

Decision Pathway

PURPOSE: Key decision

MEETING: Cabinet

DATE: 25th February 2021

TITLE	Southmead Regeneration	
Ward(s)	Southmead	
Authors: Paul Owens with Matthew Brown	Job titles: Senior Project Manager – Special Projects and Housing Project Manager	
Cabinet lead: Cllr Cheney (with Cllr Helen Godwin/Mayor Rees)	Executive Director lead: Stephen Peacock	
Proposal origin: <i>Other</i>		
Decision maker: Cabinet Member Decision forum: <i>Cabinet</i>		
<p>Purpose of Report:</p> <ol style="list-style-type: none"> 1. To seek Cabinet’s support for housing delivery and regeneration in line with the implementation of the local community-led ‘Southmead Masterplan’. 2. To authorise capital investment to support the commercial viability of Southmead District Centre and the efficient delivery of public services in Southmead. 3. Funding is sought from Strategic Community Infrastructure Levy 		
<p>Evidence Base:</p> <p>In 2018 an ambitious community-led ‘Southmead Masterplan’ was developed to guide regeneration in Southmead. The Masterplan shows the spatial redevelopment of a range of central Southmead sites to support improved public service provision, local amenity, regeneration, and the delivery of around 300 new homes. A copy of the Masterplan showing spatial plans can be found at: https://www.southmead.org/wp-content/uploads/2018/10/FV_18061_U01_002_Masterplan-Report_181010.pdf</p> <p>Implementation of the Southmead Masterplan, which will need to be taken in a number of interlinked phases, will enhance development densities, protect retail provision and provide a sustainable future for the local centre, and improve accessibility and efficiency of local services.</p> <p>In 2019 Bristol City Council (BCC) received a £3.6m Housing Infrastructure Fund (HIF) funding award from the government’s Homes England agency to support public realm and site acquisition to support the delivery of the Masterplan and 300 homes. To achieve ambitious Southmead Masterplan and Community Plan objectives coordinated change will be required in a number of areas:</p> <p>Housing Delivery:</p> <p>A range of sites within central Southmead have been identified with redevelopment potential to deliver around 300 new homes. Some of this development will take place on open space and former church facilities will enhance densities. BCC are currently seeking to purchase sites in central Southmead, utilising HIF funding, to enable the delivery of new homes.</p>		

Glencoyne Square:

BCC have agreed to sell open space at Glencoyne Square to the Southmead Development Trust (SDT) for £1 (the Market Value) to facilitate the first phase delivery of 120 new homes and community 'hub' facilities in conjunction with Radian and United Communities (UC) Housing Associations. This is in accordance with recommendations approved at Cabinet in July 2018, and July 2019 for the disposal of council owned land in Central Southmead to support the Arnside and Glencoyne Square Regeneration. The community 'hub' is expected to accommodate a combined public library and health centre (both relocated from other Southmead locations to facilitate additional development).

BCC are seeking capital funding for the 'hub' and non-residential community facilities. The NHS, due to budget constraints, is currently expected to be unable to meet any capital costs of new Health Centre provision. SDT are seeking BCC funding to incorporate a community enterprise space within the development. SDT/Radian/UC are expected to seek a significant Affordable Housing Grant from BCC and Homes England, the application for which has not yet been received. The Planning Committee resolved to grant permission for the Glencoyne Square development, subject to conditions, on 13th May 2020, and can be accessed from the following link: <https://planningonline.bristol.gov.uk/online-applications/applicationDetails.do?keyVal=PYFOUQDN0DG00&activeTab=summary>

Retail:

The 'anchor' supermarket for Southmead District Centre, which underpins the sustainability and vitality of the centre is owned and operated by Aldi. Aldi have provided notification that it proposes to close the current small-format store and move out of Southmead unless a larger 'full-size' store can be accommodated.

The Aldi store currently accommodates around 600,000 shopper visits per annum. The loss of this supermarket will have a severe and negative impact on the commercial vitality of Southmead District Centre and delivery of local regeneration plans.

BCC officers have explored with Aldi's representatives a range of potential supermarket locations within central Southmead but only expansion to encompass the adjacent Southmead Library and Youth Centre site was regarded as viable. Supermarket expansion on these sites is also in accord with the community-led Southmead Masterplan. To achieve this retail ambition Southmead Library will need to be relocated within the area and the existing Youth Centre building, which includes a private gym, will need to be closed. The disposal of the site to Aldi will be on commercial terms to ensure best value is achieved.

Library

The Southmead Masterplan proposes the relocation of the Southmead Library to shared 'hub' premise together with the Southmead Health Centre in bespoke new premises to be built at the Glencoyne Square nearby. Such a move is supported by BCC Library Services as it would be expected to aid improved service delivery and longer opening hours as well as enable supermarket expansion. It is proposed that Southmead Library is temporarily relocated to Southmead House (owned by BCC) until new library space at the Glencoyne Square 'hub' can be constructed, with relocation costs requested as part of CiL funding.

Youth Centre

The Southmead Youth Centre building was leased by BCC to the Southmead Development Trust (SDT) in 2014 for a period of 15 years for an annual peppercorn rent. SDT have also received BCC grant support for the operation of the Youth Centre. SDT rent out space at the Youth Centre building, including to a combat gym operator, to generate income. BCC have also made other premises in the area available to SDT, including The Greenway Centre and The Ranch.

The Southmead Masterplan identifies an opportunity for a new Youth Centre to be provided on the 'Greystoke Strip' adjacent to Greystoke Avenue. Funding for this new Youth Centre has not yet been identified. In the meantime BCC Officers have been exploring together with SDT and other stakeholders alternative options for youth provision locally.

In order to protect the economic vitality of the local centre, BCC officers have been liaising with SDT to seek surrender of the remaining term of the lease to BCC in order to enable Aldi to expand and to secure the sustainability of Southmead District Centre and local employment, and to facilitate the delivery of the community-led Southmead Masterplan. Without SDT agreeing to surrender the lease, the supermarket cannot be expanded to ensure the vitality of local retail provision. BCC is currently exploring funding opportunities for Youth Provision in the local area to mitigate for the loss of the Southmead Youth Centre, likely through a grant to support improvements to the Ranch, a youth facility close by.

In 2002, BCC received a grant from Sport England for investment into the Youth Centre. The deed of dedication notes that written consent must be sought from Sport England if disposition of the estate is required before Feb 22, 2023. BCC Officers are in the process of obtaining such consent. SDT will require similar consent.

Health Centre

The existing Southmead Health Centre occupies aging low density single-storey accommodation. This site, in conjunction with underused land at the adjacent church site, has the capacity to accommodate a significant quantum of new homes. National Health Service (NHS) providers at the Health Centre are keen to relocate to new shared 'hub' accommodation with Southmead Library within the Glencoyne Square development. These co-located services are expected to achieve operational efficiencies in accordance with the One Public Estate agenda. However the NHS CCG (Clinical Commissioning Group) have advised that they are unable to vary their constrained accommodation budget to reflect this improved accommodation.

Public Realm and Drainage

The council is investing in public realm and drainage works in Southmead district centre to improve the streetscape, address traffic and flooding issues, and support the wider masterplan. The council has worked closely with the Arnside and Glencoyne Regeneration Project (AGRP) team on the development of the designs. Work around Arnside and Glencoyne Square has started on site, with construction planned to take place throughout 2021.

Flood Risk/Public Realm Improvements

Flood risks associated with climate change have been identified in Southmead. In addition, the public realm around the 'Arnside' retail area has suffered from a lack of investment over many years. £2.2m of Homes England HIF funding is proposed to be invested in mostly underground Sustainable Urban Drainage (SUDs) and associated public realm improvement works, including design and project management costs. These works will reduce flood risks as well as improve the environment and accessibility of the retail area.

Public Open Space

Whilst a modest reduction in the amount of Public Open Space can be anticipated due to proposed residential and library/health centre hub development, HIF investment in public realm, following public consultation, is expected to improve local parks and playgrounds.

Capital Underwriting/investment

The overall Southmead Regeneration programme is expected to lead to investment of around £56m. This investment would be expected to support economic recovery in addition to providing new homes and

regeneration benefits.

Negotiations are still progressing with relevant landowners and NHS partners. Construction costs and site values are being re-assessed in the light of Covid-19 and firm figures are not currently available. VAT assessments, based upon BCC reclaim ceilings are still being assessed.

It is currently anticipated that Library, Health Centre, and other community space costs will total approx. £7m.

Cabinet Member / Officer Recommendations:

That Cabinet:

1. Approve the delivery of new homes and regeneration in Southmead in accordance with the spatial principles of the Southmead Masterplan.
2. Authorise the Executive Director Growth and Regeneration, in consultation with the S151 Officer and Cabinet Member for Finance, Governance and Performance to negotiate with third parties and enter into contracts to secure the delivery of new homes and regeneration in Southmead within the budget envelope detailed in the report.
3. Approve the allocation of Strategic CIL funds of up to £7m to support development and library relocation costs and fund Health Centre, Library and Community enterprise space development.
4. Authorise the Executive Director Growth & Regeneration, (in consultation with the S151 Officer, Cabinet Member for Housing and Cabinet Member for Finance, Governance and Performance) to use Strategic CIL funds up to £7m to support development and library relocation costs and fund Health Centre, Library, and Community enterprise space development.

Corporate Strategy alignment:

Bristol’s Corporate Strategy 2018–2023 includes a strong focus upon working with city partners to secure objectives, to build a better Bristol, to develop people and places and to improve outcomes whilst empowering communities and reducing the need for council services. The proposed Southmead Regeneration plans support increased housing provision in line with BCC Housing Targets within the context of strong place-making which creates a healthy, inclusive and sustainable area for local people and directly addresses the Corporate Strategy themes of: Empowering and Caring, Fair and Inclusive, Well Connected, and Wellbeing.

City Benefits:

The transformation of Southmead, including the provision of new homes, an improved town centre and a healthy and inclusive local community environment will contribute to city-wide targets for housing and for developing economic and social opportunity and environmental sustainability.

Consultation Details:

The Southmead Masterplan has been the subject of extensive community-led consultation within Southmead.

Background Documents: Southmead Masterplan: https://www.southmead.org/wp-content/uploads/2018/10/FV_18061_U01_002_Masterplan-Report_181010.pdf

Glencoyne Square open space planning application: <https://planningonline.bristol.gov.uk/online-applications/applicationDetails.do?keyVal=PYFOUQDN0DG00&activeTab=summary>

Revenue Cost	£	Source of Revenue Funding	n/a
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Capital Cost	Up to £7m	Source of Capital Funding	Strategic Community Infrastructure Levy (CIL)
One off cost <input checked="" 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:

1. The report is an amalgamation of various propositions that is parts of the overall ambitious community-led 'Southmead Masterplan'. A review of the financial viability of the propositions has confirmed that taken together, the combined propositions (including consideration for social value, as well as other non-financial benefits) generates a negative Net present value of -£734k over 20 years (after allowing for contingencies). The July 2018 Cabinet report had introduced the prospects of a possible transfer of assets for social value rather than "capital receipt" and that is a significant factor that plays into the financial viability assessment as some of the assets are assumed to be disposed for a minimal cash value.
2. A number of factors that could explain the negative NPV have been identified as follows:
 - a. Non-Cashable social value generated by the proposition, but not captured in the modelling.
 - b. Property prices relative to development costs in this area is low.
 - c. Majority of the build (apart from the NHS, Library and community hub) is likely to be affordable housing – estimated at 85% currently.
 - d. The level of developer funding required ensuring the scheme viable.
 - e. The benefit of rental income, plus sales receipts from property sales does not accrue to the Council.
 - f. The NHS site, Library and Community hub sites are not let at the full commercial rates (although the Council will continue to negotiate to secure a near commercial level or some compensation towards the development cost of the Health Centre).
 - g. Potential capital receipts from disposal of assembled land to developers have not been assumed as available to offset again development costs for the community/public sector assets.
 - h. Disposal of land to SDT for a £1 (based on professional valuation and advice from BCC property team).
 - i. Level of public sector intervention required i.e. for the development of the NHS offices as well as the Library & Community hub.
3. It is important that all the propositions that are eventually agreed and signed into agreements demonstrate that the Council will/has receive best consideration for any of its disposed assets. It is therefore important that officers ensure that the necessary Section 123 valuations are completed and are signed off by the officers with the right delegated authority. This report seeks delegated authority for all such disposals to be agreed by the Executive Director in consultation with S151 as well as the Cabinet Member for Finance, Governance and Performance.
4. To enhance the viability of this scheme, more attention needs to be focused on the agreement between the Council and the NHS. It is worth noting that the new health centre, which will remain the property of the Council, should be let to the NHS at a commercial rent. As a result, it is essential that negotiations be escalated to the appropriate levels within both organisations to ensure the added benefit this generous proposition the council is offering is appropriately considered and responded to.

5. The existing Southmead health centre consists of single storey building over the majority of the site with associated car parking and small garden area with a group of mature trees is 6000m². This land will be sold at market value as part of the land assembly. In its place, following the principles of the community-led Southmead Masterplan, the council will fund the building of a New NHS facility to be co-located with a New Library (the old library is part of the land assembly) as well as community enterprise space at a cost of up to £7m (including allowance for contingency and optimism bias) and currently with no contribution from the NHS. It is expected that the old health centre site can accommodate approximately 45 dwellings based on site capacity work undertaken by the City Design Group.

6. Social value – The regeneration of Glencoyne Square is expected to facilitate;

- a. Affordable homes for local people – 85% of homes will be affordable
- b. Investing in the local economy and creating a liveable and connected town centre - 42 businesses and employers will directly benefit, project will support the employment of 372 people, 20 new apprenticeships, 104 weeks of pre-employment placements, and 5 paid internships.
- c. Tackling crime and anti-social behaviour - A 16-26% reduction in crime is expected
- d. Wellbeing and community resilience - scheme has been designed with mental and physical wellbeing at its heart.
- e. Sustainability - scheme is being built to the highest standards of energy and transport sustainability
- f. Innovation and community leadership - project has won high profile awards at the National Planning Awards, Royal Town Planning Institute and Locality Convention

Source: SDT - Social and Economic Value Summary

7. This report is seeking Cabinet approval to fund the cost of the new Health Centre, Library, and community enterprise space (£7m) from Strategic CIL. The total cost includes adequate contingencies as a result the proposition in this report is not expected to result in any additional financial implications for the council.

8. The number of significant risks still remain at this stage, and should be taken into consideration when considering the recommendations in this report:

- a. Potential cost over-run on the BCC funded elements of this development i.e. Library, health centre as well as other community and infrastructure elements.
- b. Potential costs over-run of the total regeneration project and the implications for the Council.
- c. Additional cost implications if the Council are to fund alternative youth provision as part of securing the Aldi site.
- d. NHS not providing any contribution towards the capital cost of their new health centre, and subsequently not paying a commercial rent after the council has fully funded the construction costs.
- e. Unforeseen infrastructure or other costs not covered by contingency provisions.

Finance Business Partner: Kayode Olagundoye, Interim Finance Business Partner, Growth and Regeneration, 18/12/2020

2. Legal Advice: Any contracts for the purchase of services, goods and/or works in relation to the project,

including professional services, will need to comply with the council's procurement rules and the Public Contracts Regulations 2015 (PCR2015) (unless the contract falls within one of the exclusions) or has an estimated value below the applicable threshold. Where contracts are caught by PCR2015, the Council must ensure compliance with its obligations. Legal advice should be taken on the procurement of and terms of any contract with any external contractors to deliver the project.

State aid (public subsidy) compliance is an area that must also be considered and addressed before proceeding to complete on any property transaction. Disposals at less than market value and acquisitions at greater than market value could raise issues in this regard. Legal advice should be taken on the Council's compliance with appropriate rules.

The Council is also under a duty by virtue of S123 of the Local Government Act 1972 to achieve best value for its assets and any disposal should be at the best price reasonably obtainable. The duty to seek best consideration is subject to certain exceptions, most notably section 3 of the Local Government Act 2000 providing the Council with well-being powers to accept a disposal at undervalue within the £2 million threshold, where the authority considers the disposal will help it to secure the promotion or improvement of the economic, social or environmental well-being of its citizens.

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.

Current youth centre premises let to SDT: the written consent of Sport England (SE) is required to any surrender of the lease and change of use of the premises, including demolition and redevelopment. SDT is under a similar obligation.

Legal Team Leader: Eric Andrews, Legal Services, 16/02/2020. Dorothy Butcher, Legal Services, 14/12/2020

3. Implications on ICT: No anticipated impact on IT Services.

ICT Team Leader: Simon Oliver, Director Digital Transformation 09/09/2020

4. HR Advice: There are no HR implications evident

HR Partner: Celia Williams, HR Business Partner 04/09/2020

EDM Sign-off	Stephen Peacock	9 th Dec 2020
Cabinet Member sign-off	Cllr Cheney	16 th Dec 2020
For Key Decisions - Mayor's Office sign-off	Mayor's Office	27 th Jan 2020

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



Appendix K – ICT	NO
Appendix L – Procurement	NO