



# Decision Pathway – Report Template

**PURPOSE:** Key decision

**MEETING:** Cabinet

**DATE:** 14 July 2020

<b>TITLE</b>	South Bristol Light Industrial Workspace	
<b>Ward(s)</b>	South Bristol: Hengrove & Whitchurch Park / Hartcliffe and Withywood / Filwood	
<b>Authors:</b> Robin McDowell and Oliver Roberts	<b>Job titles:</b> Area Regeneration Co-ordinator and Senior Project Manager	
<b>Cabinet lead:</b> Cllr Cheney		<b>Executive Director lead:</b> Stephen Peacock
<b>Proposal origin:</b> BCC Staff		
<b>Decision maker:</b> Cabinet Member <b>Decision forum:</b> Cabinet		
<b>Purpose of Report:</b> To authorise Officers to: make external funding applications, accept external funding awards, and invest external funding received to support the delivery of light industrial workspace units at 601 Whitchurch Lane, Bristol.		
<b>Evidence Base:</b> <ol style="list-style-type: none"><li>Affordable small to medium scale light industrial workspace units are important to support early stage, growing small businesses in peripheral locations of the city, especially South Bristol. The Filwood Green Business Park was opened in May 2015 to address this need, but has been operating at over 90% capacity since Dec 2016 with its secure light industrial units being particularly in demand.</li><li>There is presently a lack of supply of new industrial stock across South Bristol, and pressure on existing industrial areas from housing and other uses. Continued demand is expected into the future, particularly for small units and from occupiers who due to their workforce or operational needs requires being located in the area.</li><li>An important local market driver for South Bristol is to accommodate and support the continued growth of light industrial creative and construction related businesses that provide a supply chain to the Bottle Yard Studios. In parallel with the South Bristol enterprise advice and support project, this will help promote and strengthen enterprise culture and economic opportunities in outer South Bristol from the currently weaker position in comparison to other areas within the region.</li><li>There is a strong strategic case to expand the workspace infrastructure for growing small businesses using available public grant funding (SUD) ERDF Funding and WECA Investment Funding.</li><li>In September 2019 the Council placed an outline bid for £1.2m from South Bristol Sustainable Urban Development (SUD) European Regional Development Fund for development of up to 2,300 sqm of light commercial business units. The outline bid was approved in December 2019 and the Council has been invited to submit a full application. The ERDF funding is proposed to be match funded by a bid to the West of England Combined Authority (WECA) for up to £2.7m.</li><li>Initial feasibility and site options appraisal work has identified 601 Whitchurch Lane as a preferred development site. The site is Council owned, with an existing building which has reached the end of its economic life and would benefit from replacement. The site is directly adjacent to the Bottle Yard Studios and it is proposed that access between the sites will provide connectivity for businesses providing film and TV production support functions as well as access to available facilities, such as meeting and training space.</li><li>A design team led by AHR Architects has been appointed to progress design work required to support development of the full business case for the ERDF and WECA funding bids.</li><li>Developed concept designs for the light industrial business units comprise of 1,740m<sup>2</sup> ground floor area, with the potential for an additional 870m<sup>2</sup> of mezzanine space. It is proposed that 14 light industrial business units</li></ol>		

will be developed with built-in adaptability to provide the potential for tenants to combine units where they require more space. The ground floor area of each business unit will typically be 120m<sup>2</sup> (excluding mezzanines) but with some units varying between 70m<sup>2</sup> and 160m<sup>2</sup>. It is proposed that the business units will be developed to a ‘shell and core’ specification with the tenant undertaking the fit-out, which may include mezzanine floors in units where these are not provided as part of the base build.

9. Development proposals take account of lessons learnt from relatively complex management arrangements and costs associated with the operation of the successful Filwood Green Business Park. The development is being designed and planned so that it can deliver a long term margin of revenue income, sufficient to meet annual all site running costs, including management charges and marketing costs, and an appropriate contingency revenue amount to deal with unforeseen future risk.
10. The intention will be to utilise the existing BNET ducting for the provision of BCC’s fibre network (CCTV only).
11. Supporting information on the proposed Operating Model, development proposals, development costs and programme is provided in Appendix A.

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

That Cabinet

1. Approves and authorises the Executive Director, Growth & Regeneration in consultation with the Council's s.151 Officer and Deputy Mayor with responsibility for Finance, Governance and Performance to bid for and if successful, take all steps necessary to enter into contract to draw down and spend the following external funding:
  - a. European Regional Development Fund - £1.2m
  - b. West of England Combined Authority (WECA ) Investment Fund – up to £2.7m

#### **Corporate Strategy alignment:**

1. The project supports the formation and growth of enterprises in a highly disadvantaged and weaker economic area of the city contributing to improved economic and social well-being, which underpins many of the themes of the Corporate Strategy, particularly ‘Fair and Inclusive’ and ‘Well Connected’.
2. The scheme also demonstrates how BCC is delivering some of the core principles, e.g. inclusive growth and improved city resilience, as well as our Values and Behaviours e.g. collaborative working with other locally targeted projects and business and community-based stakeholders, and taking ownership.
3. The design and construction of the workspace will be to very high environmental and energy efficiency standards and thus be fully aligned with the Bristol Climate Strategy to 2030 and objectives for industrial and commercial sectors.

#### **City Benefits:**

1. The project will provide new enterprise infrastructure and facilities to meet the needs of start-up and growing SMEs in South Bristol, and, especially, given its location at Whitchurch Lane, existing businesses and new entrepreneurs based in the outer Regeneration Area centred on Hengrove & Whitchurch Park, Hartcliffe & Withywood and Filwood wards, where there has been a growing pressure of demand for affordable modern, small industrial units and relative under-supply by the market.
2. The project will contribute to the One City Plan objectives for inclusive and sustainable economic growth and the support of key and emerging sectors of the South Bristol economy such as construction, creative and media and small manufacturing by providing appropriate, modern, and environmentally efficient workspace which enables small companies to grow and create new job opportunities for local residents.
3. The new workspace is also intended to support the ongoing growth of the Bottle Yard Studios, with its regional economic significance and potentially large-scale local benefits in the longer term, by providing space for specialist suppliers and services for film/TV production at the studios on this adjacent development site.
4. The project will complement other growth, employment land, and enterprise and skills initiatives as part of a planned economic sub-strategy for South Bristol integrated with the citywide Covid19 Economic Recovery Strategy. These initiatives include proposals for the expansion of the Bottle Yard Studios at Hawkfield Business Park, the Hengrove Park development and the parallel South Bristol Enterprise Support Project providing advice and support to start up and growing enterprises over the 2020-23 period.

#### **Consultation Details:**

1. At a strategic level consultations have been held since Oct 2018 with SME business, support agency and

community stakeholders through the West of England Local Industrial Strategy process and its Inclusive Growth theme. In addition, discussions were held in Oct-Nov 2019 with WECA; Business West and local authorities and agency partners in the Enterprising West of England ERDF project; and the local stakeholders and delivery consortium for the South Bristol Enterprise Support ERDF project (2020-23), which this proposal was originally part of and remains closely aligned to.

2. At a project level proposals have been developed in collaboration with internal teams, including Strategic Property, Economic Regeneration, Major Projects and Culture – including the Bottle Yard Studios and Filwood Green Business Park managers.
3. Additional consultation will be conducted to inform the design proposals submitted for planning approval later in the year.
4. Consultations will be also be undertaken with the West of England Growth Hub (WECA), as well as the ongoing South Bristol Enterprise Support project, to secure operational inter-referral of workspace and additional business support enquiries to and from the project.

**Background Documents:**

[Bristol Local Plan Review](#)

[West of England Local Industrial Strategy](#)

[South Bristol Sustainable Urban Development \(SUD\) Strategy v.15 – 08/05/18](#)

<b>Revenue Cost</b>	£-	<b>Source of Revenue Funding</b>	Operational revenue costs will be covered by rental income. ERDF funding rules require income to be ring-fenced for this purpose.
<b>Capital Cost</b>	£3,900,000	<b>Source of Capital Funding</b>	ERDF and WECA Grants
<b>One off cost</b> <input checked="" type="checkbox"/>	<b>Ongoing cost</b> <input type="checkbox"/>	<b>Saving Proposal</b> <input type="checkbox"/>	<b>Income generation proposal</b> <input checked="" type="checkbox"/>

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

1. **Finance Advice:** The report seeks approval to submit bids to seek both ERDF & WECA funding in support of construction of 14 light industrial business units at an estimated cost of £3.9m (inclusive of contingency). This is split as follows:
  - a. European Regional Development Fund - £1.2m
  - b. West of England Combined Authority (WECA ) Investment Fund – up to £2.7m
2. In December 2019 the Council was invited by ERDF to submit a full application after becoming successful in its outline business case. It also had received approval to bid for upto £3.1m of WECA funding for the same scheme.
3. Design and feasibility work (funded from ERDF Reserves) had been commissioned to date to inform the construction costs as well as inform the operational position. These costs include provision for contingency and optimism bias.
4. The bid to WECA assumes over 50% of the grant will be repaid over a 15 year period.
5. The construction is to be fully funded from the grants/loans, and from an initial appraisal of the operating costs, the scheme is units at a 90% occupancy rate is expected to cover its operational costs and return c£1.5m of the WECA loan over the 15 year forecast period.
6. The approval of this report does not constitute a new funding pressure for the Council. Flexibility within the WECA grant is being negotiated, so the level of repayment can accommodate any variability of the market.

**Finance Business Partner:** Kayode Olagundoye, Interim Finance Business Partner, Growth and Regeneration, date 03/07/2020

**2. Legal Advice:** The submission of bids for grant funding does not raise any specific legal issues. The terms and conditions of the grants should be reviewed by Legal Services to ensure they can be complied with.

The procurement process must be conducted in line with the 2015 Procurement Regulations and the Council's own procurement rules. Legal services will advise and assist officers with regard to the conduct of the procurement process and the resulting contractual arrangements.

The recommendation seeks approval to proceed to spend the funding notwithstanding that it may involve contracts valued above the key decision threshold.

**Legal Team Leader:** Husinara Jones, Solicitor/Team Leader, 20 May 2020

**3. Implications on IT:** Information Assurance colleagues remain concerned with the utilisation of the corporate network for the delivery of CCTV services, but this is currently a known and managed risk which should not prevent the delivery of this project. It is not anticipated that this project will cause any adverse impact on IT Services.

**IT Team Leader:** Simon Oliver 4th June 2020

**4. HR Advice:** There are no HR implications evident

**HR Partner:** Celia Williams 20<sup>th</sup> May 2020

**4. Procurement Advice:** All required Procurements will be carried out and concluded using compliant processes to ensure Best Value is achieved with a fair and transparent tender

**Category Manager:** Spencer Penny 20th May 2020

<b>EDM Sign-off</b>	Stephen Peacock	03/06/2020
<b>Cabinet Member sign-off</b>	Cllr Cheney	08/06/2020
<b>For Key Decisions - Mayor's Office sign-off</b>	Mayor's Office	15/06/20

<b>Appendix A – Further essential background / detail on the proposal</b>	<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>YES</b>
<b>Appendix F – Eco-impact screening/ impact assessment of proposal</b>	<b>YES</b>
<b>Appendix G – Financial Advice</b>	<b>NO</b>
<b>Appendix H – Legal Advice</b>	<b>NO</b>
<b>Appendix I – Exempt Information</b>	<b>NO</b>
<b>Appendix J – HR advice</b>	<b>NO</b>
<b>Appendix K – ICT</b>	<b>NO</b>
<b>Appendix L – Procurement</b>	<b>NO</b>