

**Single Member Cabinet Decision**


<b>Executive Forward Plan Reference</b>	<b>E2838</b>
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**Bath Quays Capital Approvals**

<b>Decision maker/s</b>	<p>Cllr Warren, Leader of the Council</p> <p>Cllr Anketell-Jones, Cabinet Member for Economic Development</p> <p>Cllr Gerrish, Cabinet Member for Finance &amp; Efficiency</p>
<b>The Issue</b>	<p>The Bath Quays development programme comprises a suite of projects aimed at delivering comprehensive development across Bath Quays North and South. The February 2016 budget report, approved by Council, includes circa £58m of provisional funding for this project; this decision fully approves £12.057m of this sum for:</p> <ul style="list-style-type: none"> <li>(1) Bath Quays Bridge;</li> <li>(2) Bath Quays North <ul style="list-style-type: none"> <li>a) Enabling Infrastructure;</li> <li>b) Pioneer Office Investment Block and Car Park</li> <li>c) Delivery Partner Procurement and</li> </ul> </li> <li>(3) Bath Quays South via direct Council delivery</li> </ul>
<b>Decision Date</b>	10 <sup>th</sup> June 2016.
<b>The decision</b>	<p>The Cabinet Member agrees</p> <p>1.2 To fully approve Capital Items for Bath Quays totalling £12.057M identified within the Council's adopted Capital Programme (2016/17), comprising;</p> <ul style="list-style-type: none"> <li>(1) Bath Quays Bridge: £3.137m for Bath Quays Bridge within Bath's Enterprise Area and to the development and implementation of cycle schemes to improve links between the Bath Quays Bridge, the Enterprise Area and other areas of Bath.</li> <li>(2) Bath Quays North: <ul style="list-style-type: none"> <li>i) £5.27m to fund enabling infrastructure on and off site. (£1.05m for the design element of Bath Quays infrastructure, £1.8m for construction of coach parking at Odd Down, £2.42m for construction of a replacement coach drop off and utility supplies).</li> <li>ii) £0.65m to fund design development of Bath Quays</li> </ul> </li> </ul>

	<p>'pioneer' office building and multi storey car park as a council investment asset.</p> <p>iii) £1m for delivery partner procurement, including set up of a delivery vehicle, for Bath Quays.</p> <p>(3) Bath Quays South: £2m to fund design development, land acquisition and planning of Bath Quays South. for delivery of BMT headquarters as a tenant in a Council owned office building and to facilitate a serviced residential plot</p> <p>1.3 To allocate £250k from the financial planning reserve to support short term revenue losses in the years before the project is able to generate income.</p> <p>1.4 The Strategic Director for Place in consultation with the Leader, Cabinet Member for Sustainable Development and Strategic Director of Resources, with appropriate s151 review and sign off, is authorised to:</p> <p>(1) Progress enabling activities encompassing the re-provision of car and coach parking to replace Avon Street, demolitions, highway and strategic utility infrastructure, 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.</p> <p>(2) Develop the necessary business cases, submit and enter funding agreements with the West of England Local Enterprise Partnership (LEP) for Bath Quay's to utilise identified funding sources comprising Economic Development Funding, Revolving Infrastructure Funding and Local Growth Funding.</p>
<p><b>Rationale for decision</b></p>	<p>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 EAs 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.</p> <p>These projects facilitate delivery of the above targets.</p>
<p><b>Financial and budget implications</b></p>	<p>The Bath Quays project has programme entry for infrastructure funding through the West of England LEP Economic Development Fund (EDF) of £25m, programme entry for Local Growth Fund (LGF) funding of £10m, and full approval, subject to DfT confirmation, of £3.1m of Cycle City Ambition Fund (2) (CCAF2) on Bath Quays Bridge and connecting</p>

	<p>infrastructure. Along with a provisional sum of up to £30m</p> <p>The financial objective of the scheme is to maximise revenue returns by:</p> <ul style="list-style-type: none"> <li>• Growing business rates; full development of the enabled site is forecast to increase Business Rates yields by c£1.4m per annum, or in the region of £25m to 2038. 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 EDF for reinvestment in the enabling infrastructure.</li> <li>• Increasing income with the aim of this increase to be £1.2m pa by 2019/20</li> <li>• Maintaining car parking income at current levels of £1.45m pa for the relevant sites and</li> <li>• Mitigating losses due to loss of parking income and borrowing charges during the development phase, the value of which will vary depending on the structure of the final business case, but estimated to be up to c£6m.</li> </ul> <p>The Bath Quays financial model aims to identify all known revenue consequences of the project. This includes cost of borrowing and other loss of income (eg coach parking income) in the financial years before the project generates revenue via an agreement with the developer and subsequently through lease related income streams. In order to manage this shortfall, the project requires revenue support of £125k pa for 2 years to be funded from the financial planning reserve.</p> <p>VAT and option to tax implications are being considered at each stage of the project to optimise the project and the Council's financial position.</p>
<p><b>Issues considered (these are covered in more detail in the report)</b></p>	<p>Social Inclusion; Customer Focus; Sustainability; Human Resources; Property; Young People; Equality (age, race, disability, religion/belief, gender, sexual orientation); Human Rights; Corporate; Health &amp; Safety; Procurement; Other Legal Considerations</p>
<p><b>Consultation undertaken</b></p>	<p>Ward Councillor; Cabinet colleagues; Other B&amp;NES Services; Stakeholders/Partners; Other Public Sector Bodies; Section 151 Finance Officer; Chief Executive; Monitoring Officer</p>
<p><b>How consultation was carried out</b></p>	<p>Corporate Governance process</p>
<p><b>Other options considered</b></p>	<p>Various options for the delivery of the Quays' programme have been considered and have focused on potential routes for delivering development on Bath Quays North. Options considered have included;</p>

	<p>Do nothing – this would involve leaving the site in its current state. This is not a viable option as it would not realise the Council's wider ranging strategic ambitions for the site and would not represent an appropriate use of such a strategic property asset.</p> <p>(3) Open market freehold disposal – the option for the council to dispose of the freehold of the Bath Quays North site on the open market was considered and discounted early in the options evaluation. 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 job creation. Freehold disposal was also viewed not to offer the Council an opportunity to participate in delivery, thereby maximising its potential capital and revenue incomes.</p> <p>(4) Direct delivery – wholesale direct delivery of the Bath Quays North site was considered, but has been discounted on the basis that it would expose the Council to significant Capital investment and risk at a point when the Council is already facing significant financial pressures. Direct delivery was also viewed to remove the possibility for the private sector to contribute expertise and for the Council to benefit from this expertise.</p>
<p><b>Declaration of interest by Cabinet Member(s) for decision, including any dispensation granted:</b></p>	<p><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></p>
<p><b>Any conflict of interest declared by anyone who is consulted by a Member taking the decision:</b></p>	
<p><b>Signatures of Decision Makers</b></p>	<p><i>R. A. ...</i>  <i>Tom W...</i> </p>
<p><b>Date of Signature</b></p>	<p>16/06/16</p>
<p><b>Subject to Call-in until 5 Working days have elapsed following publication of the decision</b></p>	