there was a loss of 25,000sqm office space in favour of residential. The Hengrove Park Outline Planning application proposes c4, 500sqm of office space and feedback from local business groups felt that more could be provided. However there is limited demand for office space in this location. There is an unintended risk that large-scale housing delivery will ‘crowd-out’ existing employment land and therefore any Employment Strategy</li> </ol>			

should seek to protect *existing* employment land against either conversion for housing use, or conversion for relatively low-density employment use.

- 5) The Kelston Gears site is currently on the market as a freehold purchase. Details of the site are included in the site marketing material in Appendix A.
- 6) On the instruction of the Executive Director for Growth and Regeneration, and following briefing of Cllr Cheney in July and November 2018, via the Council's agent, an offer has been made subject to a formal Cabinet decision on **4 December**, and normal due diligence. Mechanical and Engineering (M & E) and Condition surveys have shown that the systems and structure for this 1980's building are in a reasonably good condition.
- 7) The crucial first phase is to secure the purchase of the site for the project; there are no funds in the council's Capital Programme to take this forward; the site is on the market and so the Council must act quickly to secure it.
- 8) The Bottle Yard Studios (TBYS) on Whitchurch Lane is a successful and financially viable Council-owned business, elements of which will be disrupted by the forthcoming Hengrove Park housing development. The lack of soundproofing in older, unadapted buildings will render three (possibly four) of the current studios inoperable, thereby reducing the ability for Bristol to continue to attract high-profile, economically beneficial and employment-generating television and film productions to the city. Later phases of house building work will further impact on the operation of other studios.
- 9) Phase 1 of the project is the purchase of the Hawkfield Business Park site half a mile from the main site.
- 10) Phase 2 of the project involves increasing employment density on that site by refurbishing the building to relocate 4 studios from the Bottle Yard studios, thereby maintaining the current level of television production, employment, training and economic benefit.
- 11) Phase 3 involves a new build of two purpose-built studios on the expansion land on the site, leaving the business operational across two sites within 0.5 miles from each other. This would ensure the smooth transition of some productions from the Bottle Yard to the new site, offering superior accommodation in a more modern, well-adapted building.
- 12) Purchase of the Hawkfield Business Park site would release part of the former Bottle Yard site for further housing development on Hengrove Park in due course.
- 13) If for some reason it is not possible to take forward the second and third phases of the project with The Bottle Yard Studios, the council will retain an asset in its property management portfolio and will have the choice of selling the site for employment use or finding another way to achieve higher employment densification levels.
- 14) As stated in 7) above, there are no funds identified in the Capital Programme to take forward the project. After discussions with WECA, an application will be submitted to its Land Acquisition Fund (details of which are being finalised) with a decision expected on 31<sup>st</sup> May 2019. In the meantime, pending the application process, the council will need to fund the purchase of the site and building.
- 15) The application will be for delivery of the project in three Phases:
  - a. Acquisition of the Kelston Gears site for market value (and including costs, disbursements and contingencies).
  - b. Refurbishment of the building to provide 4 studios
  - c. New build of 2 additional studios
- 16) The aim is to complete the site acquisition this calendar year. Kelston Gears will have time to find an alternative location to move to and this will enable further work to be done to develop the refurbishment and new build projects so that they are specified, designed, and costed, to a point where the project can return to Cabinet for a decision.

Phase 1 Milestone completion dates	Month/Year
Cabinet Decision	4 <sup>th</sup> December 2018
Site Purchase	End December 2018

Indicative Phase 2/3 Milestone completion dates	Month/Year
Purchase site and building	Dec 2018
Tenant remains in occupation (6 to 12 months)	Jan-Dec 2019
Appoint Design Team and produce cost plan	Jan-Feb 2019
Design Development	Mar-May 2019
WECA Application process	Mar-May 2019
Cabinet approval	May 2019
Planning Consent	June-Sept 2019
Phase 2 and 3 Full Business Case Approval/Offer letter signed	Oct 2019
Procurement	June-Sept 2019
Construction Start on Site	Oct-Nov 2019
Construction Practical/Substantial Completion	Dec 2020
Operational	Dec 2020

- 17) Project Risks -There are a number of risks associated with the site acquisition and these are set out in Appendix D. The two key risks to the project are firstly, that the site acquisition does not go ahead, and that therefore the project cannot proceed on that site; secondly, that having acquired the site, the business case for Phases 2 and 3 is not subsequently approved. This would expose the council to unbudgeted revenue holding costs (rising to c. £430,000) per annum and potential capital cost lost when the site is sold. In this situation Finance expect that WECA funding will be available to mitigate all site holding costs but the details of future funding arrangements are not yet fully developed.
- 18) There will be costs associated with carrying out upgrades to the building as set out in the M & E report, which could be an estimated £30,000. Depending on how long the council retains the asset, the Condition Survey estimates the cost of repair in Year 1 is £142,000 and £380,000 during Years 2-5. This may have a direct impact on the Bottle Yard Studios overall operating position if they are to pick up these costs.

#### **Cabinet Member / Officer Recommendations:**

##### **That Cabinet**

1. Authorise the Executive Director: Growth & Regeneration, to proceed to take all necessary steps to purchase the Hawkfield Business Park freehold land interest at market value.
2. Notes that funding for the purchase price of the site and associated disbursements, will be met by BCC through a short term in-year bridging payment pending full funding being agreed by WECA.
3. Authorise the Executive Director: Growth & Regeneration and the Chief Finance Officer to agree an appropriate funding arrangement with the WECA Chief Finance Officer, in order that the Council can recoup its expenditure.
4. Should funding not be agreed with WECA, authorise the Executive Director: Growth & Regeneration and the Chief Finance Officer to sell the land to recoup BCC expenditure.

**Corporate Strategy alignment:**

Fair and inclusive – help develop balanced communities which are inclusive and avoid negative impacts from gentrification – the retention of the site at Hawkfield Business Park as an employment site will benefit the wider South Bristol business community.

Well connected – reduce social and economic isolation and help connect people to people, people to jobs and people to opportunity – By acquiring the Hawkfield Business Park site, the Council has the opportunity to facilitate the development and intensification of uses, connecting existing communities; integrating into the wider regeneration of Hengrove Park and taking full advantage of improved connections that Metrobus routes will bring. The Bottle Yard Studios (in conjunction with Boomsatsuma) will be running a Media Production Diploma course from September 2018, with a 95% cohort of 16-18 year olds coming from South Bristol. By retaining the land at Hawkfield Business Park, the local supply chain, training and work experience opportunities will continue.

**City Benefits:** The investment will help retain employment space in South Bristol, create additional employment on site, increase the economic impact of film and TV production in the City, and allow in due course the development of further affordable housing when the original Bottle Yard site reaches the end of its life.

**Consultation Details:**

**Internal:** Finance, Legal, Property, Housing Delivery Team, The Bottle Yard Studios

**External:** Not applicable.

<b>Revenue Cost</b>	0	<b>Source of Revenue Funding</b>	N/A
<b>Capital Cost</b>	Commercially sensitive	<b>Source of Capital Funding</b>	Prudential borrowing
<b>One off cost</b> <input checked="" type="checkbox"/>	<b>Ongoing cost</b>	<b>Saving Proposal</b> <input type="checkbox"/>	<b>Income generation proposal</b> <input type="checkbox"/>
<input checked="" type="checkbox"/>			

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

**1. Finance Advice:** It is understood that the bid price is a fair value for warehouse unit on the Hawkfield Business Park site and will be subject to costs and disbursements. There has been a business case submitted to WECA to support the funding for the purchase of the site, extension and refurbishment, phases 1 to 3 above, but that business case has yet to be approved though is expected to be approved early in 2019. To progress with the purchase of the site and avoid losing the opportunity to acquire the site it is proposed that the funding for the purchase price of the site and associated disbursements, phase 1 as set out above, will be met by BCC through a short term in year bridging payment that will be refunded once approvals are gained by WECA.

Should the project progress to stages 2 and 3 there will be short term revenue implications for the revenue budget when the part of the original studio site is decommissioned and the new studios are constructed. It is expected that the service will bring forward options to mitigate the financial impact before proceeding with phases 2 & 3.

Should the business case submitted to WECA is not approved BCC may consider disposing of the Hawkfield site and consider other options for the Bottleyard Studios. If that is the case there could be risk that the sale proceeds are less than the original purchase price and there will be a revenue consequence of any

reduction in scale of the studios.		
<b>Finance Business Partner:</b> Neil Sinclair, 9 November 2018		
<b>2. Legal Advice:</b> The Council's power to acquire property by agreement and at market value falls within the Local Government Act 1972 for the purpose of any of its functions or for the benefit, improvement or development of the area. There are no equality issues arising from the body of this report.		
<b>Legal Team Leader:</b> Andrew Jones (Property, Planning and Transport), 01.11.18		
<b>3. Implications on IT:</b> The Bottle Yard Studios are dependent on technology and network connectivity for both administration (by BCC staff) and commercial activities (studio facilities). A separate initiative is addressing the commercial aspects and any changes will need to be reflected in that initiative at the appropriate time. In terms of BCC staff connectivity and facilities, these will need to be determined and any additional requirements factored into the proposal costs and implementation plan.		
<b>IT Team Leader:</b> Ian Gale, Head of IT, 26 July 2018		
<b>4. HR Advice:</b> No HR implications evident.		
<b>HR Partner:</b> James Brereton (People & Culture Manager), 25 July 2018		
<b>EDM Sign-off</b>	Colin Molton	22/08/18
<b>Cabinet Member sign-off</b>	Cllr Craig Cheney	19/07/18 and 26/11/18
<b>CLB Sign-off</b>	Mike Jackson	28/08/18
<b>For Key Decisions - Mayor's Office sign-off</b>	Mayor's Office	03/09/18

<b>Appendix A – Further essential background / detail on the proposal</b> A1 – Kelston Gears Marketing Material	<b>YES</b>
<b>Appendix B – Details of consultation carried out - internal and external</b>	<b>NO</b>
<b>Appendix C – Summary of any engagement with scrutiny</b>	<b>NO</b>
<b>Appendix D – Risk assessment</b>	<b>YES</b>
<b>Appendix E – Equalities screening / impact assessment of proposal</b>	<b>NO</b>
<b>Appendix F – Eco-impact screening/ impact assessment of proposal</b>	<b>NO</b>
<b>Appendix G – Financial Advice</b>	<b>NO</b>
<b>Appendix H – Legal Advice</b>	<b>NO</b>
<b>Appendix I – Combined Background papers</b>	<b>NO</b>
<b>Appendix J – Exempt Information</b>	<b>YES</b>
<b>Appendix K – HR advice</b>	<b>NO</b>
<b>Appendix L – ICT</b>	<b>NO</b>