

Bath & North East Somerset Council

MEETING/ DECISION MAKER:	Cllr Paul Crossley, Leader Cllr Ben Stevens, Cabinet Member for Community Regeneration	
MEETING/ DECISION DATE:	On or after 1st August 2014	EXECUTIVE FORWARD PLAN REFERENCE:
		E 2680
TITLE:	Bath Enterprise Area: Innovation Quay Capital Approval	
WARD:	Abbey	
AN OPEN PUBLIC REPORT		
List of attachments to this report: None		

1 THE ISSUE

- 1.1 On the 11th July 2013 (Minute 20) Council approved the proposals set out in the West of England (WofE) City Deal Growth Incentive scheme the four Unitary Authorities in the sub-region, working in partnership with the WofE Local Enterprise Partnership (LEP), to retain and pool business rate income generated in the designated fiscal boundaries of the Enterprise Zone (EZ) and Enterprise Areas (EA) in order to invest in economic growth and the creation of new jobs
- 1.1 Programme entry status now exists to progress mixed use regeneration of the Bath Innovation Quarter in the Enterprise Area and specifically the Bath Quays sites to deliver a new Central Business District for the city with associated retail, residential, and potential for a new and larger Innovation Centre for Bath.
- 1.2 To bring this forward, the Council will be utilising Economic Development Funding (EDF) generated by the Bristol and West of England City Deal. In order to develop and submit a full Business Case to the LEP, capital approval of Provisional funds within the Council's approved Capital Programme is required.

2 RECOMMENDATION

- 2.1 To fully approve the Capital Items for Bath Quays North & Bath Quays South totalling £1.65M identified within the Council's adopted Capital Programme (2013/14 & 2014/15).
- 2.2 The Strategic Director for Place in consultation with the Leader and Cabinet Member for Sustainable Development is authorised to:
 - (1) Develop the business case for Innovation Quay and submit to the Local Enterprise Partnership for approval of Economic Development Funding.
 - (2) Progress enabling activities encompassing the re-provision of car parking to replace Avon street, demolitions, highway and strategic utility infrastructure, design of the footbridge and related disposal activities in order to bring the site forward for the

development of office and other mixed uses in line with the Enterprise Area Masterplan.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 3.1 Each Council will need to consider the inclusion within their capital programme of critical infrastructure or other high priority schemes as they develop business cases for consideration by the LEP.
- 3.2 It is important to recognise that whilst a Council can borrow to fund the full cost of an approved scheme, the level of revenue support they receive back to support this borrowing will always be limited by the available funds of the Economic Development Fund.
- 3.3 Therefore, it should be noted that there is still a risk to the timing and total level of funding that maybe available to the LEP through the City Region Deal. Ultimately, the LEP will only be able to commit the actual funding it has within the Economic Development Fund at any point in time.
- 3.4 The future funding risk will need to be accepted and carried by the respective Council. The full business case will therefore be subject to consideration and approval of the Council before an agreement is entered with the LEP to contract Economic Development Funding.

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

- 4.1 Local Authorities have the power to promote the economic wellbeing of their area and to establish mechanisms to help achieve this. LEPs provide a vehicle for local authorities to work together with business in order to drive the economic growth of an area.

5 THE REPORT

- 5.1 The WofE City Region Deal has been agreed between the Government, the WofE Councils and the WoE Local Enterprise Partnership (the LEP).
- 5.2 One of the key elements of the deal is a Growth Incentive whereby the WoE Councils will retain 100% of the business rates growth in the five WoE Enterprise Areas. The business rates will be pooled with those from the existing Temple Quarter Enterprise Zone and, after providing funding to ensure the Councils are “no worse off”, the pool will make a significant financial contribution of up to £500m over 25 years into a WoE Economic Development Fund. This will support an overall package of up to £1bn of investment in the local economy.
- 5.3 Work has been undertaken by the WoE LEP and the Councils to identify a list of critical infrastructure and other high priority schemes which are required to unlock the Enterprise Areas or advance development and hence the economic benefits to the sub-region.
- 5.4 The Council has identified priority projects in the West of England Economic Development Fund (EDF). The principle focus for these projects is the delivery of Innovation Quay which lies at the heart of the Bath City Riverside Enterprise Area. Innovation Quay covers both Bath Quays North (Avon St) and Bath Quays South (former Newark Works). It has the potential to provide expanded Incubation and Innovation space, delivered in partnership with Bath University, significant modern commercial office space as part of a new Central Business District for the city together with the potential for creative workspace, active commercial ground floor uses, hotel and conferencing facilities. All this is set within an enhanced and dramatically improved, connected riverside environment. This aims to reconnect Bath to its riverside providing

both amenity and community access via improved pedestrian and cycle routes along and over the river and back into the fabric of the city centre.

- 5.5 The LEP will be considering approval of an initial indicative programme of projects from the list of critical and high priority schemes. This initial programme will still be subject to economic benefit justification via the submission of a detailed business case before final approval is given. Agreed funding (for capital and borrowing costs) can then be drawn from the Economic Development Fund as the project is completed.
- 5.6 Detailed master planning work is underway on the Enterprise Area and Innovation Quay which, together with the emerging Transport Strategy for Bath, provides the context for more detailed business planning to be undertaken in 2014/15 as the next step towards securing funding under the EDF.
- 5.7 The capital approval for Innovation Quays will enable the appointment of an appropriate project team to develop the business case and necessary supporting evidence to progress the project to implementation.

6 RATIONALE

- 6.1 The LEPs are the vehicle through which public and private sector partners can attract significant government and EU funding for their sub-regions. The LEP will operate a 'One Front Door' approach to accessing investment funding including Local Growth Fund, the EU Structural Investment Fund, the Bristol & West of England City Deal, Major Transport Schemes Programme, Revolving Infrastructure Fund and other potential public funding sources and private sector investment. As part of this process all project proposals will be required to submit a Business Case which will be subject to a detailed scrutiny and assessment.
- 6.2 As part of the City Deal agreement the LEP and the WofE Authorities have set out their growth ambitions. It is anticipated that the EZ and EA's will deliver in excess of 60,000 new jobs by 2030 with the Bath City Riverside EA expected to contribute up to 9,000 jobs. Delivery will be closely monitored by Government who have required interim targets to be set : by 2018/19 it is expected that 1,700 new jobs will have been created in the Bath City Riverside EA and bringing forward Innovation Quay is critical to meeting that target.
- 6.3 No new Grade A offices have been delivered by the private sector in Bath during the last 20 years, despite demand as evidenced in LSH office supply report in 2013. Enabling development on Quays North and South will realise the Innovation Quays concept for a new central business area, whilst ensuring the Councils operational and property interests are appropriately factored into the regeneration proposals.

7 OTHER OPTIONS CONSIDERED

- 7.1 None

8 CONSULTATION

- 8.1 This report has been prepared in consultation with the Leader of the Council, the Cabinet Member for Sustainable Development, the Chief Executive, Section 151 and Monitoring Officers and the Strategic Directors for Place and Resources.

9 RISK MANAGEMENT

- 9.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

Contact person	Simon Martin 01225 477407
Background papers	Council Budget Report 2014-15 Council Report July 2013 (Minute 20) City Deal West of England Strategic Economic Plan (SEP) Decision E2642
Please contact the report author if you need to access this report in an alternative format	