

Decision Pathway – Report



PURPOSE: Key decision

MEETING: Cabinet

DATE: 22 June 2021

TITLE	South Bristol Light Industrial Workspace																
Ward(s)	South Bristol: Hengrove & Whitchurch Park / Hartcliffe and Withywood / Filwood																
Author: Oliver Roberts	Job titles: Senior Project Manager																
Cabinet lead: Cllr Craig Cheney	Executive Director lead: Stephen Peacock																
Proposal origin: BCC Staff																	
Decision maker: Cabinet Member																	
Decision forum: Cabinet																	
Purpose of Report: To provide an update on the South Bristol Light Industrial Workspace Project and secure approval to submit a change request to WECA for a circa £597k increase in funding.																	
Evidence Base:																	
<ol style="list-style-type: none"> 1. July 2020 Cabinet approved officers to bid for £3.9m of external funding and if successful, take all steps necessary to enter into contract to draw down and spend the funding. 2. Following cabinet approval £4.2m of funding has been secured by the project as follows: <ol style="list-style-type: none"> a. European Regional Development Fund (ERDF) - £1.4m approved by MHCLG in March 2021 b. West of England Combined Authority (WECA) Investment Fund – £2.7m approved by WECA Joint Committee in October 2020 c. Bristol City Council - South Bristol Sustainable Urban Development Reserves - £100,000 3. The project previously reported to Cabinet RIBA Stage 2 design proposals and cost estimates. There has been a cost uplift for the project following the development of detailed RIBA Stage 3 designs, which took account of completed site surveys and recommendations received as part of planning pre-application advice. 4. The forecast funding shortage for the Construction of the project is £538,913, which requires a Change Request to be submitted to WECA, covering the following options: <ul style="list-style-type: none"> - Option 1 - Maintain existing levels of WECA funding and agree a circa 18.5% reduction in floor area delivered through omission of 'Block C' (see supporting plan in Appendix A1). In this instance Block C would be replaced with an external storage compound (identified in Appendix A2), which would be available for remaining units to lease. - Option 2 – Increase funding by £538,913k to maintain the full designed floor area. 5. This paper recommends option 2 is the preferred approach, so as to maintain the level of economic outputs and benefits that the scheme is forecast to deliver. A comparison of the difference in economic outputs between the two options is detailed below: 																	
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<ol style="list-style-type: none"> 6. In addition to the increase in the Construction Estimate the project has seen an uplift of £57,753 in project development costs, which includes payments to the Highways Authority as a condition of the December 2020 																	

planning decision; increase in professional fees, including an allowance for external project management support from the Council's Strategic Partner – Arcadis, which is to ensure that there is adequate resourcing for the Contract Management during the demolition and construction phases and to provide continuity resilience.

7. The total funding uplift sought from WECA is £596,666 to cover the increases in the RIBA Stage 3 Construction estimate and the project development costs.
8. The project secured planning approval in December 2020. The Project is presently forecasting construction commencing in late 2021 and Completing by Autumn 2022, which is circa six months ahead of the forecast previously reported to Cabinet.

Officer Recommendations:

That Cabinet

1. Approves the submission of a Change Request to the West of England Combined Authority for an increase in grant funding of £596,666.
2. Authorises the Executive Director Growth and Regeneration, if successful, to take all steps necessary to enter into contract to draw down and spend the external funding including procuring and awarding contracts where necessary.

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 accommodate 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. There is an urgent need for new local employment opportunities to balance the significant levels of new housing development in this area at Hengrove Park and other sites. Prior to the pandemic there was a growing pressure of demand for affordable, modern, small industrial units and relative under-supply of new units by the commercial property market, especially in South Bristol. and this remains the case as the local economy begins to recover.
2. The project will contribute to the One City Economic Recovery and Renewal Strategy 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. It is forecast to create around 92 full time equivalent jobs in these sectors and indirectly in local supply chains, and contributing £16.3 million to the economy over 5 years.
3. The new workspace is also intended to support the expansion of the Bottle Yard Studios, with its regional economic significance and large-scale local job creation in the longer term, by providing space for specialist suppliers and services for film/TV production on this site adjacent to the studios.
4. The project will complement other housing, employment, enterprise and skills infrastructure initiatives as part of a wider regeneration strategy for South Bristol. In addition to the expansion of the Bottle Yard Studios and the Hengrove Park development, these include the opening of the City of Bristol College's Advanced Construction Skills Centre, the on-going South Bristol Enterprise Support Project and the proposed South Bristol Workforce for the Future and Film / TV Production Skills programmes, and renewal of other industrial estates.

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. Stakeholder Consultations were undertaken in advance of the planning application. A copy of the Community Involvement Statement can be downloaded from the Council’s Planning Portal, by searching using the planning application reference number: 20/03760/FB.

Background Documents:

July 2020 Cabinet Paper

Revenue Cost	£-	Source of Revenue Funding	Operational revenue costs will be covered by rental income. ERDF funding rules require income to be ring-fenced for this purpose.
Capital Cost	£4,7296,666	Source of Capital Funding	ERDF and WECA Grants and BCC Reserve
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:

This report seeks to submit a change request to WECA for £596,666 additional funding for the South Bristol Light Industrial Workspace project. The initial cost estimates have increased following the development of detailed RIBA Stage 3 designs, which have been informed by site surveys and the latest available information.

The grant terms with WECA are that any surplus generated by the units is returned to WECA. The two options presented would generate different levels of income, due to the differing number of units (option 1: 11 units; option 2: 14 units). However, the surplus generated from this income will be returned to WECA, and so the difference in surplus between these options will not impact the BCC revenue account.

Neither of the proposed options present a pressure to the BCC capital programme, as the increase in cost in option 2 is proposed to be funded by WECA. The revised cost estimates retain a level of contingency at 14% for each option. The progression to RIBA stage 3 gives greater level of confidence over the cost estimates than stage 2 designs, however, optimum bias risks are still prevalent at these design stages of a devolvement project of this nature. As the project progress into RIBA 4, any risk of this nature must be closely monitored and mitigated early to ensure that the funding envelope is not exceeded and there will not be any adverse impact on the capital programme.

Finance Business Partner: Mike Pilcher, Chief Accountant 01/06/2021.

2. Legal Advice:

The submission of the bid for grant funding does not raise any specific legal issues.

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

Legal Team Leader: Husinara Jones, Solicitor/Team Leader, 13 May 2021

3. Implications on IT:

It is not anticipated that this project will cause any adverse impact on IT Services.

IT Team Leader: Simon Oliver 12th May 2021

4. HR Advice:

There are no HR implications evident

HR Partner: Celia Williams 12th May 2021

EDM Sign-off	Stephen Peacock	17th May 2021
Cabinet Member sign-off	Cllr Craig Cheney	24th May 2021
For Key Decisions - Mayor's Office sign-off	Mayor's Office	24th May 2021

Appendix A – Further essential background / detail on the proposal Summary of Economic benefits and site layout plans	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	NO
Appendix E – Equalities screening / impact assessment of proposal	YES
Appendix F – Eco-impact screening/ impact assessment of proposal	NO
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