APPENDIX B: WINDSOR GAS STATION DECOMISSIONING

RIF BID OVERVIEW

Background Information

The 17.9 hectare brownfield site which comprises BWR has outline planning consent (EOUTxxxxx) for:

- Residential - 2,281 units, mixed size, tenure and type (including 25% affordable)
- Commercial – 7,500sqm including GP surgery, retail etc.
- Student accommodation – up to 650
- 1 FE Primary School
- Infrastructure, bridges and parks and public open space to open up the river

The BWR site is governed by a Corporate Agreement entered in 2010 between Crest Nicholson and the Council. The first phase of development for 813 residential units commenced in 2011 with 299 units, now constructed, and outline planning for the balance subject to reserved matters. Delivery of residential units on the City Riverside site will be limited to approximately 400 homes until the Windsor Gas Station has been decommissioned, the HSE Exclusion Zone surrounding the Station removed and the site decontaminated.

Outputs from Decommissioning and Decontamination

The decommissioning of the residual gas tower and the decontamination of the gas station land will enable future phases of the BWR development to be implemented, with the potential for a further 1881 residential units and 7,500m2 of mixed-use commercial space to be delivered by 2021- 2026 together with a new primary school and community facilities.

Decommissioning requires the provision of infrastructure works to compensate for the loss of gas storage capacity by off-site works. Failure to complete the decommissioning in a timely manner will bring the BWR development to a standstill during 2015. This would undermine the central plank of the B&NES housing delivery strategy, the foundation for the Enterprise Area and the regeneration objectives for the surrounding area.

Crest Nicholson lead negotiations with gas holder owner, Wales and West Utilities. Heads of Terms have for the decommissioning and demolition have now been agreed. Once contracted with WWU the gas holder will be decommissioned within 1 year to enable the remaining 400+ residential units within phase 1 of the development to be delivered for occupation. This will include delivery of a further 50 affordable units funded by the HCA which will maintain 30% affordable units delivered in phase 1.

Delivery of further phases would be enabled as follows:

Timeframe	BWR Site	Unlocks Development
2015 - 2018	HSE Exclusion Zone – Middle Zone	400 residential units
2018 - 2026	HSE Exclusion Zone – Inner zone	1481 residential units

During the construction and post-construction periods it is anticipated that 150 - 250 operatives will be employed consistently throughout the 15 year timescale A significant proportion of the construction supply chain being locally sourced.

Decommissioning of the Gas Station will also facilitate the development of adjacent sites currently lying within the HSE's Exclusion Zone, including Bath Press and Stable Yard. This in turn could allow the BWR East site to be brought forward. In total these sites are capable of delivering 450+ homes, 44,000sqm of office and commercial space and over 2,000 jobs.

Strategic Objectives

The proposal in respect of the tanks represents a joint submission by B&NES and Crest Nicholson (CN). However the impact will enable the regeneration of a wider area than that being developed solely by Crest. Further, the extent of the relocation costs, remediation and new infrastructure required are such that support funding is required if the development is to be delivered in the timeframes as set out previously.

The Bath Spatial Strategy as set out in the draft B&NES Core Strategy which requires a net increase of 5,700 jobs, the development of 6,000 new homes and a net increase of 75,000-100,000 sq m of office space within the city. The BWR Enterprise Area has the capacity to deliver over 3,000 residential units, up to 9,000 jobs and 140,000 sq m of gross new office space and 52,000 sq m of retail, leisure and hospitality space.

The Corporate Agreement is based on a detailed viability assessment and allows for monitoring delivery on BWR. The viability of key sites is based on:

- Site Capacity Studies
- A Development Delivery Trajectory
- An Infrastructure Delivery Plan

The first phase of 813 residential units and supporting mixed uses utilises £11.8M public funding from B&NES and HCA and up to £40.0M from Crest Nicholson.

Anticipated RIF Loan & Payback Mechanism and Timetable

The decommissioning process has now been evaluated and designed by WWU to comprise the disconnection and purging of the tank, off site infrastructure modifications to the WWU asset network, decontamination and demolition of the sub and superstructure. In total WWU estimate the works will take in the order of 2 year from the point of contract to commence and cost £4.1M.

The Corporate Agreement between B&NES and CN provided the mechanism for public sector funding of the initial infrastructure and affordable housing on the BWR site. The loan will be structured as bridging finance and will be compliant with State Aid requirements.

The removal of the HSE Exclusion Zone constraint on adjoining sites also provides the opportunity to secure contributions through Section 106 obligations linked to their development whilst the 2,000+ homes which can be brought forward will generate significant NHB income.

Source	Risk Level	Definition	Estimated Value (£k)	RIF Loan O/S
RIF Loan (Tank Decommissioning)	-	**RIF drawn for decommissioning of remaining live gas tank**	**4100**	**4100**
BWR Phase 1	1	The Corporate Agreement contracts Crest to repay a proportion of the costs attributable to the Phase 1 development.	650	3,450
BWR Subsequent Phases	2	OPTION A – Crest exercise an option to acquire the WWU land to trigger extension of the CA. Extension will contract Crest to repay the remaining cost of decommissioning as a direct development cost.	3,450	0,0
		OPTION B – Crest serve notice on B&NES of their intention not to proceed into subsequent phases. B&NES acquire land (using RIF repaid from Ph.1 & Destructor Br. and hold land as a capital asset. Re-sale in accordance with s123 LGA Act 1972, proceeds will repay residual RIF	3,450*	0,0
Contingency Sources				
Impacted SPD Sites	*3*	*Possible pro-rate S106 contributions to contribute proportionally to the decommissioning process (relating to removal of HSE restriction on development)*	*300***	
EDIF Business Rate retention	*2*	*Subject to growth within the EA, income derived from retention of business rates within the EZ & EA's could repay the residual RIF grant funding*	*200*	
CIL/Capital	*3*	*Council liability to fund*	-	

Risk Levels
1: Certain – Contracted Obligation or direct S106 – 100% likelihood
2: Probable – Secured via S106 or ability to contract obligation – 60-99% likelihood
3: Uncertain – EDIF/CIL assessment that funds would be sufficient to repay – 40-99% likelihood
** Based upon a pro-rata evaluation of gross site areas
* Based upon independent valuation of improved land.

RIF will be drawn down in stages between 2013/14 and 2014/15 with repayment to be staggered across 2017/18 to 2023/24.

Downside Position

Failure to invest in gas holder decommissioning would risk;

- Significant delay to the delivery programme for new homes in line with the SHLAA
- Failure to achieve comprehensive regeneration of BWR in line with the OPA Consent
- Ability to trigger S106 obligations and payment to the Council – value in excess £15M (direct payments & benefits in kind).
- Failure to secure land or obligation to provide the 1FE school consented in the OPA.
- Reduced New Homes Bonus payments due to reduction in housing output

- Limit ability to bring other EA sites forward currently impacted by the HSE restriction
- Inability for HCA to invest further in affordable homes on BWR under the current HCA funding programme (to March 2015) limiting their investment opportunity in B&NES.