

Appendix A - Summary of Business Case

Southmead Regeneration Project

Housing Delivery Service

Date: 15/02/2021

Cabinet Date: 25/02/2021

To provide context to the Southmead Regeneration Cabinet paper to be considered on 25/2/2021, a summary of the business case for the wider project is set out in this document, to provide further detail on the rationale for decisions made to support the Southmead Regeneration project, and to support the decision for the current cabinet paper.

1.1 ECONOMIC CASE Options Appraisal

1. In 2015 a 'Southmead Community Plan 2015-25' was developed by local residents outlining aspirations for the area. In 2018, building upon the Community Plan, an ambitious community-led 'Southmead Masterplan' was developed to guide local regeneration. The Masterplan shows the 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
2. 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.
3. In 2019 Bristol City Council received a £3.6m Housing Infrastructure Fund (HIF) funding award from the government's Homes England agency to support public realm and site investment to support the delivery of the Masterplan and 300 homes.
4. To achieve ambitious Southmead Masterplan and Community Plan objectives coordinated change will be required in a number of areas:

Housing Delivery

5. 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, allowing enhanced densities.
6. BCC have agreed to sell open space at Glencoyne Square to facilitate the delivery of around 120 new homes and community 'hub' facilities. A Planning Application has been made for this development (<https://planningonline.bristol.gov.uk/online->

[applications/applicationDetails.do?keyVal=PYFOUQDN0DG00&activeTab=summary](https://www.bcc.gov.uk/applications/applicationDetails.do?keyVal=PYFOUQDN0DG00&activeTab=summary))

7. BCC have made offers to purchase further sites in central Southmead, utilising HIF funding, to facilitate the delivery of required additional new homes in the area to meet local need.

Retail

8. 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.
9. The Aldi store currently accommodates around 600,000 shopper visits per annum. The loss of this facility would be expected to lead to the demise of the Arnside shopping area and reduced choice, including of affordable fresh fruit and vegetables, for local people.
10. The potential closure of this supermarket will have a severe and negative impact on the commercial vitality of Southmead District Centre and delivery of local regeneration plans.
11. Aldi have a track record of closing smaller stores where store expansion to 'full-sized' has not been achievable.
12. 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 accordance 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 will need to be closed, with the site being sold on a commercial basis to Aldi.

Library and Youth Centre

13. The Southmead Masterplan proposes the relocation of the Southmead Library to shared 'hub' premises 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 the expansion of the supermarket. It is proposed that Southmead Library is temporarily relocated to Southmead House until new library space at the Glencoyne Square 'hub' can be constructed.
14. In order to achieve the retail ambition set out above, the existing Southmead Youth Centre will need to be closed. The Southmead Masterplan identifies an opportunity for a new Youth Centre to be provided on the 'Greystoke Strip' adjacent to Greystoke Avenue. Funding is not currently identified for this, however BCC is currently exploring grant 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.
15. Alongside the new co-located library and health centre at Glencoyne Square, community enterprise space is expected to be built as part of the western wing of the development,

with final arrangements currently being discussed with project stakeholders and the resident led steering group. Consideration was given to a proposal submitted by the Southmead Development Trust for the library to be co-located with an income generating enterprise centre, but this was considered to present unacceptable financial viability risks compared with the library being co-located with NHS funded Health Centre provision.

Health Centre

16. 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. Health delivery partners are keen to relocate into new accommodation shared with library services. However, the NHS CCG (Clinical Commissioning Group) have advised that they are unable to vary their constrained revenue accommodation budget to reflect this improved accommodation. The CCG have also advised that whilst they/NHS delivery partners are able to pay rent, they are not able to make a capital contribution towards new Health Centre space.

Public Realm and Drainage

17. 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. £1.8m is proposed to be invested in mostly underground Sustainable Urban Drainage (SUDs) and associated public realm improvement works. These works will be funded by HIF grant and will reduce flood risks as well as improve the environment and accessibility of the retail area.

Public Open Space

18. 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 the quality of local parks and playgrounds.

1.2 STRATEGIC CASE: Rationale for Change (Background and Programme Investment Objectives)

Southmead was developed during inter and post war years as low density municipal housing. Southmead remains one of Bristol's most disadvantaged wards with neighbourhoods within the 10% most deprived in the country, Southmead District Centre, located around Arnside Road, is a deteriorating but functioning centre with impressively few voids. The anchor store for the shopping Centre is a small-format 'Aldi', currently accommodating around 60% of Aldi's standard product lines, which attracts some 600,000 shopper per annum. Around 50% of the predominantly 3-bed local housing stock is privately owned and 36% social rented. Local community facilities (including: community centre, Health Centre, library) are plentiful but deteriorating and not fully accessible.

Central Southmead as a neighbourhood and its District Centre face both threats and opportunities.

Threats include:

- The anchor supermarket operator for the District Centre, Aldi, have advised BCC that they will move out of Southmead unless a 'full-sized' store can be accommodated. This could jeopardise the commercial vitality and amenity of Southmead District Centre
- Risk of flooding to residential properties in the event of severe weather events which is becoming increasingly likely due to climate change
- A surfeit of underused religious establishments/buildings, some of which face being abandoned
- Inadequate youth facilities with associated risk of anti-social behaviour
- Tired, inefficient, and sometimes inaccessible community buildings/facilities, including: Community Centre, Health Centre, and library
- Inadequate local employment opportunities
- Unappealing and wind-swept public open space, including Glencoyne Square

Opportunities include:

- A strong core of ambitious local organisations and residents who are actively participating in delivering regeneration and improvements to the area
- A coherent local Community Plan and Southmead Masterplan with strong community support for implementation
- Sites capable of higher-density development than the predominant historic low density built environment
- Government HIF funding award of £3.6 million
- Reasonable provision of Public Open Space in the vicinity

The identified business need is...

- Protect the future vitality and sustainability of shopping centre to ensure amenities remain available to local people
- Need to provide additional new homes to meet local need and BCC corporate and UK government priorities
- Meet One Public Estate commitments to rationalise and increase efficiency of public services and estate
- Address flood risks within Southmead
- Protect District Centre employment

The existing arrangements need to change to meet future business needs because....

- Without intervention the 'anchor' supermarket is expected to close potentially leading to demise of shopping centre with associated loss of local amenity and employment

Consequently, the Programme / Project Investment objectives are...

- Secure expansion and retention of anchor supermarket
- Site acquisition and development to provide new homes
- SUDs and associated public realm investment
- Provision of integrated library/health centre hub, and seek alternative youth provision

1.3 Programme Benefits

Investment into the Southmead Regeneration project is expected to have a broad range of financial and non-financial benefits. Financial benefits include additional Council Tax receipts from the development of new homes, additional business rates and the increased value of HIF funded site acquisitions and public realm investments. Non-financial benefits include approximately 370 jobs supported/created, 20 new apprenticeships created, 207 new homes provided (forming a large proportion of the wider masterplan for 300 homes, 42 businesses benefitting directly from improvements, a predicted reduction in crime of 16-26%, and 30 additional trees planted. Non quantifiable, non-financial benefits include improved local amenity, improved local access to library services for disadvantaged groups and the mitigation of flood risks.

1.4 Preferred Way Forward

1. BCC to support the regeneration of central Southmead in accordance with Southmead Masterplan spatial principles
2. BCC to support measures to sustain the vitality of Southmead District Centre, to include the retention/expansion of anchor supermarket provision
3. BCC to relocate Southmead Library, in two steps, to:
 - a. sustain the vitality of Southmead District Centre and to improve local library service provision, including extended opening hours
 - b. form a Southmead community 'hub' sharing accommodation with a Health Centre to gain service delivery efficiencies and achieve One Public Estate objectives
 - c. ensure that library premises are fully accessible
 - Step 1 is interim relocation to former Customer Service Point space within Southmead House
 - Step 2 is permanent relocation to new integrated 'hub' premises with Health Centre at Glencoyne Square
4. BCC to seek surrender of Youth Centre lease and to seek alternative youth provision locally
5. BCC to sell existing Library and Youth Centre sites to Aldi to enable anchor supermarket expansion and retention
6. BCC to sell Glencoyne Square open space to the Southmead Development Trust to facilitate the delivery of circa 120 new homes on the site together with the provision of a combined Library/Health Centre 'hub'
7. BCC to meet the estimated capital cost of library relocation and new build within 'hub' (noting anticipated capital receipts from disposal of existing library & youth centre sites)
8. BCC to underwrite the cost of providing new Health Centre space within at Glencoyne Sq development, and support the development of community enterprise space through one-off capital investment.

9. BCC to acquire selected Southmead sites to support residential development utilising part of a £3.6m Homes England HIF grant award, including existing Health Centre site
10. BCC to invest in SUDs and public realm utilising part of a £3.6m Homes England HIF grant award
11. Promote new residential development on acquired sites.

1.5 Risks

Key risks associated with the delivery of the Southmead Regeneration Project include the following:

- Inability to acquire development sites
- Inflation in project costs associated with Glencoyne Square
- Loss of anchor supermarket
- Failure to obtain statutory consents

These are explained in more detail in Appendix D- Risk Register.

1.6 Commercial Strategy

The overall Southmead regeneration programme is expected to lead to investment of around £56m, which will provide significant long-term investment into Southmead's local economy. The support for the expansion of the anchor supermarket will provide wider support for the local centre, through an increase in the number of shoppers to the area. The delivery of approx. 300 homes (207 in the immediate area around Glencoyne Square) will bring in approximately up to £3million in council tax over 20 years and circa 600 new residents into the area, which will have a positive impact on the vitality and resilience of the suburban local centre in terms of spending and trips. The £1.8million spending of HIF funding on public realm improvements in the local centre will also make this area a more attractive place to shop, work and live. The expansion of the supermarket is also expected to provide further business rates to the Council of circa £50k per annum.

In order to ensure this number of homes is delivered and the subsequent commercial benefits of the development are realised to achieve best public value, several sites need to be acquired by the council utilising the HIF funding, with the relocation of the Library and Health Centre integrated into the Glencoyne Square development. Negotiations are still progressing with relevant landowners and leaseholders. Concurrently, the expansion of the supermarket anchor store needs to be secured, but is progressing.

Construction Costs

Recent cost appraisals have been made by BCC's cost consultant on the most up-to-date costs to ensure value for money. Currently these costs are coming in higher than expected, justified as a result of COVID and Brexit uncertainties, along with increased demands due to heat hierarchies and the quality of the design. The council will be working to drive these costs down as much as possible. As the contractor will be entering into a Design and Build Contract, there will be a high level of certainty to the costs once the contract is agreed, as the contractor takes on the risks and contingencies of the construction project once agreed. At this stage there may be some fluctuation to the costs stated above due to further value engineering exercises, changes in apportionment of costs to non-residential elements, however these will need to be agreed by all stakeholders ahead of signing any contracts, in consultation with the council's section 151 officer.

Supporting Information

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| Southmead Masterplan Summary | Link: https://www.southmead.org/wp-content/uploads/2018/10/FV_18061_U01_002_Masterplan-Summary-Report_181010.pdf |
| Glencoyne Square Planning Application | Link: https://planningonline.bristol.gov.uk/online-applications/applicationDetails.do?activeTab=summary&keyVal=PYFOUQDN0DG00 |