

Decision Pathway – Report



PURPOSE: Key decision

MEETING: Cabinet

DATE: 05 April 2022

TITLE	Update on Temple Square and Station Approach and comprehensive Compulsory Purchase Order including the Grosvenor Hotel.		
Ward(s)	Lawrence Hill		
Author: Jan Reichel	Job title: Senior Development Surveyor		
Cabinet lead: Craig Cheney, Deputy Mayor and Cabinet Member for Finance, Governance and Performance	Executive Director lead: Stephen Peacock, Executive Director - Growth & Regeneration		
Proposal origin: BCC Staff			
Decision maker: Cabinet Member Decision forum: Cabinet			
Purpose of Report: <p>This report gives an update on of the progress towards entering into a Joint Development and Land Agreement (JDLA) for the development of the Temple Square site (including the George and Railway Hotel) and the purchase of Station Approach, as well as the proposed acquisition of land at Temple Square including the former Grosvenor Hotel. This is to support the wider redevelopment and regeneration of the Temple Quarter area. The paper provides details of finance and funding matters associated with the regeneration proposals and developments plots covered within the JDLA, including grant funding sought for the George and Railway development via the West of England Joint Committee.</p> <p>This report seeks authority to acquire the required land at Temple Square by agreement and also to promote Compulsory Purchase Order(s) to acquire land if agreement with the current owners is believed to not be possible within a reasonable timeframe, or if ownership of the relevant land cannot be confirmed despite undertaking inquiries.</p>			
Evidence Base <p>Temple Gate and Station Approach are key regeneration sites within the Temple Quarter (all falling within the Enterprise Zone boundary). Delivery of these key gateway sites will be fundamental to contributing towards Enterprise Zone targets and in supporting the overall regeneration of Temple Meads.</p> <p>The project has been the subject of several reports:</p> <ul style="list-style-type: none">• 1 March 2016. Set out principles of land deal.• 6 September 2016. Detailed update on development of the George and Railway site and authorisation for BCC to enter into agreements for lease.• 6 November 2018. Full report seeking approval for JDLA, CPO, Stopping Up and funding.• 28 April 2020. Update CPO report.			

Development of the George and Railway building is proposed as the first phase of the overall project. The building will deliver new office accommodation within the Enterprise Zone for small and medium sized businesses. This will support growth in key sectors, help drive business rates growth and deliver jobs within the Enterprise Zone in order to meet key Council commitments. To help the scheme come forward, Bristol City Council has secured in principle agreement for £4m of Economic Development Fund (EDF).

It is proposed to dispose of the George and Railway site (including the adjoining car park) to Skanska/Railpen. Skanska/Railpen will provide funding for the development of the George and Railway site and use their funding and proven expertise to deliver the development project. Bristol City Council will lease the property from Skanska/Railpen on a long term basis to secure the facility for the city. The Council will then arrange for the space to be leased for a commercial rent.

It is intended that land between 100 Temple Street, George and Railway and Temple Gate 2, will be developed to create a new high quality area of public realm called Temple Square Plaza.

The proposed funding profile includes receipts from the freehold sale of the George and Railway to Skanska/Railpen for the development; receipts from the future sale of the Temple Gate 2 land and grant funding, via the West of England Joint Committee. There are a number of costs to the Council associated with delivering the joint land and development agreement, which Cabinet approved in November 2018. These are updated in the exempt appendix I for further approval and are summarised below:

- Acquisition of Grosvenor Hotel and other land within the Temple Gate 2 development site, by mutual agreement or Compulsory Purchase Order, including any unregistered land within the highway;
- Repayment of a grant supporting the purchase of the George and Railway hotel from the Homes and Communities Agency (HCA), now known as Homes England (HE);
- George and Railway office development fit out works;
- Works required for the site assembly of the Temple Gate site;
- Option for the purchase of the Station Approach site from Skanska/Railpen by the Council or public sector partners in the enterprise zone;
- Funding the establishment of meanwhile uses on Temple Square prior to redevelopment of this plot.
- Allowance for any adjacent public realm and landscaping works not undertaken by Skanska/Railpen as part of the George and Railway and Temple Square 2 developments.
- Allowance for the appointment of a project manager for the project.

Further details of the above requirements and costs are outlined in Appendix A and detailed in full within the exempt Appendix I.

Cabinet Member / Officer Recommendations:

That Cabinet

1. Authorise the Executive Director Growth and Regeneration, in consultation with the Deputy Mayor for Finance Governance & Performance, and Section 151 Officer, to progress and finalise details for a Compulsory Purchase Order(s) for the comprehensive regeneration and development of the land shown edged red on the draft Order Map attached to this report as plan 2 of Appendix M, including the detailed recommendations for the progression of the Compulsory Purchase Order(s) within section 16 of Appendix A, which will be included on the recording form of the decision.
2. Authorise the Executive Director of Growth & Regeneration, in consultation with the Deputy Mayor for Finance Governance and Performance and the Section 151 Officer, to take all actions necessary to draw down and spend up to £4m EDF grant funding secured from the West of England Combined

Authority (subject to conditions) for the George and Railway project, and to procure and enter in to contracts over £500,000 as detailed in the exempt Appendix I.

3. Authorise the Executive Director Growth and Regeneration, in consultation with the Cabinet Member Finance, Governance and Performance, to spend a capital budget of between £16.67m and £19.67m (including procuring and awarding contracts which may be over £500k) to enable the comprehensive regeneration of George and Railway, Temple Square 2 and Station Approach (subject to the full funding for Station approach being secured) as outlined in exempt Appendix I. This includes both the EDF funding of £4m and the CIL funding of £2.1m previously approved.
4. Authorise the Executive Director Growth and Regeneration, in consultation with the Deputy Mayor for Finance Governance & Performance, the Chief Financial Officer and the Monitoring Officer, to finalise the details of and complete the Joint Development and Land Agreements with Skanska UK Ltd/Railways Pensions Nominees Ltd for the development and sale/commercial letting of the George and Railway and Temple Square sites to contribute to the comprehensive regeneration of Temple Quarter.
5. Authorise the Executive Director Growth and Regeneration, in consultation with the Deputy Mayor for Finance Governance & Performance, the Chief Financial Officer and the Monitoring Officer, to exercise the Option under the Joint Development and Land Agreement with Skanska UK Ltd/Railways Pensions Nominees Ltd for the purchase of the Station Approach option land to contribute to the comprehensive regeneration of Temple Quarter and to undertake and complete all necessary legal processes to vest the legal ownership of Station Approach in the Council.
6. Authorise the Executive Director Growth and Regeneration, in consultation with the Deputy Mayor for Finance Governance & Performance, the Chief Financial Officer and the Monitoring Officer, to work with Homes England and WECA to explore, secure, draw down and spend funding to secure the acquisition of the Station Approach option land by the public sector to include arrangements for the future governance and use of the site, noting that if the bid to secure external funding for the acquisition is successful any capital resources earmarked by the Council from its capital programme for the acquisition will be released back into the programme.

Corporate Strategy alignment:

1. The regeneration proposals for Temple Square align with a number of corporate priorities, including:
 - a. Develop a diverse economy that offers opportunity to all;
 - b. Make progress towards being the UK's best digitally connected city, and;
2. The proposals will also support the Council in meeting key Enterprise Zone commitments, including around business rates income and jobs delivery. The Council is committed to delivering 17,000 jobs within the (original) Enterprise Zone area by 2037.
3. Phase 1 of the Temple Square regeneration proposals include development of the George and Railway to create additional office business space. The Bristol and Bath region is the UK's only 'fast growing and globally significant tech cluster' by McKinsey and Co in 2015. Expanding the scale and scope of this type of space, as part of the wider regeneration that will be delivered in the Temple Quarter as part of the joint development and land agreement, will deliver:
 - a. growth of priority sectors including creative, digital, low carbon and cross cutting high tech industries;
 - b. jobs and a high profile, high quality development focused on driving economic growth in the heart of the Temple Quarter, which is accessible and provides opportunity to all;
 - c. The Phase 1 space will act as a multiplier for jobs and growth, attracting new occupiers wanting to locate nearby and provide a source of demand for commercial space from businesses.

City Benefits:

1. Delivery of additional office business space provided by the George and Railway development and the

redevelopment of Temple Square 2 will demonstrate progress in a key area of change and development within the city, supporting Council ambitions to promote the redevelopment of the wider Temple Meads and Temple Quarter areas.

2. Significant city benefits will be delivered as an outcome of the long term economic growth driven by the George and Railway project alongside the wider regeneration achieved through a joint development and land agreement. The development will have the potential to achieve high sustainability outcomes, based on design proposals and the excellent accessibility of the developments at the heart of the Temple Quarter and near to Temple Meads Station.

Consultation Details:

1. Executive Director Meeting – 5 January 2022
2. Cabinet Member Briefing – 6 January 2022
3. This regeneration project continues to be discussed with key partners including the West of England Combined Authority (WECA), Homes England, University of Bristol, Network Rail Government departments and elected members. There has been publicity of proposals through the Temple Quarter newsletter. Consultation was conducted by Skanska in support of the planning application submitted for the George and Railway and the outline application for the proposed Temple Square development.

Background Documents:

- [Cabinet 1 March 2016](#)
- [Cabinet 6 September 2016](#)
- [Cabinet 6 November 2018](#)
- [Cabinet 28 April 2020](#)

Revenue Cost	£	Source of Revenue Funding	Insert specific service budget name
Capital Cost	£16.67m to £19.67m	Source of Capital Funding	Prudential borrowing against receipts from land sales, WECA grant and CIL (Station approach only partially funded)
One off cost <input 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:

Finance Advice: The report seeks Cabinet approval to take several actions that will allow further progress to be made in the previously approved redevelopment of the lands as shown on the plans in Appendix M.

Aspects of these proposals are still being developed and as such there are several potential options that could be taken as these integrally related projects are brought to completion. These options are costed and outlined in detail in Appendix I.

In total, the report seeks delegated authority to spend the capital expenditure funds of between £16.77m and £19.77m already included in the Capital programme recently approved by Cabinet and full council. Of this total, £2.1m has previously been funded through the reallocation of Community Infrastructure Levy receipts. A further £4m will be met by grant funding from WECA. The balance of £10.67m (lower end of the funding ask) would be met by prudential borrowing, while the £3m required to deliver the top end of the funding ask will require further reprioritisation of the existing capital programme or new external funding to be secured.

The total funding available in the current capital programme total £16.79m. The Station Approach purchase will require additional capital funding to be reprioritised to this project from other schemes in the capital programme or new external funding, due to the current CBRE valuation of the land which is significantly higher now due to time laps between the original decision and when the asset is likely to be purchased.

The report identifies the aim to seek external funding for the acquisition of Station Approach. If external funding is successfully secured, the capital funds earmarked for this will be released back into the programme. Any capital

receipts that may be achieved in the future will also be released into the Capital programme. Subsequent disposal of the site will need to demonstrate best consideration.

Temple Square site

The report requests the authority to progress the CPO of the Temple Gate site and adjacent land, including the Grosvenor Hotel, which will form part of the collection of parcels of land and buildings and enable disposal of the wider Temple Square site for redevelopment. The cost of the CPO and associated works, including highways diversion, landscaping and utilities (required as part of the JDLA), along with some expenditure to facilitate a potential meanwhile use, are expected to be funded by borrowing. There are several different possibilities however, the option with the highest cost when considered with the other components of the programme can be funded within the total capital resources already allocated for this development. The capital expenditure budget should be tracked alongside the agreed options as they are determined, and where possible, these budgets should be adjusted downward so as to release funding back into the wider capital programme.

George and Railway

Approval is also sought to incorporate into the capital programme £4m, subject to final approval of grant funding from the West of England Joint Committee, to support development of the commercial office business space on the current George and Railway site. This will fund the fitting out and associated costs of the development. Under the JDLA, the site will be redeveloped and leased back to the council who will in turn carry out the fit out works and then lease the completed property to suitable tenants. The capital cost of the fit-out works is expected to be funded by an EDF grant from the West of England Joint Committee (WECA). On the completion of this development, the site is expected to have a positive net contribution to the council's general fund.

Station Approach

The purchase of this site can only progress once the funding arrangements have been finalised. If the report is approved, efforts will be made to source external funding for this acquisition. Should this prove successful the capital resources earmarked will be released back into the capital programme.

Finance Business Partner: Kayode Olagundoye, Interim Finance Business Partner, Growth and Regeneration, 25th March 2022.

1. Legal Advice:

Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following "protected characteristics": age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:

- i) Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.
- ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to --
 - remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;
 - take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons' disabilities);
 - encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to --
 - tackle prejudice; and
 - promote understanding.

The proposed compulsory purchase and stopping up of highways do not engage any of the protected characteristics raised above. Similarly, no impacts in relation to protected characteristics are envisaged by the use of the Council's compulsory purchase and appropriation powers. Whilst a number of the parties who would previously have appeared in the Schedule in the Compulsory Purchase Order, but who are now regarded as not having an interest in land, are from countries other than the UK or may otherwise potentially have protected characteristics, the

decision to exclude those parties from being treated as having an interest in land is taken for purely legal reasons and is not a decision that infringes on the provisions of the Equalities Act.

Human Rights Considerations

The Human Rights Act 1998 incorporated into UK domestic law the European Convention on Human Rights (the Convention). The HRA 1998 makes it lawful for a public body to act in contravention of the Convention.

The Convention includes provisions in the form of Articles, the aim of which is to protect the rights of individuals (including companies). In resolving to make the CPO the Council has to consider the rights of those affected, principally property owners under the Convention. The relevant provisions are:

- (A) Article 1 of the First Protocol – this protects the rights of the owner and the peaceful enjoyment of possession – no-one can be deprived of possession except in the public interest and subject to relevant international and national law.
- (B) Article 8 – this protects the private and family life, home and correspondence. No public authority can interfere with these works except in accordance with the law or necessary in the interest of public security, public safety or the economic wellbeing of the country, for the prevention of disorder or crime or for the protection of health or morals or the rights or freedom of others;
- (C) Article 6 – the right to a fair hearing;
- (D) Article 14 – the enjoyment of the rights of freedoms in the convention shall be secured without discrimination on any grounds such as sex, race, colour, language, religion, political or other opinion – nor social origin, associated national minority, property, birth or other status.

In the case of each of the above Articles (and the convention in general) the Council must be conscious of the need to strike a balance between the rights of the individual and the interests of the public. In the light of the significant public benefit that will arise from the CPO being taken forward it is considered appropriate to make the Order and seek compulsory acquisition powers. It is not considered that any unlawful interference with an individual's rights will occur as the interference will be in accordance with the law and, where property interests are affected directly, the Compulsory Purchase Compensation Code will apply.

Further representations will be possible before the Order can be confirmed. In addition, objections will be heard if necessary, by an inspector appointed to recommend whether or not the Order as made by the Council should be confirmed by the Secretary of State. In addition, the fact that compensation will be available to parties whose interest in land is directly affected through acquisition of land or new rights mean that human rights will not be infringed as the Council and Secretary of State will be following a process prescribed by law and from which a right to compensation arises if land is taken.

In relation to those parties who will no longer be scheduled as parties with an interest in land, referred to above, this decision does not impact on those parties' human rights. Each of the persons that had registered a unilateral notice over the freehold interest at the Grosvenor Hotel are still able to object to the compulsory purchase of land and have the ability to apply to the Courts challenge this resolution of Council by way of judicial review and can challenge the Secretary of State's decision if that decision is to confirm the Order.

Advice given by Joanne Mansfield Team Leader Legal Services 3rd February 2022

Property

The Council is 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 recommendations provide for an external valuation to comply with this requirement.

Also 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 enabling the Council to acquire the Station Approach site using an external independent valuation.

Advice given by Andrew Jones Team Leader Legal Services 24th January 2022

Procurement

The original arrangements with Skanska were reviewed by the Council's legal services and Skanska's lawyers to ensure that these did not fall within the scope of the Public Contracts Regulations (PCR), particularly light of recent court cases. The conclusion reached was that the arrangements were essentially a land transaction aimed at facilitating regeneration, and not either a works or services contract, which would bring them within scope of the PCR. We will need to ensure that the involvement of Railpen does not result in any material changes which might require a reappraisal of this view, and so trigger a need to comply with the PCR.

Advice given by Eric Andrews Team Leader Legal Services 3rd February 2022

Legal Team Leader: See body of legal implications advice for details of Team Leaders.

3. Implications on IT: I can see no implications on IT in regards to this activity.

IT Team Leader: Gavin Arbuckle – Head of Service Improvement and Performance

4. HR Advice:

No HR implications evident

HR Partner: James Brereton (HR Business Partner), 10 December 2021.

EDM Sign-off	Stephen Peacock	5 January 2022
Cabinet Member sign-off	Mayors Office	6 January 2022
For Key Decisions - Mayor's Office sign-off	Mayors Office	7 March 2022

Appendix A – Further essential background / detail on the proposal	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 Exempt and not for publication by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (Information relating to the financial or business affairs of any particular person (including the authority holding that information))	Yes
Appendix J – HR advice	NO
Appendix K – ICT	NO
Appendix L – Procurement	NO
Appendix M –Plans	YES