

CABINET – 6th September 2016 - EXECUTIVE SUMMARY OF AGENDA ITEM 8



Report title: ENGINE SHED 2 DEVELOPMENT

Wards affected: Central and Lawrence Hill

Strategic Director: Barra Mac Ruairí / Strategic Director: Place

Report Author: Robert Orrett / Service Director - Property

Recommendation for the Mayor's approval:

1. To agree that the Council will enter into an agreement for a lease from Skanska UK Limited subject to development and completion of Engine Shed 2 by Skanska.
2. To agree that the Council will also enter into an agreement to grant a sub-lease to an incubator manager for them to manage and operate Engine Shed 2. Commitment on these two agreements for lease will be managed on the basis that there is no net revenue cost to the Council from the rent commitments over the length of the sub-lease.
3. To authorise the Strategic Director: Place to approve the detailed terms of the agreement for lease and sub-lease following briefing of the Cabinet Member for Place, and to approve completion of the agreements.

Key background / detail:

- a. Approval for the Council to enter in an agreement for lease from Skanska Developments also granting a new sub lease to the operator.
- b. Key details:
 1. The Bristol Temple Quarter Enterprise Zone (BTQEZ) is a Council priority and pace of redevelopment is fundamental to overall success.
 2. On 4 August 2015 Cabinet approved funds and a delegation to the Strategic Director: Place to buy strategic land in the BTQEZ to improve the quality and speed of regeneration delivered by the Council through strategic land ownership.
 3. On 1 March 2016 Cabinet approved that the Council would enter into a joint development and land agreement with Skanska UK Limited relating to their land ownership at Temple Meads, and the Council's land ownership the George & Railway and Temple Gate to achieve comprehensive regeneration and development of the land.
 4. Heads of Agreement have been concluded with Skanska, and lawyers are engaged on detailed agreements. Skanska have committed significant resources to strong progress with the project in advance of completing legal agreements.
 5. Development of Engine Shed 2 is the priority phase of the overall project. The role of incubator is a key one, helping to drive business rates growth in the Enterprise Zone. To help



the scheme come forward, Bristol City Council has secured £4m of Local Growth Fund round 2 funding from the LEP and Government to support its development.

6. Engine Shed 1 opened in the Old Station at Temple Meads in December 2013, delivered by the Council, in partnership with the LEP and HCA, and leased overall to Science Research Foundation and Set Squared. Engine Shed 1 has proved to be very successful.
7. It is proposed to sell the George and Railway site at Temple Meads, and neighbouring car park, to Skanska. Skanska will develop it to house the second phase of the Engine Shed project – Engine Shed 2. Skanska will provide or secure funding for the development and use their proven expertise to deliver the development project. Bristol City Council will lease the property from Skanska on a long term basis to secure the facility for the city; the Council will then lease the space to Science Research Foundation (SRF), part of the University of Bristol for the operation of Engine Shed 2.
8. It is important to note that whilst the priority in these discussions is to deliver space designed to meet needs of Engine Shed 2, the Council aims for the proposals to feature sufficient flexibility to be attractive to other occupiers should the operators of Engine Shed wish to terminate their lease at some point.
9. Over the length of the sub-lease the Council will achieve an aggregate position on rents paid and received that involves no net revenue costs
10. The allocation of part of an operating surplus to a fund to support economic development, as is the case with Engine Shed 1, is intended.

