

Single Member Cabinet Decision

**Executive  
Forward Plan  
Reference**

**E 2903**

**Bath Quays South Capital Approval**

<b>Decision maker/s</b>	Cllr Anketell-Jones, Cabinet Member for Economic Development Cllr Gerrish, Cabinet Member for Finance and Efficiency
<b>The Issue</b>	<p>Bath Quays is the Council's flagship regeneration and economic development project at the heart of the Bath City Enterprise Area. Bath Quays South will deliver much needed employment space alongside the comprehensive regeneration of the Newark Works to bring derelict buildings back into beneficial use for creative workspace. The project will contribute to B&amp;NES commitment to delivering up to 3500 new homes and 9000 new jobs within the EA alongside increasing business rates income as part of the West of England City Deal.</p> <p>This Decision draws down £6.245M of total funds of £23.345M against a full business case to deliver the project.</p>
<b>Decision Date</b>	4th May 2017
<b>The decision</b>	<p>The Cabinet Members agree:</p> <ol style="list-style-type: none"><li>1) To fully approve £6.245m of the £9.012m provisionally approved 2017/18 capital budget for Innovation Quay - Economic Development Funding Enabling Infrastructure.</li><li>2) To enter Agreement for Lease of the Newark Works for the operation of creative workspace.</li><li>3) That the Strategic Director for Place in consultation with the Cabinet Member for Finance and Efficiency, Cabinet Member Economic Development and Strategic Director of Resources, is authorised to approve and enter new external funding agreements, including:<ol style="list-style-type: none"><li>a) LEP EDF funding agreements with the West of England (WoE) Local Enterprise Partnership (LEP) for infrastructure provision up to £7.0m supporting Bath Quays South.</li><li>b) LEP LGF(or other grant) funding agreements with the West of England Local Enterprise Partnership (LEP) for additional funding supporting Bath Quay's Bridge alongside CCAF funds approved under Decision E2838.</li><li>c) LEP RIF funding agreement with the West of England Local Enterprise Partnership (LEP) for £1m additional financing towards flood mitigation approved under Decision E2538.</li></ol></li></ol>

<p><b>Rationale for decision</b></p>	<p>Bath Quays South will deliver much needed employment led regeneration at the heart of the Bath Enterprise Area. The project will contribute to B&amp;NES commitment to delivering up to 3500 new homes and 9000 new jobs within the EA alongside increasing business rates income as part of the West of England City Deal.</p> <p>The Bath Enterprise Area Masterplan identified BQN and BQS as the optimum location for the delivery of a new Grade A office quarter for Bath known as ‘Bath Quays’. This new central business district will create an attractive and viable office location, enabling the retention and growth of existing businesses in the City; attracting potential new occupiers and resulting in opportunities for the upskilling of the population and a diversification of the economy towards higher wage jobs. Improved connectivity via the proposed Bath bridge and improved public realm will also lead to wider health benefits.</p> <p>Expenditure on enabling infrastructure will create value in the delivery of serviced sites for office and residential development increasing certainty for occupiers and investment in the final delivery phase.</p> <p>As part of the Councils medium term financial plan, investment in strategic property assets supports the long term financial objective to generate secure revenue income for the Council.</p> <p>A Full Business Case to deliver Bath Quays South via direct Council delivery and lease disposals has been approved, and planning permission for the site has a resolution to grant.</p>
<p><b>Financial and budget implications</b></p>	<p>The financial objective of this phase of the Bath Quays programme is to support economic regeneration and to optimise revenue by:</p> <ol style="list-style-type: none"> <li>a. Implementing site wide infrastructure to generate a lease premium for grant of lease for Newark Works and enabled residential site.</li> <li>b. Growing business rates; full development of the enabled site is forecast to increase Business Rates by c£500k per annum by 2019/20. Under the City Region Deal the Council retains its normal share of such growth and receives additional payments for the relief of associated demographic and service pressures. The remainder is pooled in the WoE Economic Development Fund (EDF) for reinvestment in the enabling infrastructure.</li> <li>c. Providing serviced sites for office and residential development to increase income from the property estate through the development of offices to be leased on market terms. This also helps to diversify the Council’s commercial estate.</li> </ol> <p>VAT tax and State Aid implications are considered at each stage</p>

	<p>of the project to protect the Council’s financial position.</p> <p>Financial due diligence for the scheme has been provided.</p> <p>Subject to confirming market interest in the office scheme, a final phase will seek approval to fund and deliver the office development as a Council asset for market leases.</p>
<b>Issues considered (these are covered in more detail in the report)</b>	Social Inclusion; Customer Focus; Sustainability; Human Resources; Property; Young People; Equality (age, race, disability, religion/belief, gender, sexual orientation); Human Rights; Corporate; Health & Safety; Procurement; <b>Impact on Staff</b> ; Other Legal Considerations
<b>Consultation undertaken</b>	<p>Leader of the Council; Cabinet Member for Economic Development; Cabinet Member for Finance and Efficiency; Section 151 Finance Officer; Monitoring Officer; Strategic Directors for Place and Resources and Divisional Director for Community Regeneration.</p> <p>Consultation with Ward Councillors, statutory and non-statutory consultees has been undertaken as part of the development of the scheme proposals leading to the submission of the planning application.</p>
<b>How consultation was carried out</b>	Corporate Governance process
<b>Other options considered</b>	<p>Options for the delivery of the Quays’ programme have been considered and have focused on potential routes for delivering development on Bath Quays South. Options considered have included;</p> <ol style="list-style-type: none"> <li>a. Do nothing – this would involve leaving the site in its current state, continuing to incur significant security costs. This is not a viable option as it would not realise the Council’s wider strategic policy ambitions for the site and would not represent an appropriate use of such a strategic property asset. Significant revenue reversion risk on resources deployed to date.</li> <li>b. Disposal – the option for the council to dispose of the freehold or long leasehold interest of the Newark Works on the open market was considered and discounted early in the options evaluation. The option to market the site for general disposal was discounted on grounds that the economic outcome could be best met by the Council in its regeneration capacity to deliver office led regeneration where the private sector has failed to do so. The decision not to progress this option was based on an understanding that the Council would be unable to guarantee the timing and form of development on the Quays and could not ensure the delivery of business rates and jobs creation. Freehold disposal would not guarantee office delivery to meet occupier requirements and risk losing further significant employers to locations outside B&amp;NES, negatively impacting the economic</li> </ol>

	vitality of B&NES.
<b>Declaration of interest by Cabinet Member(s) for decision, including any dispensation granted:</b>	<i>The nature of interest and whether interest is a disclosable pecuniary interest or an-other interest, including any conflict of interest, (as defined in Part 2, A and B of the Code of Conduct and Rules for Registration of Interests). Any Member who needs to clarify any matters relating to the declaration of interests is recommended to seek advice from the Council's Monitoring Officer or a member of their staff before taking the decision.</i>
<b>Any conflict of interest declared by anyone who is consulted by a Member taking the decision:</b>	
<b>Signatures of Decision Makers</b>	
<b>Date of Signature</b>	
<b>Subject to Call-in until 5 Working days have elapsed following publication of the decision</b>	