

Decision Pathway – Report



PURPOSE: Key decision

MEETING: Cabinet

DATE: 07 November 2023

TITLE	Temple Quarter Delivery Strategy	
Ward(s)	City Wide	
Author: Abigail Stratford	Job title: Head of Regeneration	
Cabinet lead: Mayor	Executive Director lead: John Smith, Interim Executive Director Growth and Regeneration	
Proposal origin: Mayor		
Decision maker: Mayor Decision forum: Cabinet		
Purpose of Report:		
<ol style="list-style-type: none"> 1 To provide further information on the establishment of a corporate vehicle (JDV) to deliver the regeneration of Temple Quarter. 2 To seek approval and authority to finalise the arrangements for the JDV and proceed with the land consolidation and required option arrangements to support the delivery of Temple Quarter Phase 1 and Outline Business Case for Phase 2, including provision of funding for the JDV. 3 To authorise officers to take relevant and necessary steps to conclude associated negotiations and agreements. 4 To approve the process for, and implementation of, a Procurement Strategy to secure a Developer Partner to work with the JDV to deliver the regeneration of Temple Quarter. 5 To provide an update on the programme, particularly progress on the Temple Island Enabling Works project. 		
TEMPLE QUARTER REGENERATION PROGRAMME		
<ol style="list-style-type: none"> 1. The Temple Quarter Regeneration Programme (BTQ) is one of the largest re-development opportunities in the UK. It covers around 130 hectares of land in central Bristol with the potential to create 22,000 jobs, a minimum of 10,000 homes and an economic boost of £1.6 billion per annum to the region. 2. In addition to the significant housing and economic benefits, the programme will deliver wider environmental and social benefits including integrated flood defences, local employment and skills opportunities, new open spaces, a network of green infrastructure increasing biodiversity and enabling low-carbon travel across the area, world class placemaking which is accessible and inclusive, and sustainable new development supporting Bristol’s ambition to be carbon neutral by 2030. 3. The programme successfully secured £94.7m in infrastructure grant funding from Homes England in 2022. The Grant Funding Agreement between Homes England (HE) and Combined Authority (CA) was signed on 12 April 2022 and later amended on 20 April 2023. 4. The Collaboration Agreement (between HE, the Council, CA and Network Rail (NR)) establishing the arrangements for the delivery of the infrastructure items to facilitate the delivery of new homes and commercial development within Phase 1 was also signed on 20 April 2023. 		

5. In accordance with the Cabinet approval on 22 October 2022, the intention remains that the Council (and other partners) make land available for development subject to the best consideration test being met (based on an independent red book valuation).
6. The Agreements were entered into on the understanding that the Council would explore the scope for Section 106, additional business rates and Community Infrastructure Levy being reinvested into further strategic infrastructure, land purchase and/or equity investments across the wider regeneration area where appropriate and in line with existing frameworks about their use and in line with a Reinvestment Strategy, as reported to Cabinet in October 2022. The Strategy will be formally adopted as part of further legal agreements.
7. In October 2022, Cabinet also authorised the Executive Director for Growth and Regeneration in consultation with Deputy Mayor and Cabinet member for Finance, Governance, Property and Culture, Director of Finance and Director Legal and Democratic Services to take all steps required to negotiate and agree with Network Rail, Homes England and the West of England Combined Authority: (a) the establishment of a joint venture arrangement (comprising a corporate body) to drive the delivery of BTQ and (b) the appointment of a joint delivery partner, noting that further Cabinet approval would be sought to any transfer of BCC functions or responsibilities to the JV body.
8. Temple Quarter Phase 1 is identified red on plan at Appendix A1. Temple Quarter Phase 2 is identified on plan at Appendix A2.

PROGRAMME UPDATE

9. Since the last report to Cabinet on Temple Quarter in October 2022, the following progress has been made:
 - **Eastern Entrance** – the construction of the new Eastern Entrance to Bristol Temple Meads station has now begun. The Implementation Agreement between the CA and NR was signed on 29 September 2023. The main works have now commenced, with completion anticipated in Q1 2025. The entrance will open in September 2026 alongside the University of Bristol’s new Enterprise Campus.
 - **Southern Gateway and Northern Entrance** – both projects have completed the RIBA Stage 2 design stage. RIBA Stage 3 is due to commence later this year, subject to approvals.
 - **Temple Island** – bids have been received for the procurement of a contractor for the main package of enabling works to prepare the site for development, with the appointed contractor anticipated to be on site in early 2024. Works to restore the historic river walls are ongoing, and improvement works to the A4 access road are due to begin this month. Legal & General are continuing work to develop plans for the delivery of new homes, office space, public realm, and a hotel on the site once the enabling works are completed.
 - **University of Bristol** - The University of Bristol is making strong progress on the construction of its main academic building on Cattle Market Road, with the piling completed and the work on schedule. The wider campus development area is also taking shape, with work on the nearby Research Hub ongoing. On Friday 8 September, the new Dental School on Avon Street was officially opened by constituency MP, Thangam Debbonaire. The £36m state-of-the-art school provides some 119 dental chairs, radiography services, instrument sterilisation facilities, clinical simulation teaching rooms, seminar and IT teaching rooms, and staff and student social spaces. Free dental treatment for the local community by undergraduate students, under the supervision of qualified clinical dentists, will

be available at the new site. This service will double the daily availability of emergency dental appointments in the local area.

- **Masterplanning and placemaking** – a tender process was undertaken to procure a masterplanning consultant for Phase 1 and Phase 2. The masterplanner will focus on Phase 2 and connectivity in and around the Phase 1 area, with the commission expected to last around 12 months. A placemaking consultant has also been recently appointed. This consultant will help to define what good placemaking looks like in the Temple Quarter and wider Bristol context. Both the masterplan and placemaking will be shaped by input from Councillors, residents, interest groups, and other stakeholders starting later in 2023.
- **Inclusive Growth Strategy** – Scoping work is underway to develop an Inclusive Growth Strategy for Temple Quarter. This brings together the proposed Social Value and Employment & Skills Strategies together into a more holistic and joined up piece of work which:
 - Sets a clear sense of purpose for the future of Temple Quarter as an economy.
 - Prioritises the delivery of inclusive outcomes in the future delivery and operation – both in terms of direct outcomes for individual residents, and in terms of overall community integration and wellbeing more broadly.
 - Explores practical considerations around employment land and future commercial strategy (e.g. the Innovation District concept and future inward investment approaches).

This approach will provide a more coherent narrative to inform parallel work on the masterplan and place strategy. It also aligns closely with the emerging inclusive growth strategy for Bristol as a whole, while also recognising the role of Temple Quarter in delivering benefits and change for the wider West of England region. It will provide a mechanism to identify specific areas of thematic delivery to help ensure that these are tangible and deliverable.

- **Communications and engagement** - Since the last update to Cabinet in May 2023, the project's comprehensive programme of public engagement has continued. Managed by the Joint Delivery Team, with support from the council's Community Development team, the team has engaged with community and interest groups, key stakeholders from different sectors across the city-region, statutory bodies, and local, regional, and national political figures.

THE TEMPLE QUARTER JOINT DELIVERY VEHICLE

10. The establishment of a Temple Quarter Joint Delivery Vehicle (JDV) will formalise the long-standing collaborative working arrangements that are already in place under the Memorandum of Understanding signed in February 2021 between the Council and its Temple Quarter delivery partners Homes England, West of England Combined Authority and Network Rail (BTQ Partners).
11. Earlier this year, HE appointed Eversheds Sutherland to advise the BTQ Partners on the constitutional and governance arrangements to establish the JDV alongside land and planning matters (including land assembly) and the procurement of a development partner (DP).
12. The BTQ Partners intend to establish the JDV by January 2024 and commence the procurement process to select the DP shortly thereafter. The expectation is that each BTQ Partner will participate in the JDV as a shareholder and (where they hold land) will commit their Phase 1 land assets as identified Appendix 2 to the JDV to enable the JDV to run the procurement process for the DP. However, it should be noted that each BTQ Partner's participation in the JDV and (where they hold land) their land commitment is subject to their individual approvals processes. There is a risk, therefore, that one or more of the BTQ Partners is either (i) not able to secure its approvals or (ii) not able to secure its required approvals in time for the expected launch of the JDV in January 2024. There is a minimum requirement for the BTQ landowning partners to commit their relevant Phase 1 assets contractually even where they are not able to secure approval for their participation in the JDV. If a BTQ Partner's approval for its participation in the JDV follows

after the expected JDV launch date, the JDV structure is flexible enough to enable a BTQ Partner to join as a shareholder at a later date once it has secured its required approvals. The key principles for the JDV are set out below.

13. The JDV will continue for the duration of the Temple Quarter Programme. This is likely to be for a period of 15 years although flexibility is being retained for longer if agreed in writing by all BTQ Partners, who are members of the JDV (JDV Partners).
14. The legal form of the JDV is likely to be a Limited Company, subject to confirmation of all JDV Partners.
15. The JDV will initially be funded via Investment Funding and Infrastructure Grant.
16. The JDV's remit is to secure the comprehensive regeneration and delivery of BTQ. It will be responsible for developing and managing the overall programme as envisaged in the Collaboration Agreement and Grant Funding Agreement. In the first five years, the JDV will deliver the workstreams identified in Appendix A3. It is intended that the JDV will secure a Development Partner (DP) to work alongside JDV to transform BTQ.
17. The JDV will work to an agreed Business Plan. The initial Business Plan will be agreed by each of the JDV Partners prior to the JDV being formally established. Approval is sought to authorise the Executive Director for Growth & Regeneration to approve the final initial JDV Business Plan. Only material variations will thereafter require each JDV's Partner's approval. The JDV Business Plan will be grounded in the council's Corporate Plan and the Development Framework endorsed by Cabinet on 2 May 2023.

JDV GOVERNANCE:

18. The current JDV governance proposals are attached at Appendix A4 these will continue to be negotiated with partners and approved by the Executive Director in the final legal documentation to be developed to reflect those terms and in the initial JDV Business Plan.

JDV WORKSTREAMS AND LIABILITIES

19. The JDV will principally provide project management services to facilitate comprehensive regeneration in line with the activities set out in Appendix A5. It will not be taking on any capital or development risk. A DP will be procured by the JDV to deliver agreed infrastructure items and developments. Development risk will rest with the future DP who will be responsible for delivery of Phase 1 and subsequent phases subject to further council approvals. It will be the JDV who contracts with the DP (not any individual JDV/BTQ Partner). Therefore, where the DP has a claim, it will make that claim against the JDV.
20. Upon the JDV entering into contract with the DP, there will be a series of conditions that will need to be met prior to commencing development ("conditions precedent"). These are likely to relate to assembling and securing land and achieving vacant possession, planning approvals, securing any highways consents, procuring a construction contract and confirming funding/viability. The majority of these will sit with the DP. Once these conditions are met and the legal agreements go "unconditional", land will be transferred to and be developed by the DP. (This will initially only apply to Phase 1 land as set out in Paras 30-32). Should the conditions not be met the development does not proceed, with each party bearing its own cost.
21. Once a development (or infrastructure) plot is drawn down by the DP, the DP will be responsible for all delivery risk and the achievement of housing and commercial outputs in line with the Grant Funding Agreement, and set out in the JDV/DP contractual arrangements, other than in connection with the Retained Infrastructure items being delivered under the Grant Funding Agreement (i.e. items retained for delivery by one or other of the BTQ Partners themselves rather than the DP). The JDV will require the DP to provide the necessary guarantees to the JDV at the time of entering into the contract.

22. In terms of obligations and liabilities for the JDV opposite the DP, these will predominantly relate to the delivery of the Phase 1 “Retained Infrastructure” items (either works or funding being made available) and the delivery of land – as set out in Appendix I.
23. In respect of the Phase 1 Infrastructure Items under the Grant Funding Agreement, the delivery (and risk allocation) is currently dealt with through the Collaboration Agreement (as explained in the October 2022 Cabinet report).
24. The risks associated with delivery of land (once the required conditions have been satisfied to enable the land to be drawn down by the JDV/DP) will be dealt with through the option agreement between the JDV and the relevant landowner.
25. The expectation is that the DP will take over responsibility for most (but not all) of the grant funded infrastructure packages.
26. There will be residual risks that cannot be backed off and which will remain with the JDV. (For example, not providing the DP with an approval/instruction in time; a delay in approving a reserved matter in time; or giving an incorrect instruction or approval to the DP). These risks within the JDV will be mitigated in the following ways:
- through the contractual arrangements with the DP - through first capping liability otherwise unanimously agreed by all JDV Partners and limiting loss claims to specific heads of loss (e.g. preventing claims for loss of profit or loss of opportunity) and with a transparent claims process (to include early notification of/details of claims);
 - the JDV Board ensuring robust governance and risk management is in place. Alongside appropriate disputes/deadlock procedures (e.g. a second/casting vote in favour of the Independent Chair) to mitigate the impact of delayed decisions/approvals required to be given by the JDV that affect infrastructure delivery and the DP, there will be a Risk and Audit Committee that will meet bi-annually to review and assess JDV risks;
 - where external consultants are required using experienced consultants with appropriate levels of insurance;
 - employing experienced staff and good operational programme management working closely with the DP so to efficiently manage the development programme and resolve issues proactively as and when they arise; and
 - through the JDV Business Plan and subject to the Risk and Assurance Committee approval, being able to utilise capital receipts to help insulate JDV Partners risks associated with delivery.
27. It has been suggested that the DP may require some form of financial guarantee in respect of JDV commitments. Whether and to what level will be a matter of negotiation. If this becomes necessary, it is proposed that this guarantee is provided by the Council and/or the West of England Combined Authority. (The scope and terms of any guarantee will need to be agreed by the Executive Director for Growth and Regeneration and Director of Finance, with back to back indemnity arrangements secured from the JDV Partners. Any guarantee would need to be capped. Further details of how the JDV obligations and liabilities will be addressed is set out in confidential Appendix I.

JDV LAND CONSOLIDATION AND ECONOMIC CONTRIBUTIONS / RETURNS – Phase 1 & 2

28. To ensure the comprehensive regeneration of the BTQ area, the BTQ Partners have agreed to pool their land holdings. Each BTQ Partner will agree with the JDV option arrangements for parcels of land within their ownership so that the land will come under the effective control of the JDV and then be drawdown for infrastructure or development across the regeneration programme as a whole.
29. There will be differing levels of conditionality for each of those option agreements depending on use, timing and location of land. There will be land valuation undertaken shortly before entering into the option

agreements and the JDV will secure a further valuation at the point of draw down to assess open market value at that time. The valuation for the purposes of the option agreement will determine the value of each BTQ Partner's land contribution to the scheme and will be used to determine their share in economic returns. The valuation at the point of option agreement will be at market value and will be used for demonstrating best consideration under section 123(1) Local Government Act 1972. The methodology for valuation has been agreed and Deloitte has commenced the required RICS Red Book open market valuations. The date for valuation (i.e. options agreement) is proposed as 31 December 2023, being shortly before the land is expected to be optioned. This approach accords with the finance comments in the October 2022 Cabinet paper.

30. By agreeing to create the JDV, the Council is agreeing to put in place options over its Phase 1 land (as identified red on plan at Appendix A1) in favour of the JDV and which would allow the JDV to control the Council land (subject to meeting certain agreed conditions). It is expected that any land option will allow the JDV to call for a long leasehold interest (which will be passed to the DP). A second option is being considered to be used thereafter to allow the JDV to call for the freehold reversion – this will ensure an agreed long term stewardship strategy can be implemented across the project. With the exception of Temple Square which will be disposed of this year to generate an in-year capital receipt. In respect of Phase 2 the anticipation is that the Council's ownership within Phase 2 will follow the same approach as Phase 1 land and be committed to the scheme upon approval of the Phase 2 Outline Business Case. Further approval will be sought from Cabinet to put the Phase 2 Land into the JDV.
31. Each BTQ Partner will be issued with loan notes in respect of their contributions to the JDV at the point that those contributions are made (i.e. land transferred/funding advanced). The loan notes in respect of land contributions will be issued to the value of the December 2023 land valuation carried out by Deloitte plus interest accrued to the land draw down date. Once loan notes are issued, they will be interest bearing with such interest being rolled up until they are repaid. The BTQ Partners will have the option to fund further acquisitions within the regeneration area to ensure the delivery of the programme and adjustments will be made to reflect that investment.
32. As approved by Cabinet in the October 2022 paper, the Council has agreed in principle that all proceeds of sale from the Phase 1 sites are reinvested into strategic infrastructure, (including flood defence), land purchase and/or equity investments to ensure comprehensive regeneration of Phase 2 (in line with the Reinvestment Strategy) and this will be confirmed in legal agreements. The Phase 1 receipts will be held by the JDV until reinvested into Phase 2. All land contributions (plus other contributions i.e. operational grant funding to made available by a BTQ Partner) will all be used to calculate BTQ Partner's ultimate return profile at the end of the scheme (noting that this is subject to the terms of the Grant Funding Agreement which regulates what happens in the event that Phase 2 does not proceed). As set out in the draft Reinvestment Strategy, the Council is also being asked to consider making additional contributions towards the programme, including CIL, S106 Agreement and additional business rates. No decision has yet been made on this and whether or not any such contributions count toward a Partner's return profile (and the Strategy has yet to be finalised); and the Council needs to be conscious of the limitations and conditions attached to each of these funding sources, in determining the extent to which they can form part of the funding arrangements.
33. In respect of Phase 2, the JDV will develop an Outline Business Case and Delivery Strategy with the support of the DP to continue the comprehensive regeneration of BTQ area. To help facilitate this, the JDV will utilise the capital receipts from Phase 1 where required to unlock development, focusing on strategic infrastructure that supports the delivery of flood infrastructure, creating long term jobs opportunities and delivering tangible community benefit alongside land assembly.
34. Approval is sought for the JDV to lead property negotiations for the whole of the Council land interest in Phase 2 on behalf of the Council working closely with the BCC property team and reporting to the relevant BCC Director until completion and approval of the Outline Business Case. Thereafter it is envisaged further Cabinet approvals will be sought to enter into option agreements for all BCC land within Phase 2 in favour

of the JDV and make that land available to the programme as anticipated by the Collaboration Agreement and Grant Funding Agreement arrangements. In this regard, the Phase 2 land will be valued on the same basis that the Phase 1 land is to be valued just before the Phase 2 land is contractually committed to the JDV by the relevant BTQ Partners (Phase 2 Partners).

EXIT

35. Each JDV Partner will have the right to exit the JDV and not to participate in Phase 2.
36. It is envisaged that the Outline Business Case for Phase 2 will come forward for approval prior to Phase 1 having been delivered. Consequently, a JDV Partner who wishes to exit the JDV will be required to provide a statement of its intent not to participate in Phase 2 at the point that the Outline Business Case for Phase 2 comes forward for approval. Whilst the JDV Partner will be entitled to (but not required to) remain a JDV Shareholder and be involved in Phase 1 decisions, it will not be entitled to be involved in any Phase 2 decisions, including approval of the Outline Business Case for Phase 2. Having given its statement of intent to exit, the relevant Shareholder shall be required to exit the JDV once Phase 1 has been delivered.
37. If a JDV Partner gives notice of its intent to exit, (i) interest will cease to accrue on its Phase 1 investment (i.e. loan notes), (ii) it will not partake in profits from Phase 1 and Phase 2 (where Phase 2 goes ahead) and (iii) it will not be repaid loan notes until the end of Phase 2 (where Phase 2 goes ahead). There will be no distribution of receipts at the end of Phase 1 where Phase 2 is going ahead with any distribution following completion of the project.
38. Should Phase 2 not proceed, the Phase 1 capital receipts will be paid back to the individual partners in accordance with the Reinvestment Strategy. Unexercised options will fall away.

JDV – OPERATIONAL FUNDING AND RESOURCING

39. The JDV will need to be adequately funded to so that it can deliver the JDV workstreams and administer the JDV including company secretarial/accounting functions alongside other resources – e.g. people/staff, office space, HR/back-office function. It is envisaged that JDV HR, finance and procurement functions will be provided by the CA on behalf of the JDV Partners, subject to CA approval.
40. An Operational Staffing Structure for the JDV is being updated and will be agreed by the JDV Partners at the outset (which will be attached to the JDV Member Agreement or will form part of the JDV Business Plan) and the JDV will engage staff in line with the Operational Staffing Structure. Certain changes are reserved back to the JDV Partners as a Reserved Matter.
41. It is envisaged that the JDV will employ staff in line with the Operational Staffing Structure and that certain of the JDV Partners will second staff to the JDV. The application of TUPE in respect of individuals currently engaged on the BTQ Project is under review.
42. In relation to operational funding, the Infrastructure Grant Funding Agreement provided by Homes England alongside the Investment Funding secured by the Council from the CA funds the existing team and to resource additional posts within the Joint Delivery Team to deliver the Phase 1 Infrastructure Items. A cashflow model has been developed which forecasts future expenditure and JDV income.
43. Homes England has provided a further £0.550m funding support over the last two years to support the capacity of the team on the set-up of the JDV, procurement of the Joint Delivery and progressing the inclusive growth strategies that are the central to the programme.
44. Further funding is being sought by the JDV from the CA to enable it to develop the Outline Business Case for Phase 2 (working closely with the council teams, particularly on the flood and employment delivery

strategies) alongside ensuring that the JDV is adequately resourced to deliver the Business Plan and meet its obligations.

45. In this regard, Cabinet is asked to note that the Council has entered into a cost sharing arrangement with Homes England on 30 August 2023 to secure the necessary legal and financial resources to advise and drive forward the JDV set up and DP procurement in accordance with the delegation provided by Cabinet in October 2022. Cabinet authorised the Executive Director of Growth and Regeneration “*to submit an application to WECA for funding of up to £7.843m to increase capacity in the Joint Delivery Team, and to the extent that the application is successful to then accept and drawdown and spend this funding accordingly including procuring and awarding contracts over £0.5m*”. These costs are funded from the Investment Funding secured from CA.
46. It is proposed that the balance of the Investment Funding is made available to the JDV following its set up to enable it to operate effectively and efficiently.

PROCUREMENT OF JOINT DELIVERY PARTNER

47. Following Cabinet’s approval last October, the BTQ Partners have been working with strategic property advisors Deloitte to prepare the proposition to the market to secure the DP. To help inform that proposition and the procurement strategy, the JDT and Deloitte have undertaken pre-market engagement. This process demonstrated that there is significant market interest in the Temple Quarter development opportunity; including an appetite to work with the BTQ partners beyond Phase 1 to secure the ambition for BTQ.
48. To deliver on the vision and objectives for BTQ, it is currently intended to procure a master developer who can provide comprehensive regeneration and placemaking capability to support the JDV in delivering the ambition. It is anticipated the delivery partner for Phase 1 will be contracted via a Development Agreement (DA), with the potential for this to evolve into a Joint Venture (JV) for Phase 2 subject to further JDV Partner approvals. For Phase 1, the delivery partner will take on delivery responsibility following appointment after a procurement process. For Phase 2, the delivery partner is likely to provide development advice until the scheme is sufficiently progressed for it to take on delivery, subject to further approvals.
49. The procurement process is anticipated to be launched in early Spring 2024. It will be led by the JDV. The evaluation criteria and the contracting strategy/principles for the DP will be based on the vision and objectives of BTQ and the exact composition of the evaluation panels will depend upon the finalised evaluation methodology.
50. It is anticipated that the evaluation panels will be selected to ensure those with the most relevant experience will be appointed across the JDV Partners. The contracting principles for the DP will be approved separately by the JDV Partners and need to be followed by the JDV unless otherwise agreed by all JDV Partners.

TEMPLE ISLAND ENABLING WORKS UPDATE

51. An update on Temple Island was provided to Cabinet in February and October 2020, March, October and December 2021, October 2022, and May 2023. The full reports are available on the Council website.
52. Project progress since that reported at the May 2023 Cabinet meeting can be summarised as follows:
- Granted status by LPA (Local Planning Authority) for the Remediation, Utilities and Fill works submitted December 2022.
 - Consent granted for first planning condition relating to the Remediation Implementation Plan.
 - Inclusion of the District Heating installation into the Main Works package.
 - Undertaken procurement of the Main Works contract in an open market tender.
 - Site Remediation and Structural Fill work packages completed RIBA Stage 4.

- Received quotations back from utilities statutory authorities to secure services to the site.
- The second procurement package for the river wall repairs (final repair works) was awarded April 2023 and commenced on site in June 2023.
- Completed final set of ecology surveys (including bat surveys) in advance of remediation works.
- Brought into scope the University of Bristol Common Infrastructure Works (works at the interface between the UoB development and Temple Island) and commenced RIBA 3 design.
- Complete plot 12 emergency access road highways works.
- Engagement with L&G technical team throughout the Enabling Works design stages.
- Established a workstream with BCC Parks and Green Spaces to offset the biodiversity loss on other sites within Bristol.

53. Planned project progress for next 12 months:

- Discharge associated pre-commencement planning conditions.
- Award Main Works contract, mobilise on site.
- Procurement of fill material and materials for utilities and district heating works by Contractor.
- Establish the first phase of the groundwater decontamination works and utilities reinforcement.
- Joint supervision of the district heating works with Bristol City Leap (Vattenfall).
- Complete River Wall Repairs work package by December 2023.
- Undertake feasibility study of biodiversity net gain (BNG) sites in Bristol and work with Parks & Green Spaces during their public consultation. Submit the Landscape and Ecological Management Plan (LEMP) to the LPA.
- Continued engagement with L&G technical team throughout the Enabling Works construction stage and L&G planning application process.

Re-baseline programme and cost:

54. The project programme has been elongated (see update programme in Figure 1 below) since the baseline position was last reported. This is due to the following factors:

- Inclusion of the UoB common infrastructure works. There have also been further changes in cost categories where cost has been moved from one category to another. This is due to the inclusion of the Common Infrastructure works. Contingency funding has been allocated for these. Further contingency has been re-allocated to BCC Fees for an air space levy paid to the Crown Estate for access, and to Professional Fees for additional warranty coverage.

55. Please refer to high level cost plan in Figure 2 below to show the cost plan presented at the May 2023 Cabinet and current plan.

56. Cabinet is asked to note that the high-level anticipated cost plan (figure 2) includes a risk and contingency budget item that will be held by the project to spend on unknowns, i.e. if/when risks emerge. Cabinet is also asked to note that the breakdown/allocation of the figures presented in the high-level anticipated cost plan (figure 2) are subject to change, which is anticipated for a project of this scale and complexity. In Cabinet Paper October 2022, Cabinet authorised the Executive Director of Growth and Regeneration, in consultation with the Mayor, S151 officer and Director Legal and Democratic Services to continue spend of the grant secured from WECA of up to £32m (including contracts over £0.5m) and procure and award all contracts within the funding envelope. It also authorised amendments to the cost plan to be made by the Executive Director of Growth and Regeneration in consultation with Deputy Mayor and Cabinet member for Finance, Governance, Property and Culture and Finance officers within the overall funding envelope.

57. None of the above changes affect the financial viability of the scheme as they are not expected to have any material impact on the FBC (Strategic, Management, Commercial, Economic or Finance Case) submitted to the CA joint committee. While the project is in the process of finalising the construction details for the enabling works, it is confident that it will contain the scope of all the site wide enabling works within the £32M and does not foresee any need for additional funding to complete this mandate.

58. Due to the changes to programme and cost a Change Request has been submitted to the Combined Authority, which was approved by S151 Officer in October 2023. It is pending approval at Committee. The project also wishes to make Cabinet and the Combined Authority aware of a future change of Scope to the project. The project requires to offset the biodiversity loss with a biodiversity net gain (BNG) strategy. A new workstream will be created using contingency funds, to procure the offset the loss of 21 units of BNG on alternative sites in the National Character Area, to meet planning conditions. Currently the project is building an estimate of the cost and programme for this workstream therefore we do not have the full information to include at this stage. The project is confident that this can be included within the project envelope and programme without need for additional funds or time.

Figure 1: Temple Island Enabling Works – High Level Programme

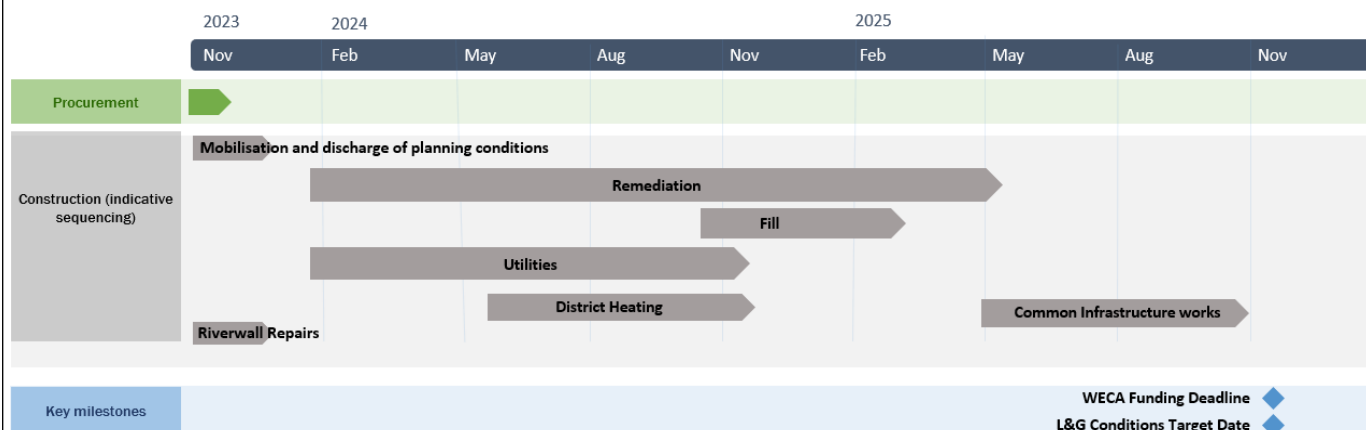


Figure 2: Temple Island Enabling Works – High Level Costs

	Oct-22	May-23
Professional Fees	£ 4,871,731	£ 5,225,087
BCC Fees	£ 1,601,876	£ 1,737,376
A4 Slip Road Improvements	£ 500,000	£ 500,000
Residual contamination	£ 7,625,000	£ 7,625,000
Utilities	£ 5,040,418	£ 5,040,418
Structural Fill	£ 1,440,000	£ 1,440,000
River wall repairs	£ 1,035,700	£ 1,035,700
Haul Road	£ 220,000	£ 220,000
Common Infrastructure Works	Not included	£ 1,020,747
Risk/Contingency	£ 9,423,098	£ 7,913,495
Inflation	£ 242,177	£ 242,177
	£ 32,000,000	£ 32,000,000

ENVIRONMENTAL IMPACT ASSESSMENT

BCC's Environmental Impact Assessment has determined significant beneficial impacts from the proposal: The Temple Quarter Redevelopment presents significant opportunities to create Net Zero neighbourhoods that are resilient to the effects of climate change and support ecological recovery in the city. These opportunities will be realised through the adoption of the One City Climate and Ecological Strategy targets into the Joint Delivery Vehicle governance arrangements and Temple Quarter Business Plan.

BCC's Environmental Impact Assessment has determined significant negative impacts from the proposal: The scale of Temple Quarter Redevelopment Programme means that there will be large volumes of carbon, waste, and ecological impacts associated with the development activities. These will be partially mitigated through the

incorporation of One City Climate and Ecological targets into the Joint Delivery Vehicle Business Plan. Other impacts and benefits will emerge as the project and masterplan progress, it is therefore critical that BCC environmental and ecological targets remain central in the ongoing design process.

Cabinet Member / Officer Recommendations:

That Cabinet:

1. Endorses the approach set out for the establishment of the Joint Delivery Vehicle and matters related thereto, and authorises the Executive Director of Growth and Regeneration in consultation with the Director of Finance, the Deputy Mayor and Cabinet member for Finance, Governance, Property and Culture and Director Legal and Democratic Services to finalise the arrangements for the JDV and thereafter enter into the Shareholders' Agreement and associated documentation with all other BTQ Partners or, if they are unable to secure their approvals with one or more of the BTQ Partners;
2. Authorises the Executive Director Growth and Regeneration in consultation with the Director of Finance to agree the terms for, and thereafter conclude, option agreements (and associated documentation) with the JDV for parcels of land within council ownership within Phase 1 (as identified at Appendix A1) subject to satisfaction of the best consideration test being met under section 123(1) Local Government Act 1972;
3. Authorises the Executive Director of Growth and Regeneration in consultation with the Director of Finance to approve the JDV Business Plan once completed;
4. Authorises the BTQ JDV, once established to develop the Outline Business Case and Delivery Strategy for Phase 2 (as defined in Appendix A2) for approval by Cabinet;
5. Authorise the BTQ JDV once established, to lead property negotiations for the whole of the Council's land interest in Phase 2 on behalf of the Council, reporting to the relevant Council Director in anticipation of seeking further Cabinet approval to enter into option agreements for those sites to make that land available to the programme and the DP [in accordance with the approved Business Case for Phase 2];
6. Authorises the Executive Director of Growth and Regeneration in consultation with the Director of Finance to approve the procurement strategy, (including the evaluation criteria and contracting principles) for the selection of the DP, and to agree the framework for the JDV to lead, secure and enter into contract with the DP;
7. Authorises the Executive Director of Growth and Regeneration in consultation with Director of Finance to make the balance of the Grant Funding (secured from the Investment Fund) available to the JDV following its set up;
8. Authorises the Executive Director of Growth and Regeneration in consultation with Director of Finance to agree any consequential changes to the Collaboration Agreement, the Grant Funding Agreement and associated documentation as a result of entering into the above arrangements;
9. Agrees in principle to the Council acting as guarantor of the JDV in relation to its commitments to the DP, subject however to the Executive Director for Growth and Regeneration, Director of Finance and Director of

Legal and Democratic Services agreeing its scope and terms, including an acceptable cap on liability;

10. Agree in principle to the Council making available Community Infrastructure Levy funds, funding secured through S106 Agreements, and relevant retained business rates income from the TQ development site, as detailed in the Reinvestment Strategy, subject however to the Executive Director for Growth and Regeneration in consultation with the Director of Finance, being satisfied that doing so is not inconsistent with relevant limitations, conditions or regulations impacting on the use of these funds;
11. Note that the shareholder representative function for the JDV reserved matters will be exercised by the Council's existing nominated delegate for such matters, which is consistent with how it makes shareholder reserved matter decisions in respect of its significant wholly and part-owned entities;
12. Note the Council's intention to dispose of Temple Square; and
13. Note the Temple Island Enabling Works project update and that a further update will be provided to Cabinet in Spring 2024.

Corporate Strategy alignment:

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

- Develop a diverse economy that offers opportunity to all;
- Deliver 2,476 homes, to help deliver the requirement to have homes built in Bristol each year;
- 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 (including Phase 2) 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 Temple Island 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.

Consultation Details:

for the different character areas and set out initial ideas and proposals.

Over the last year engagement has taken place with businesses across Temple Quarter and St Philip's Marsh which includes a survey and 1:1 meetings. In November 2021-January 2022 engagement took place on principles and concepts for Mead Street followed by a consultation from May to early July 2022 on the Mead Street Development Brief. There has also been engagement and consultation around specific development proposals which are already progressing such as changes to Temple Meads railway station, Silverthorne Lane, and the University of Bristol by those organisations leading these development projects.

Funding is now enabling a programme of engagement to re-start with local communities and representative organisations designed to build awareness and discussion; consultation on the draft Bristol Temple Quarter Development Framework will take place in late 2022/early 2023. Engagement took place in 2019 to inform an emerging Development Framework. This included:

- Phase 1: You said, we're listening – which sought to gather feedback on what is good and bad in the area today and aspirations for its future;
- Phase 2: You said, we're doing – where emerging ideas were presented and feedback sought to refine proposals.

A range of stakeholders, businesses, residents, neighbouring communities and transport groups were involved. The information has been used to draft a vision around the proposed regeneration. An increase in business engagement is planned, and a.

Background Documents:

- [November 2017 cabinet paper item 11](#)
- [July 2019 cabinet paper item 8](#)
- [February 2020 cabinet paper item 16](#)
- [October 2020 cabinet paper item 8](#)
- [March 2021 cabinet paper item 9](#)
- [October 2021 cabinet paper item 8](#)
- [December 2021 cabinet paper item 11](#)
- [October 2022 cabinet paper item 13](#)
- [May 2023 item 10](#)

Revenue Cost	£	Source of Revenue Funding	Grant Funding – WECA
Capital Cost	£	Source of Capital Funding	
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:
<p>1. Finance Advice: Please see Appendix G.</p> <p>Finance Business Partner:</p> <p>2. Legal Advice: The report develops the proposals set out in the October 2022 report, particularly in respect of the establishment of the proposed Joint Delivery Vehicle (JDV). Cabinet approved this approach and authorised the Executive Director to negotiate the details of the JDV with partner bodies. Those negotiations continue, but significant progress has been made as detailed in the report. The report summarises the proposed governance arrangements. It also expands on other matters touched on in the October report, in connection with the commitments in respect of land holding (requiring option agreements to secure the land for the JDV); funding of the JDV (which includes WECA funding, but also the Council contributing CIL and business rates enhancements – which requires cabinet approval); the business planning process and the selection of the proposed development partner (for the whole of TQ – phases 1 and 2). On the latter element it is accepted that a compliant procurement exercise will be followed. Authority is sought for the Executive Director to agree the detail of the procurement strategy, including the selection criteria. It should be noted that the Business Plan, once the initial plan is approved by each Partner (and authority to do this for the Council is to</p>

be delegated to the Executive Director), will not require further Partner level approval unless there is a material change.

It should also be noted that the Option arrangements will also include the transfer of certain functions from the Council to the JDV – essentially in connection with any disposals relating to the sites (in order that the JDV can ensure the sites are available for the development in accordance with the TQ programme). The terms upon which the Council will commit its land to the project (through the option agreements) will ensure that it meets its obligations under S123(1) of the Local Government Act 1972 regarding securing best consideration.

The Council and WECA may be asked to provide a guarantee as detailed in the exempt appendix. Authority for the Executive Director (with support from Head of Finance and Head of Legal) to agree the provision of, and terms of, any such guarantee is requested.

It is anticipated that the Delivery Partner will assume some of the responsibilities of the partners in the Collaboration Agreement (CA) (eg delivery plans and infrastructure works) and also thereby access the grant funding. It is unclear whether any of this will require any amendments to the CA, or indeed the Grant Funding Agreement between HE and WECA, but if it does the Executive Director is to be authorised to agree the necessary amendments.

Any use of funds from CIL, S106 Agreements or business rates, will need to be compliant with any conditions attached to the use of those funding streams.

The position regarding the Joint Delivery Team and the JDV is still under discussion. Where the Transfer of Undertaking (Protection of Employment) Regulations 2006 apply the Council will ensure the requirements of the Regulations are met including ensuring any affected Council staff are appropriately consulted ahead of any transfer.

Legal Team Leader: Eric Andrews, Legal Services 25 October 2023

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

IT Team Leader: Alex Simpson – Lead Enterprise Architect –25 September 2023

HR Implications: The provisions of the Transfer of Undertakings (Protection of Employment) Regulations 2006 including consultation and the Council’s relevant HR policies will be applied to any affected Council staff who may be in scope to transfer following review

HR Partner: Celia Williams, HR Business Partner, 30 October 2023

EDM Sign-off	John Smith, Interim Executive Director Growth and Regeneration	18 August 2023
Cabinet Member sign-off	Mayor’s Office	28 September 2023
For Key Decisions - Mayor’s Office sign-off	Mayor’s Office	9 October 2023

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 – to follow	YES

Appendix H – Legal Advice	NO
Appendix I – Exempt Information - to follow	YES
Appendix J – HR advice	NO
Appendix K – ICT	NO
Appendix L – Procurement	NO