

Decision Pathway – Report



PURPOSE: Key decision

MEETING: Cabinet

DATE: 05 October 2021

TITLE	Temple Quarter Update	
Ward(s)	Windmill Hill, Lawrence Hill, Southville and Central.	
Author: John Smith	Job title: Director - Economy of Place	
Cabinet lead: Mayor	Executive Director lead: Stephen Peacock, Executive Director Growth and Regeneration	
Proposal origin: BCC Staff		
Decision maker: Mayor Decision forum: Cabinet		
Purpose of Report:		
<ol style="list-style-type: none"> 1. Approval to submit a bid, secure, draw down and spend project funding from WECA to progress priority project workstreams of the Temple Quarter Regeneration Programme, including strategic land acquisition; 2. An update on the Mead Street Character Area; 3. Approval to commission an Employment Land Strategy for Bristol; 4. An update on the Communications and Engagement Strategy for Temple Quarter; 5. An update on the Temple Island Enabling Works and progress in relation to the disposal to Legal and General; and 6. Approval to spend grant funding for Temple Island enabling works that has now been confirmed by WECA in a Grant Offer Letter. 		
Evidence Base:		
1. Funding Update		
<p>At the time of writing, a decision on the Temple Quarter Phase 1 funding bid to government of £95.8m SHIF Funding is still awaited. This funding will support infrastructure improvements to the area surrounding Bristol Temple Meads Station to unlock housing and employment land, create sustainable transport interchanges and quality placemaking.</p> <p>This would include improvements to station entrances including a new Eastern Entrance, opening up access to the proposed new University Campus, St. Philip’s Marsh and the East of the City; a new Northern Entrance (currently used by 70% of passengers) and a Southern Gateway on Bath Road. It would deliver a transport interchange at the Northern Gateway with significant public realm improvements, a signal-controlled junction at Redcliffe Way and some associated land assembly.</p> <p>In terms of benefits unlocked, it would deliver in the region of 2,500 new homes, new commercial space, and would be the catalyst for further regeneration and future phases.</p> <p>In an effort to maintain delivery momentum, the Temple Quarter Strategic Board and delivery partners have agreed to a funding strategy which would enable projects to progress at risk in advance of a decision on government funding. The strategy involves submitting a bid to WECA in three parts totalling £7.854m as set out below.</p>		

A business case will be submitted for consideration by the WECA Joint Committee on 15 October 2021 to support the funding bid to progress the following priority project workstreams:-

Temple Meads Northern Entrance - £3,439,217;

Southern Gateway - £2,221,163; and

Development of Mead Street Development Brief; Mead Street Development Brief engagement; next phase of TQ Development Framework consultation and engagement strategy £2,193,576.

All three strands include provision for associated staffing resource costs, and the detail of the three submissions are attached at Appendix A.

If approved, this funding would be used to progress the identified projects at risk, but in close liaison with Homes England/MHCLG on the strength of assurances made in good faith of an eventual favourable funding decision, but without the absolute surety that capital funding to advance the projects would be forthcoming.

Should the Phase 1 SHIF funding bid be approved, a substantial majority of project funding defrayed under this option would be reimbursed.

In the absence of this injection of WECA funding, engagement will not be able to proceed, slowing down the planning process and priority projects will be stalled.

If supported, the funding will deliver early, high quality outcomes between 2021 and 2024, including:

- Commencement of a major regeneration scheme of national significance and local/regional benefit and associated public profile.
- Intensive consultation and engagement with communities and businesses on all aspects of regeneration scheme.
- Development of a comprehensive employment, skills and training strategy that will be delivered through the project.
- Meaningful site starts including implementation of the Eastern Entrance and enabling works at Temple Island on site which has already commenced.
- Submission of planning applications at Southern Gateway, Northern Entrance and The Friary and Mead Street.
- Site start on high quality scheme of public realm improvements at the Friary Interchange.
- Site start on commercial and residential development on Temple Island.

In addition, we propose making a second, future bid for WECA funding in support of strategic land acquisitions to support the Temple Quarter and St Philips Marsh regeneration programme. This would enable a small number of early acquisitions to be made allowing early delivery of priority projects in Temple Quarter. This funding would also support the rationalisation of property interests held by strategic partners in support of the Temple Quarter regeneration project, support existing businesses impacted by the proposals and enable some relocations to be undertaken. A proportion of the funding ask may be recovered from a successful Phase 1 SHIF funding award, with the balance becoming a recyclable element ultimately being returned to the WECA Investment Fund. The scale of the likely funding requirement remains under review, but it is estimated to be in the region of £20m - £30m.

2. Mead Street Character Area

The Mead Street Character Area, measuring approximately 5.6ha, is one of the six Character Areas identified in the Draft Temple Quarter and St Philip's Marsh Development Framework. This area is shown on the Plan at Appendix Aiv.

The Draft Development Framework vision for the Mead Street Character Area is a residential led, mixed-use neighbourhood (including workspaces, a retail offer and community facilities) which is well connected and has open space. It was previously predicted that, due to land ownership constraints, Mead Street would not be brought forward for development immediately.

However, the opportunity for earlier delivery of the majority of the Mead Street Character Area (totalling approximately 4ha) is now possible due to the private sector's desire to proceed in the shorter term. The remaining site (approximately 1.6ha) is owned by BCC and subject to long leaseholds and is therefore not planned for development at this time.

There is private sector interest from two developers (Donard Homes and commercial agents DTZ Investors acting on behalf of landowners) who are currently seeking to develop their own sites, both for residential led, mixed use developments. In the case of Donard Homes, Bristol City Council own the freehold interest in the site with the developer having acquired the long leasehold interest (circa. 60 years) from the former occupiers of the site, Barts Spices, who have relocated to Avonmouth. Combined, these sites could deliver new homes, new workspaces and open space.

If the developers progress their proposals in isolation of each other, with limited consideration for the release of the wider site in the future, there is a significant risk of fragmented delivery, which could potentially undermine the implementation of the vision set out in the emerging Development Framework and would not achieve optimum development outcomes.

It is therefore proposed that, working in collaboration with the landowners, the Temple Quarter Joint Delivery Team prepare a Development Brief to support the holistic development of the Mead Street Character Area in accordance with the Draft Temple Quarter Development Framework vision and Mayoral priorities. It is anticipated once complete the Mead Street Development Brief will be submitted to Cabinet for endorsement in the early part of 2022.

Initial engagement with businesses who are likely to be affected by the development was commenced by the Economic Development team in late July 2021. Further engagement with a wider audience is planned for later this year, during the preparation of the Development Brief.

Notwithstanding the preparation of the Development Brief, it is possible that the developers may submit planning applications in advance of the Development Brief being completed.

It should be noted that the Mead Street Character Area is a designated Principal Industrial and Warehousing Area (PIWA) in the Adopted Bristol Local Plan. The emerging Draft Local Plan indicates that the Mead Street area will be de-designated as a PIWA and designated instead as an Area for Growth and Regeneration, along with the wider Temple Quarter area, which accords with the Draft Development Framework.

3. Employment Land Strategy

Promoting growth in key regeneration areas which require the intensification of land currently allocated as Principal Industrial/Warehouse Land and promoting growth in advance of a Local Plan through Frameworks, Development Briefs and Masterplans creates an urgent need for a strategy to support businesses impacted by such changes. A number of strands of work are already in train including:

- (i) Live conversations with businesses on relocation strategies
- (ii) An Employment Land study
- (iii) An Employment Land Spatial Needs Assessment (ELSNA) due to be published in September

The Council needs to develop a response to the evidence presented by these strands in advance of the Local Plan. It is therefore proposed that a detailed brief is written, and work commissioned by consultants to develop a Employment Land Strategy to include utilisation of the BCC estate, land acquisition to support business growth and relocations, and infrastructure to unlock development sites, with funding drawn from the bids for WECA support outlined in Section 1. above.

4. Communications and Engagement

In March 2021, Cabinet authorised the implementation of detailed engagement and consultation on the Draft Temple Quarter Development Framework.

An extensive programme of engagement with businesses and communities is now in the process of being rolled out. A number of bespoke documents will set out proposals for each individual Character Areas within the Framework, together with an explanation of the overall vision for Temple Quarter, these will be consulted upon as detailed below.

Following completion of this programme of engagement, it is intended that the final version of the document, taking appropriate account of representations made during the engagement process, will be submitted to Cabinet for endorsement in the early part of 2022.

The partners are committed to engaging with businesses, residents, and wider city stakeholders, with an approach that enables city communities to help shape proposals effectively and in a timely way.

Context

The transformation of Temple Quarter and St Philip's regeneration area will progress at different speeds over a period of approximately 25 years. Accordingly, the engagement and consultation strategy reflects this; for instance, the draft Development Framework plans for Temple Meads are at a greater level of detail than plans for St Philip's Marsh, which are at a much earlier stage.

The engagement approach recognises there is significant interest in the development of the whole area at a local, citywide, regional, and national level. It also recognises that there are active local communities, businesses and organisations that have already been involved in the early stages of developing ideas, concepts and plans and have an ongoing interest in influencing and planning the future of Temple Quarter and St Philip's Marsh.

The Draft Temple Quarter and St Philip's Marsh Development Framework is over 350 pages long and includes a significant amount of detailed technical and background information. A summary version of the Framework will be available for all engagement and consultation activity with the full document available for those who want to review it.

TQ and St Philip's Marsh Engagement Strategy

The engagement strategy has been developed based on the six distinct Character Areas identified in the Development Framework. Each offers different opportunities and possibilities, recognising the successful and thriving communities and businesses already located there or in adjacent areas. The six-character areas are:

1. Bristol Temple Meads Station
2. City Gateway and Friary North
3. Temple Gate
4. Mead Street
5. Temple Island
6. St Philip's Marsh

Engagement Activity March – Autumn 2021:

The following is a summary of existing and planned activity:

- **March 2021** – Roundtables with St Philip's Marsh businesses
- **May onwards** – Network Rail led engagement with communities, local communities and stakeholders on upcoming changes to Temple Meads Station and Bristol East Junction upgrade works.
- **May and July 2021** – meetings with TQ Accessibility Advisory Group (TQAAG) including discussions on access to Bristol Temple Meads and plans for new station entrances
- **August 2021** – prioritising engagement with businesses in Mead Street, Temple Gate and St Philip's – a business bulletin supported by an Economic Development survey to identify aspirations of businesses in the area and update on plans for the area.
- **September 2021** – heritage arts project with St Philip's businesses to promote their businesses and linked public art trail as part of Open Doors Day 10/11 September

Engagement Late 2021/Early 2022:

Subject to funding, we are proposing the following:

- Engagement with local businesses and citizens on design and planning principles for Mead Street that will inform a Development Brief for the area.
- A citywide engagement on the draft Development Framework in late 2021/early 2022. This will be digitally based and where possible will include face-to-face events, conversations, and activities (this remains under review depending on Covid infection rates and restrictions).
- Use an interactive digital consultation platform with information about the main character areas including interactive maps where people can post feedback and comments.
- The engagement will be supported by a cultural engagement programme commissioned by the council's Culture team that will:
 - Use creative activations including drop in and mobile hubs to engage stakeholders with the draft Development Framework; and
 - Generate an evidence base of local views that inform the development of a cultural engagement plan that will sit alongside the Development Framework acting as a guide for developers ensuring a consistent, long term public art vision for Temple Quarter and St Philip's Marsh.
- Work with locality-based community organisations in areas within and neighbouring the regeneration area to facilitate conversations.
- Drop-in hub within the regeneration area where people can find out more about the Development Framework and contribute their views. The Hub could also be used for arts and heritage activities and displays related to the area and future plans.
- Work with youth organisations to engage young people on the draft Development Framework and listen to their views and aspirations.

5. Temple Island Update

At the 4 February 2020 Cabinet meeting, Cabinet approved the proposal for the Council to enter into an Agreement for Lease with Legal & General (L&G) and, separately, to allocate repurposed EDF funding of up to £32m to support the Temple Island Enabling Works project.

At the 6 October 2020 Cabinet meeting, Cabinet approved the Council, in consultation with the Mayor, the S.151 Officer, and Director of Legal Services, subject to the approval of the bid to WECA/WoE LEP, to take all steps required to spend the repurposed EDF funding of up to £32m on the Enabling Works including the procurement of all contracts (goods, services or works).

At the 9 March 2021 Cabinet meeting, Cabinet authorised the Executive Director for Growth and Regeneration, in consultation with the Mayor, Deputy Mayor, Finance Governance and Performance, the S.151 Officer, and Director of Legal Services, to agree the final schedule of enabling works to support the opening up and servicing of the Temple Island site, to secure the variation of any WECA approvals necessary, and to defray this funding in accordance with the terms of the funding decision and in line with all appropriate procurement routes.

To date:

- Council has agreed the final schedule of enabling works to support the opening up and servicing of the site and has commenced RIBA design stages for the six workstreams
- The programme and cost profiles have been presented and agreed by funders WECA to secure up to £32m to deliver the works across a three-year programme
- The project has been developed up to RIBA 2 across the various work packages. The Council's Strategic Partner has been engaged to coordinate delivery of remaining design and construction through to RIBA 6.
- Procurement for the early packages of works, including the river wall repairs and construction haul road, have commenced.
- A communications strategy and protocol has been developed to ensure active and continuous engagement with businesses and residents in the area.

In the next twelve months:

- Council will continue to liaise with L&G through their planning application process.
- Further packages of enabling works, such as utilities reinforcement and plot 12 access improvements, will be tendered.
- A4 Bath Road protection barrier study surveys undertaken, and assessment completed. Upon completion of the assessment, Council to develop strategy to manage any risks or issues that are identified.
- The ground remediation strategy will be completed and any statutory approvals gained.
- Temple Island will be used to host construction compounds for Network Rail and University of Bristol for the construction of the Eastern Entrance and the Innovation Campus respectively.

Re-baseline scope, programme and cost

The Council defined the final schedule of enabling works in June 2021, allowing the project to prepare a re-baselined scope and programme. This was then prepared in a Change Request to WECA which was approved by S151 Officer and submitted July 2021. WECA gave approval in principle on the change request, with final approval decision due in October 2021. The outcome of the final approval will be a grant offer letter (GOL) issued to the Council by WECA. This paper identifies the proposed spend and programme to enable the site for development and asks approval to spend the approved grant funding

The high-level programme in fig 1. reflects the scope required to enable the site for development. A high-level anticipated cost plan is provided in fig 2.

The cash flow presents the updated risk and contingency budget, which will be held by the project to spend on unknowns e.g. risks that emerge.

All works will be procured in line with Bristol City Council and public Procurement Rules and will be in consultation with the Delegated Authority group named in Cabinet paper October 2020. Individual contracts may exceed £500k.

Cabinet is asked to note the current projected spend profile of up to £32m in the cash flow. Changes to the profiled spend are inevitable in a project of this scale and complexity, and this will be managed by the Executive Director of Growth and Regeneration in consultation with Finance officers.

Figure 1: Temple Island - High Level Programme

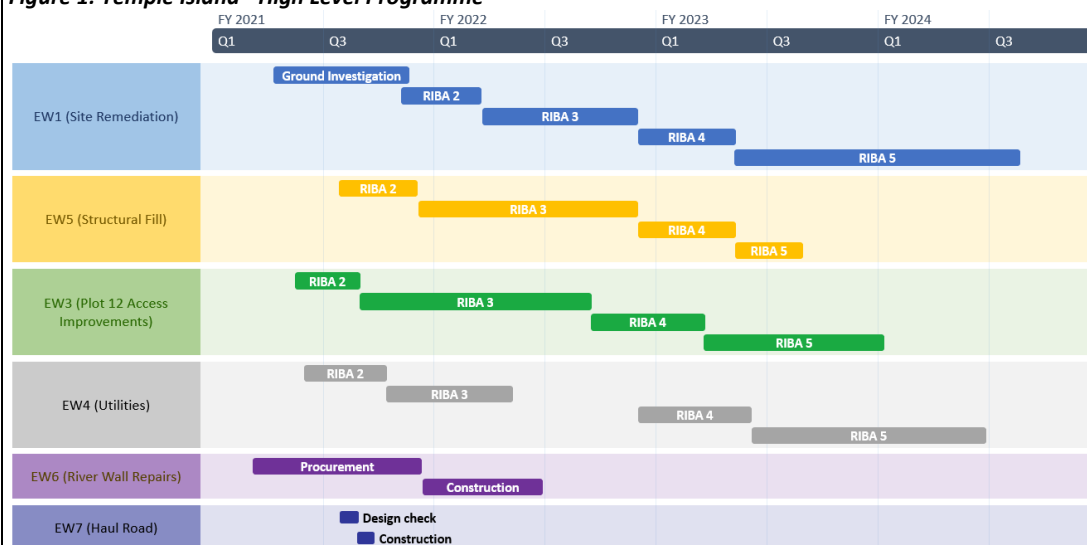


Figure 2: Temple Island - High Level Costs

Professional Fees	£4,500,000
BCC Fees	£976,892
A4 Slip road improvements/corkscrew/Bath Road junction	£1,200,000
Residual Contamination	£7,625,000
Infrastructure- Utilities on Site	£720,418
Utility Reinforcement	£4,320,000
Structural fill	£1,440,000
River wall restoration	£1,035,700
Haul Road	£220,000
Risk	6,407,589
Optimism bias/Contingency	3,312,224
Inflation	242,177
	£32,000,000

Cabinet Member / Officer Recommendations:

That Cabinet:

1. Authorises the Executive Director of Growth and Regeneration, in consultation with the Mayor, Deputy Mayor, Finance Governance and Performance, the S.151 Officer, and Director of Legal Services to submit a bid, secure, draw down and spend up to £7.853m of WECA funding to progress priority projects, including the Southern Gateway and Northern Entrance projects and strategic land acquisitions in accordance with WECA approvals.
2. Authorises the Executive Director of Growth and Regeneration, in consultation with the Mayor, Deputy Mayor, Finance Governance and Performance, the S.151 Officer, and Director of Legal Services to submit bids for, and negotiate the acquisition of strategic sites and premises in Temple Quarter and St Philips Marsh in accordance with any WECA approved funding currently estimated at between £20-30m.
3. Authorises the Executive Director of Growth and Regeneration, in consultation with the Mayor, Deputy Mayor -Finance Governance and Performance, the S.151 Officer, and Director of Legal Services to accept and spend the grant secured from WECA of up to £32m including procuring and awarding all contracts (including any over £500k) required to undertake and complete the Temple Island enabling works.
4. Notes and endorses the position regarding the proposed engagement in relation to the Draft Temple Quarter and St Philip's Marsh Development Framework and the preparation of a Development Brief for Mead Street.
5. Authorises the Executive Director of Growth and Regeneration to progress to commission a City-Wide Employment Land Strategy to support businesses impacted by regeneration in the City in accordance with procurement rules.
6. Authorises the Executive Director for Growth and Regeneration, in consultation with the Mayor to implement proposals for detailed engagement and consultation for the Temple Quarter Development Framework as set out in the report.
7. Notes the position regarding progress with agreeing the final schedule of Enabling Works at Temple Island and progress with implementation of these works.

Corporate Strategy alignment:

The proposals align with a number of corporate priorities, including:

- Develop a diverse economy that offers opportunity to all;
- Deliver 2,000 homes, of which 800 are affordable, built in Bristol each year by 2020;
- Develop an inclusive economy that offers opportunity to all and makes quality work experience and apprenticeships available to every young person; and
- Reduce social and economic isolation and help to connect people to people, people to jobs and people to opportunities.

City Benefits:

Significant city benefits are anticipated to accrue through the redevelopment of the University Campus, Station redevelopment and development of the Temple Island site. Overall, the Temple Quarter regeneration programme is anticipated to deliver 22,000 new jobs, up to 10,000 new homes and an economic uplift to the local economy in the region of £1.6billion per annum from 2041.

The enabling works alone will deliver 270 gross annual new jobs and £16m of net GVA to the West of England economy two years after construction start and can be got underway within months.

Consultation Details:

Council officers have consulted with the Delegated Authority group and the Statutory Authorities.

Background Documents:

February 2020, October 2020 and March 2021 Cabinet Reports (which can be accessed via the following weblink: [ModernGov - bristol.gov.uk](http://ModernGov-brisol.gov.uk))

Revenue Cost	£0	Source of Revenue Funding	N/A
Capital Cost	£60-70m	Source of Capital Funding	Grant funding – EDF Grant Funding – IF Grant Funding – WECA IF/Land Acquisition Fund
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: The report is seeking approval for several key decisions, and that Cabinet note and approve the updated position on others that already had their approval:

- Authorisation to submit a bid to WECA's IF Fund for c£8m to forward fund the TQ projects at risk, pending central government announcement on the SHIF Bid.
- Authorisation to submit another bid to WECA for land acquisition funding. This constitutes a new funding request as it is outside the scope contained in the SHIF Bid. This bid is currently estimated to be between £20-30m.
- Authorisation to accept and spend the WECA EDF funding for the Temple Island enabling works in line with the agreed schedule of works in Figure 1 above (*Temple Island - High Level Costs*). The funding is up to £32m and includes a significant proportion for risks/contingencies/optimism bias. Table 1 outlines the various fund sources and bid value (submitted or to be submitted):

Funding Source	Maximum bid
WECA Investment Fund:	
Temple Meads Northern Entrance	3,439,217
Southern Gateway	2,221,163
Development of Mead Street Development Brief/next phase of TQ Development Framework consultation and engagement strategy	2,193,576
sub-total	7,853,956
WECA IF/Land acquisition fund	30,000,000
WECA EDF Fund (See Figure 2 for Cost breakdown being approved by Cabinet)	32,000,000
	69,853,956

- Authorisation to progress the development of an Employment land strategy, as well as Engagement and consultation for the TQ development framework, to be funded from WECA funded mention in point one above.
- The spending profile for each project will need to be outlined in detail to facilitate the appropriate programme entry in the Council's Capital programme and to enable commencement of necessary spend.

- None of the approvals above have any new financial implication for the Council as the funding are all coming from WECA's controlled/allocated funding that the council is drawing down from. It is worth noting the WECA EDF is supported by the business rates pool, and relies on a healthy pool fund to support schemes like Temple Island etc.

Finance Business Partner: Kayode Olagundoye, Interim Finance Business Partner, Growth and Regeneration, 23 September 2021

2. Legal Advice: The procurement of any works or services to support the projects detailed in the report (including the Employment Land Strategy) will need to comply with the Public Contracts Regulations 2015 and the council's own procurement rules. It is noted that all contracts and land acquisition is to be funded by grants from WECA, (ie no Councils funds are at risk) and plainly contracts should not be concluded until funding is in place. It should also be noted that Authority is in effect being sought to bid for and use WECA funding to enter into relevant contracts, even where these may exceed the key decision threshold, without further reference to Cabinet (albeit in consultation with the Mayor and/or relevant cabinet members). 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.

Legal Team Leader: Eric Andrews, Team Leader, Legal Services, 23 September 2021

3. Implications on IT: No anticipated impact on IT/Digital Services.

IT Team Leader: Simon Oliver, Director Digital Transformation, 22 September 2021

4. HR Advice: There are no HR implications associated with the content of this report.

HR Partner: Celia Williams, HR Business Partner, 14 September 2021

EDM Sign-off	Stephen Peacock, Executive Director Growth and Regeneration	4 th August 2021
Cabinet Member sign-off	Mayor's Office	17 th August 2021
For Key Decisions - Mayor's Office sign-off	Mayor's Office	6 September 2021
Appendix A – Further essential background / detail on the proposal		YES
Appendix Ai - Feasibility and Development Funding Application Form MSDB - E and C Strategy - Strategy Development Final		
Appendix Aii – Feasibility and Development Funding Application Form Northern Gateway Final		
Appendix Aiii - Feasibility and Development Funding Application Form Southern Gateway Final		
Appendix A iv - Mead Street Character Area		
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		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

