

Temple Quarter Delivery Strategy

Appendix G – Finance Advice

Finance Advice:

Temple Quarter

This report makes recommendations in support of delivering the Council's Regeneration of Temple Quarter and the establishment of the Joint Delivery Vehicle and the associated activities.

Temple Quarter is a high value, high profile programme funded from £94.7m of WECA secured Homes England Funding for the projects set out in the Report to Cabinet of 4th Oct 2022. £7.843m has been made available through the WECA Investment Fund for the Delivery Team, Strategic Partner and External Consultants. In addition to this the report indicates the potential for further funding to be aligned, such as £20.395m of Community Infrastructure Levy (CIL) for the Bristol Avon Flood Strategy, s.106 funds, additional uplift in retained business rates all associated with Temple Quarter development site. It should be stated that this additional funding would be subject to approval with the Council being satisfied that doing so is not inconsistent with relevant limitations, conditions or regulations impacting on the use of these funds and to be at no detriment to the council's current baseline position.

It is proposed that a Joint Delivery Vehicle (JDV) will be established which could potentially be a limited company and following the development and approval of the Business Plan, the activities of the company could include; option agreements for the land to be transferred, commissioning of the delivery partner, shareholder agreements, investment/re-investment decisions, recruitment, risk management and property negotiations.

At this stage in the process further information is required to enable a detailed analysis of the financial implications and potential risk exposure to the council. Further due diligence will need to be undertaken in relation to the company structure, business plan and proposed activities. This will include further advice around legal, tax and accounting treatment around the company structure, staffing, any potential TUPE arrangements, asset transfer, working capital and cash flows, warranties, guarantees and indemnities. Where the assessment indicates a material financial implication to the council this will require cabinet approval, which will need to be clear in terms of obligations and financial impacts to the Council.

The Council has entered into a cost sharing agreement with Homes England to secure the necessary legal and financial resources to advise and drive forward the JDV set up and DP procurement, funded from the £7.843m Investment Funding secured from WECA. It is proposed that the balance of this funding is made available to the JDV following its set up. Further funding will be sought by the JDV from WECA to enable it to develop the Outline Business Case for Phase 2 alongside ensuring that the JDV is adequately resourced to deliver the long-term Business Plan and meet its obligations. It is recommended that balance of funding of WECA grant and all the planned associated conditions still attached will be transferred too.

Bristol City Council land transfers under the proposed development agreements are currently valued at around £11m. A full market valuation will be required in due course. It is proposed that the JDV will lead in property negotiations on behalf of the Council's land interests. Property and land transfers will be expected throughout to be subject to satisfaction of the best consideration test being met under section 123(1) Local Government Act 1972.

The agreements that will be established must ensure the JDV and Delivery Partner do not have authority to commit the Council to any new financial obligations or cost overruns without seeking prior approval.

Any remaining grant funding at the end of Phase One and subject to a final decision should phase 2 proceed any remaining grant funding will be divided between the JDV partners based on the land contributions of each.

Temple Island Enabling Works

The report notes the progress to date against the enabling works for Temple Island, and in line with recent procurement. The initial estimates have been revised with a variation to the programme identified works that included £1m for the University of Bristol for common infrastructure. The change is contained within the total £32m financial cap earmarked for the enabling works funding from within the EDF approved by WECA (subject to conditions).

Richard Young – Head of Strategic Finance

30th October 2023