

## Bath & North East Somerset Council

DECISION MAKERS:	<b>Cllr Tim Ball, Cabinet Member for Planning and Housing and Cllr Richard Samuel Cabinet Member for Economic Development and Resources</b>	
MEETING/ DECISION DATE:	<b>On or after 17<sup>th</sup> July 2021</b>	EXECUTIVE FORWARD PLAN REFERENCE:
		<b>E3311</b>
TITLE:	<b>RULE 15 Bath Riverside Land and Infrastructure Investment</b>	
WARD:	All	
<b>AN OPEN ITEM CONTAINING EXEMPT APPENDICES</b>		
<p><b>List of attachments to this report:</b></p> <p>Please list all the appendices here, clearly indicating any which are exempt and the reasons for exemption;</p> <p>Exempt Appendix 1 – Draft Stage 1 Agreement</p> <p>Exempt Appendix 2 – Best Consideration Report</p> <p>Exempt Appendix 3 – Land Summary Report</p> <p>Appendices 1-3 are exempt pursuant to Paragraph 3 of Schedule 12A Local Government Act 1972 (as amended) - information relating to the financial or business affairs of any particular person (including the authority holding that information)</p>		

### 1 THE ISSUE

- 1.1 Bath Western Riverside will provide a new housing quarter on former industrial land in the heart of the city. The scheme was committed in 2010 and has now built out 854 new homes including 25% affordable homes. The remaining land comprises former gas works and live operational gas infrastructure which risks the delivery of the remaining approx. 1,000 homes. The Council has a continuing role using external grant funding to secure delivery of this strategically important project in the heart of the Bath City Riverside EnterpriseZone.
- 1.2 Through a previous Council decision , E3168 B&NES Council has entered in to funding agreements with Homes England and WECA to fund infrastructure and land investment in the future phase of Bath Riverside.
- 1.3 The Council exercised its pre-emption under its Agreement with Crest to acquire undeveloped land within Bath Riverside, by entering the land investment Funding Agreement with WECA to fund the acquisition. The Council also contracted with Wales & West Utilities to undertake site wide gas rationalisation works and associated enabling works across this undeveloped land, using this infrastructure funding.

- 1.4 The next key development step (and also a requirement of the Funding Agreement) is for the Council to enter Land Agreements with Bath Riverside's interested parties. The Council will contract with National Grid Property ("NGP"), and St William ("SW") (NGP's Joint Venture Partner) under a 'Stage 1 Agreement'. This Agreement is needed to maximise the benefit of the upfront public sector intervention, to ensure NGP pay a proportionate element to the enabling works, and to protect the Council in any 'downside scenario'. If such an Agreement is not put in place, these key aspects will not be secured.
- 1.5 Alongside the above, the Council will also contract with SW under a Conditional Land Agreement ("CLA") (or similar Collaboration Agreement as the case may be) to bring forward comprehensive development of the overall remaining land. Combined, both Agreements will ensure that the current irregular landownership position is made fit for redevelopment, and upfront enabling works are delivered to ensure subsequent site-wide strategic infrastructure can be provided.

## **2 RECOMMENDATION**

The Cabinet Member for Resources and Economic Development in consultation with the Leader, Chief Executive and S151 Finance Officer is asked to:

- 2.1 Delegate the decision to the Chief Executive in consultation with the S151 Finance Officer and Cabinet Member for Resources and Economic Development to:
  - I. Enter the Stage 1 Agreement with NGP and SW.
  - II. Negotiate and agree the final terms of the CLA, and then enter it with SW (and NGP, if required).
- 2.2 The decision is requested to proceed as a Rule 15 Urgent Decision. This is considered necessary to ensure the Agreement completion timetable can be achieved to meet third party signatory requirements and satisfy contracted grant Funding Award programme milestone requirements (both required by mid-July 2021).

## **3 THE REPORT**

- 3.1 Bath Western Riverside (BWR) is a major component of the Council's SHLAA and housing delivery trajectory. The project was committed in 2010 under Decision 2216. Phase 1 has successfully delivered 854 new homes. The Council has managed the application of public grant funding to deliver infrastructure and 25% affordable housing within Phase 1, all under a Corporate Agreement with Crest.
- 3.2 After very protracted negotiations between Crest, NGP and SW, facilitated by the Council, it became apparent that these parties could not reach a satisfactory commercial position upon which to contract. It was clear to the Council that without intervention, this remaining phase of Riverside would likely remain undevelopable for the foreseeable future. The Council therefore agreed funding arrangements with Homes England and WECA as outlined in 1.2 above, and acquired Crest's interest in Phase 2 via a pre-emption right in the Corporate Agreement.
- 3.3 Landownership at Riverside has given the Council a greater ability to facilitate development coming forward on public sector land, and also an element of control over future residential delivery of the whole site. Landownership, alongside the application of infrastructure grant funding, enables the public sector to directly control the delivery and form of around 250 new homes within the remaining scheme. This will provide a platform

to deliver against Council priorities such as the Climate Emergency Declaration, Social Housing provision and Liveable Neighbourhoods.

3.4 The project will deliver against a number of wide Council priorities:-

- I. Creating and developing a better quality of life - facilitating high quality urban design, built environment and distinct sense of place where communities can thrive.
- II. Create vibrant, diverse communities with a range of accommodation to meet needs of local people.
- III. Improving the local environment - regenerate 12.7 acres of brownfield land, incorporating green infrastructure and improved access to the river and tow path.
- IV. Minimise carbon emissions by securing low carbon housing development with low energy needs. Leverage the site's natural assets and inner-city location to promote use of integrated sustainable travel modes and explore linked opportunities to reduce onsite car parking provision below usual Development Management standards.

3.5 The Council's project objectives are:

- I. Achieve comprehensive development in line with the Core Strategy Placemaking Plan policy SB8.
- II. Secure land to facilitate the policy objective of a 1 Form Entry Primary school with early years and/or community space provision within the development
- III. Deliver homes focussed upon economically active younger demographic occupiers within the Bath Enterprise Zone.
- IV. Continue to diversify tenure options within the City's housing supply.
- V. Maximise the provision of affordable housing given the viability challenges presented.
- VI. Use external grant funding to support Council objectives, recycling value to deliver on- site affordable housing.
- VII. Secure key infrastructure routes through the site for delivery of sustainable travel corridors and futureproof heat network connectivity.

3.6 Entering the Land Agreements, together with committing enabling works, results in developable plots at the Phase 2 site. The output of this is two-fold:

- I. The land in private ownership is enabled via gas constraint removal and landownership regularisation. This substantially improves the prospect of the market bringing forward the land and achieving policy outcomes as overall development deliverability and viability is improved.
- II. It provides the Council with a developable land interest upon which to deliver its corporate priorities. The final delivery route will be further developed and will be the subject of a future Council decision.

## **4 STATUTORY CONSIDERATIONS**

- 4.1 At the time of entering into the proposed land arrangements the decision maker must be satisfied that these meet the Council's Best Consideration duty under S.123 Local Government Act 1972 and State Aid legal requirements.

## **5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)**

- 5.1 The Council is liable to repay the WECA land investment on the terms set out within the approved Full Business Case following the acquisition of the former Crest land. The Best Consideration report (Exempt Appendix [x]) confirms this transaction will lead to the Council owning a more developable, and therefore more valuable land asset. The land enabling activities authorised by this decision therefore underwrite the repayment of the WECA grant facility.

## **6 RISK MANAGEMENT**

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

## **7 CLIMATE CHANGE**

- 7.1 Bath Riverside is located within the Council's priority heat networks area defined in policy SB7. The first phase of the project benefited from significant public sector support enabling it to implement the only district heat network solution currently operation in B&NES. Whilst current policy can encourage development of low or zero carbon solutions, it cannot force their implementation if up front infrastructure does not exist to enable it.
- 7.2 This project provides the opportunity to deliver a much lower or zero carbon solution for over 1,000 new homes with the potential of saving 55-60,000 tonnes of Co2 through the implementation and extension of the existing heat network. Future opportunities could then be explored to extend to adjoining sites.
- 7.3 Investment in land and infrastructure will provide the Council a mechanism to control and set the brief for low energy homes in a sustainable location with excellent connectivity to walk cycle and use public transport as the primary means of mobility.
- 7.4 Public ownership of land can enable the Council to control infrastructure development to deliver zero carbon homes in future.

## **8 OTHER OPTIONS CONSIDERED**

- 8.1 The Council has considered the other options available to safeguard the delivery of new homes in Bath as;
- 8.2 Do Nothing – The Council leaves it to the market to bring the land forward once viable to do so. Given the site complexity and expense of upfront infrastructure and remediation, this is likely to continue to stall development for a number of years.
- 8.3 Do not enter the land transaction – this option would not unlock or maximise the regeneration opportunity of Phase 2. Housing, infrastructure and placemaking output would be significantly reduced. This would be a sub-optimal outcome for the site and would introduce an unacceptable commercial risk on the Council.

## 9 CONSULTATION

This report has been prepared in consultation with the Cabinet Member for Economic & Resources the Section 151 and Monitoring Officers, and the Director of Regeneration.

<b>Contact person</b>	<b>Simon Martin</b>
<b>Background papers</b>	E2216 Bath Western Riverside Corporate Agreement E3168 Bath Riverside Land and Infrastructure Investment
<b>Please contact the report author if you need to access this report in an alternative format</b>	