

Bath & North East Somerset Council

MEETING:	Cabinet	
MEETING DATE:	10th October 2012	EXECUTIVE FORWARD PLAN REFERENCE:
		E 2451
TITLE:	Grand Parade & Undercroft	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
1) Report on Development Opportunities for Grand Parade & Undercroft, October 2012		

1 THE ISSUE

1.1 The Grand Parade & Undercroft project presents a unique development opportunity for the World Heritage City of Bath. It represents an opportunity to bring redundant and inefficient space back into use for community and commercial benefit, whilst also creating a new fully accessible destination point for business and tourism.

2 RECOMMENDATION

The Cabinet agrees that:

- 2.1 A detailed consultation exercise should be undertaken with key stakeholders and the general public.
- 2.2 A development brief should be produced, taking into account the feedback from the consultation exercise, to enable a development partner to be procured.
- 2.3 The Chief Property Officer produces a full viability appraisal and options report on the opportunities under consideration.
- 2.4 On completion of the above recommendations, a further report will be submitted to Cabinet for approval. This report will confirm the expected outcomes, and any finance required to support implementation. Funding for the scheme, and any dependencies, will also be clearly set-out in the Cabinet report.

3 FINANCIAL IMPLICATIONS

- 3.1 It is proposed that a budget of up to £200k be made available from Council's Revolving Development Revenue Fund to support this early feasibility stage and undertake the detailed consultation. This fund would be repaid from any future receipts from the scheme should it progress to completion.
- 3.2 This budget will allow for the consultation exercise, plus production of a development brief and procurement of a development partner.
- 3.3 The financial aspiration is for the scheme to reduce the Council's net operational costs and produce a net capital receipt that will substantially exceed the project costs. This aspiration will be tested through soft market testing, prior to procuring a development partner.
- 3.4 At this stage the financial benefits in terms of reduced running costs and capital receipts has yet to be assessed. The soft market testing will enable this to be progressed prior to finalisation of the procurement strategy.
- 3.5 The workplaces project is designed to at least break even but the achievement of a 10% return is dependent on offsetting the running costs of the Guildhall. Whilst this project is separate from the workplaces project it does impact on one of the key buildings, namely the Guildhall.
- 3.6 This project will be progressed so that the financial objective for the Guildhall arising from the workplaces project, namely that the running costs should be offset, can be achieved if at all possible through means such as generation of capital receipts (which can help to offset borrowing costs elsewhere in the Council), through contributions to maintenance backlogs on the Guildhall, and possibly through reduced running costs.
- 3.7 The intention is to achieve these financial objectives whilst still retaining or increasing the Council's use of office accommodation in the Guildhall, as well the existing functions usage (and if possible increasing this plus associated income), plus retaining the Council Chamber and spaces set aside for the registrars service as well as other civic roles including the mayors accommodation.
- 3.8 For the associated projects, such as the works on Pulteney Bridge and the radial Gate, if they do prove viable, the intention will be to lever in external funding wherever possible.

4 CORPORATE OBJECTIVES

- *Creating neighbourhoods where people are proud to live*
- *Building a stronger economy*

5 THE REPORT

- 5.1 A detailed report on the development opportunities for Grand Parade & Undercroft is attached to this Cabinet Report. The executive summary from this report is reproduced below.

- 5.2 A key objective for this project is to create a new fully accessible destination point for tourism and business, which retains the Guildhall as the 'political seat of power' and brings redundant and inefficient space back into use for community and commercial benefit.
- 5.3 This project offers an opportunity to enhance the Bath Markets, which currently has about 30 market stalls (in 1818 the original market boasted 438 stalls).
- 5.4 The project also provides an exciting opportunity to re-use the Colonnades (under Grand Parade) – possibly as a mix of retail, leisure, and food and beverage.
- 5.5 New Market Row could also be enhanced – possibly with a mix of residential, retail, and food and beverage.
- 5.6 Other opportunities, which need careful consideration and detailed consultation, include works to Victoria Art Gallery and 'Bog Island'.
- 5.7 There are several later opportunities related to restoration of Pulteney Bridge, as well as Boat Dock and the Environment Agency's Radial Gate. To become viable these projects may require some external funding (e.g. Lottery funding).
- 5.8 The project is expected to generate significant interest from stakeholders and the general public. A PR Consultant has therefore been appointed to assist with developing and delivering a detailed consultation strategy.
- 5.9 Other proposed consultant appointments include a Legal Advisor to carry out a due diligence of the site and its surroundings; a Planning Advisor to understand the planning and highways context; and a Valuation Advisor to estimate the potential development income.
- 5.10 A soft market testing exercise is proposed prior to procuring a development partner. This exercise will help gauge the likely level of interest in the development, as well as obtain a better understanding of the key issues and risks (from the developer's perspective).
- 5.11 The key activities for this project are presented in the table below.

Activity	By
Set-up Key Stakeholder Focus Group	End October 2012
Establish commercial / design drivers and opportunities	End November 2012
First public consultation	Mid January 2013
Soft market testing with experienced developers	Early February 2013
Issue invitation to tender to pre-qualified developers	End March 2013
Tender returns from developers	Early July 2013
Cabinet approval to appoint Development Partner	October 2013

6 RISK MANAGEMENT

6.1 The report author and Lead Cabinet member have fully reviewed the risk assessment related to the issue and recommendations, in compliance with the Council's decision making risk management guidance.

6.2 A summary of the key risks (and mitigation strategy) is given in the table below.

No.	Risk	Mitigation Strategy
1	The development opportunities are constrained by legal issues, such as land ownership and the market charter	Carry out a legal due diligence for the site and its surroundings prior to starting detailed consultation.
2	Significant objections to the development opportunity from key stakeholders and the general public.	Develop a detailed consultation strategy, and allow sufficient time in the programme to deliver the strategy.
3	Structural integrity of the existing buildings is unknown.	Carry out a condition survey of the buildings.
4	Potential development partners are not interested in the project due to site constraints.	Produce a site constraints plan (including site opportunities) in consultation with key stakeholders, such as English Heritage, Bath Preservation Trust, and the Local Planning Authority.

7 EQUALITIES

7.1 The project is expected to have a positive impact on Equalities by improving access to a key heritage site in Bath, including the Undercroft and potentially the Boat Dock river bank.

7.2 An EIA has not been completed because there is currently insufficient information available about the project. It is proposed to complete an EIA prior to issuing an invitation to tender to suitably experienced development partners.

8 RATIONALE

8.1 This project will make an extremely positive contribution to the Council's priorities by creating a new fully accessible destination point for the City of Bath. In particular, it will bring redundant and inefficient space back into use for community and commercial benefit.

8.2 Before the Council procures a development partner for the project it is essential to consult the key stakeholders and general public on the possible opportunities. At the same time, the Council needs to understand the legal and planning context of these possible opportunities, plus the likely financial implications.

- 8.3 All of the above information is needed to ensure that Council procures a suitably experienced development partner to deliver a sustainable scheme.
- 8.4 All professional advice has been / will be procured in accordance with the Council's procurement rules.

9 OTHER OPTIONS CONSIDERED

- 9.1 None.

10 CONSULTATION

- 10.1 *Cabinet members; Other B&NES Services; Local Residents; Community Interest Groups; Stakeholders/Partners; Other Public Sector Bodies; Charter Trustees of Bath; Section 151 Finance Officer; Chief Executive; Monitoring Officer*
- 10.2 This project is expected to generate significant interest from stakeholders and the general public. To this end, Creatrix, a specialist PR Consultancy (based in Bath), has been appointed to assist with developing and delivering a detailed consultation strategy.
- 10.3 To date, there have been positive meetings with English Heritage (x2), Bath Preservation Trust (x1) and the Local Planning Authority (x1). A meeting has also been arranged with the Bath Guildhall Market Traders Association and the Empire Hotel.
- 10.4 Subject to Cabinet approval, a stakeholder focus group will be formed to provide comments and feedback on the development opportunities. This group will also participate in gathering comments from the users and wider community. The group will have a diverse membership to make sure there is a wide range of views, experience and knowledge.

11 ISSUES TO CONSIDER IN REACHING THE DECISION

- 11.1 *Social Inclusion; Customer Focus; Sustainability; Human Resources; Property; Corporate; Health & Safety; Other Legal Considerations*

12 ADVICE SOUGHT

- 12.1 The Council's Monitoring Officer (Divisional Director – Legal and Democratic Services) and Section 151 Officer (Divisional Director - Finance) have had the opportunity to input to this report and have cleared it for publication.

Contact person	<i>Tom McBain, Chief Property Officer, t: 01225 477806</i>
Sponsoring Cabinet Member	<i>Councillor David Bellotti</i>
Background papers	<i>None</i>
Please contact the report author if you need to access this report in an alternative format	