

Decision Pathway – Report Template



PURPOSE: Key decision

MEETING: Cabinet

DATE: 02 July 2019

TITLE	Development of buildings adjacent to the harbour		
Ward(s)	Central		
Author: Nuala Gallagher	Job title: Director of Economy		
Cabinet lead: Cllr Cheney	Executive Director lead: Colin Molton, Interim Executive Director Growth and Regeneration		
Proposal origin: <i>BCC Staff</i>			
Decision maker: Cabinet Member Decision forum: <i>Cabinet</i>			
Purpose of Report:			
<ol style="list-style-type: none"> To seek approval to purchase a vessel to enable the development of buildings adjacent to the harbour. Details of the vessel and purchase price in are contained in exempt Appendix I. The information is exempt from publication on the basis that – it contains information that relates to an individual, the financial or business affairs of the Council and others and which is subject to legal professional privilege 			
Evidence Base:			
<ol style="list-style-type: none"> The Council owns buildings adjacent to the Harbour that are in serious disrepair. They were placed on the open market for tender for a long lease. In 2015 the Council entered into an agreement with a development company in which it agreed to grant a 150 year lease of the buildings for the purpose of repairing and developing the buildings, bringing them back into use. As part of that agreement the Council agreed to give vacant possession of the buildings including using all reasonable endeavours to relocate a vessel adjacent to the building and secure vacant possession of the mooring to allow the development to take place and comply with planning conditions. If the vessel is not moved, the development cannot take place. The developers have indicated that if the situation is not resolved shortly they may not proceed and there is a risk that compensation for loss will be claimed. In addition to the loss of the development opportunity and the resulting capital receipt, business rates and jobs that would be created, the Council would have to fund the urgent remedial work that needs to take place to render the area safe. The Council has been in negotiation with the boat owner for some years to reach an agreement on relocation but it has not been possible to achieve this until now. The owner has now offered to sell the vessel and relinquish the mooring licence. This is the quickest way to resolve the situation and enable the development to proceed. The Council would then proceed to sell the boat as expeditiously as possible in order to recover costs A survey of the building has recently been carried which concludes that the building is now an unsafe structure. The shell renovation works alone are costly as the end flank wall is heavily propped as the listed quayside is subsiding and requires rebuilding and substantial underpinning works to prevent further deterioration. This repair work can't take place while the vessel remains adjacent to the building The alternative action is forcible relocation. 			

7. If the development proceeds, the Council will receive a capital sum for the property and benefit from the cost of the repair works being carried out by the developer. The City will benefit from the creation of employment opportunities and the additional amenity created in the city centre. Further details of the financial implications are contained in exempt Appendix I.
8. It is recommended that the vessel is purchased for the reasons above and further detailed in exempt Appendix I

Cabinet Member / Officer Recommendations:

1. To approve the purchase of the vessel and mooring licence as detailed in exempt Appendix I

Corporate Strategy alignment:

1. The proposed development will provide over 100 temporary construction jobs and 95 permanent jobs which will create opportunities for all levels of skills and will enable people have access to good quality jobs.
2. The completed development will contribute to safer communities as currently this area is dark and the building is subject to vandalism. The proposed uses will create a safe working environment and create a more secure, accessible location for people to enjoy.
3. The development will use the Councils assets in a much wiser way, generating social value, financial return for the Council and remove a large financial liability from the Councils responsibility.

City Benefits:

1. The development will create many jobs at all skills levels improving access for the people of Bristol to secure long and short term employment
2. The development will provide much better, safer surroundings for people to visit and will be built to a high BREEAM sustainable level.
3. The work to the quay and building to be carried out by the developer will retain their historic fabric in good condition, thereby protecting Bristol's heritage and its assets.

Consultation Details:

Councillors Dudd, Cheney and Smith have been briefed on the options.

Background Documents: *none*

Revenue Cost	£0	Source of Revenue Funding	n/a
Capital Cost	<i>See Appendix H</i>	Source of Capital Funding	Strategic Property (PL20) "Investment to maximise opportunities and develop current property asset portfolio in-line with corporate strategic priorities"
One off cost <input checked="" type="checkbox"/>	Ongoing cost <input type="checkbox"/>	Saving Proposal <input type="checkbox"/>	Income generation proposal <input checked="" type="checkbox"/>

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

1. Finance Advice:

The Council has previously entered into a development agreement for redevelopment of the O&M Shed site that would generate a capital receipt to the Council of £700k.

The development is now at risk because of the failure to reach an agreement to relocate the vessel in question, for which all reasonable endeavours, were part of the development agreement. If the development does not take place the Council could be left liable for site repairs at an estimated cost of £752k. The Council could also be subject to a compensation claim from the developer.

Cabinet is now recommended to agree a settlement which includes the purchase of the vessel and mooring license to facilitate development of the site, at a total cost of some £1.4m, to include purchase, mooring and associated fees, relocation, legal and all other associated costs. Of the total cost, based on valuation, £250k can be financed through the capital programme, to be funded via the Corporate Capital Contingency, pending subsequent disposal of the vessel, and a further £470k through the repurposing of part of the earmarked Growth & Regeneration development reserve. All other costs (totalling some £680k) must be financed from compensatory one-off mitigations from within the 2019/20 Growth & Regeneration revenue budget.

Finance Business Partner: Chris Holme, Interim Head of Finance, Resources 19th June 2019

2. Legal Advice: In October 2015 the Council entered into an agreement with a property development company in which it agreed to grant a lease of property adjacent to the harbour. The agreement provided that the Council shall use all reasonable endeavours to relocate the named vessel soon as possible and secure vacant possession of the mooring. Further exempt legal advice is contained in Appendix I.

Legal Team Leader: Sarah Sharland Team Leader Litigation Regulatory and Community Team 13th June 2019.

3. Implications on IT: N/A

IT Team Leader: N/A

4. HR Advice: N/A

HR Partner: N/A

Director Sign-off	Colin Molton	24 June 2019
Cabinet Member sign-off	Cllr Cheney	21 June 2019
For Key Decisions - Mayor's Office sign-off	Mayor's Office	24 June 2019

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