

Bath & North East Somerset Council

MEETING/ DECISION MAKER:	Cabinet	
MEETING/ DECISION DATE:	10th November 2022	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3380
TITLE:	Milsom Quarter Masterplan – Funding and Next Steps	
WARD:	Kingsmead Ward	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Appendix 1: Milsom Quarter Masterplan Consultation Report Appendix 2: Milsom Quarter Masterplan – schedule of changes following consultation Appendix 3: Fashion Museum Project Summary		

1 THE ISSUE

- 1.1 A Milsom Quarter Masterplan and Outline Business Case (funded through West of England Combined Authority's feasibility and development fund, value £434,000) has led to the approval of a £2.475m funding package to support the delivery of initial projects as part of the Milsom Quarter Masterplan being secured from the West of England Combined Authority's Investment Fund grant programme. A proposal put forward by B&NES Council through a Strategic Outline Business Case (SOBC) focused on five key project areas: Broad Street Yards and Cattlemarket sites, Fashion Museum, Public Realm Improvements and Energy & Sustainability. The total £2,625m budget for the scheme also includes £150k provisionally approved capital budget for the Cattlemarket site.
- 1.2 This report requests agreement to accept the £2.475m grant funding award from the West of England Combined Authority in line with the Strategic Outline Business Case Approved at Committee on 23rd September 2022 (link in the Background Papers section).
- 1.3 This report also seeks delegated approval that rental income from the Old Post Office during the development phase, is ring-fenced within the Fashion Museum project budget so that it can be recycled for use to support the Fashion Museum redevelopment and the delivery of aspirations within the Milsom Quarter Masterplan for this key site.
- 1.4 This report summarises key items of the proposed spend, funding approval mechanisms, proposed delegations and the key deliverables and outputs anticipated.

- 1.5 This report also summarises the public consultation on the Milsom Quarter Masterplan that took place between May and July 2022, including feedback received (**Appendix 1**) and proposed amendments to the Masterplan document before it is finalised (**Appendix 2**). A decision to endorse the Masterplan ahead of it forming part of the evidence base for the New Local Plan is also sought.
- 1.6 The final recommendation of the report relates to exploratory work to expedite the delivery of sites in private ownership that have been long term vacant, particularly where we can make use of new legislation due to be introduced to support High Street vibrancy.

2 RECOMMENDATION

The Cabinet is asked to;

2.1 Proposal 1

Delegate approval to the Director of Sustainable Communities, in consultation with the S151 Officer, to accept the £2.475m Investment Fund grant from the West of England Combined Authority. These funds will be spent over a three-year period in line with the Strategic Outline Business Case.

Delegate approval to implement the interventions set out within the business case to the Director of Sustainable Communities in consultation with the Cabinet member for Resources and Economic Development and the S151 Officer in accordance with the requirements of the Grant Funding Agreement.

2.2 Proposal 2

To note the Consultation Report on the Milsom Quarter Masterplan (**Appendix 1**) and endorse the Milsom Quarter Masterplan, accepting it together with the amendments sought (**Appendix 2**) as part of the evidence base for the New Local Plan.

2.3 Proposal 3

To delegate approval to the Director of Sustainable Communities, in consultation with the s151 Officer, to establish arrangements that will allow surplus rental income from the Old Post Office (after holding costs) to be ring-fenced for use to support revenue costs associated with the Fashion Museum redevelopment project and to cross-subsidise meanwhile use projects which align with the vision and values for the Fashion Museum development.

2.4 Proposal 4

To explore options, including the use of any existing or new powers introduced to support vibrant High Streets in the forthcoming *Levelling up and Regeneration Bill*, to expediate delivery of sites in private ownership that have viability challenges or have been long term vacant.

3 THE REPORT

Milsom Quarter Masterplan – Aims & Objectives

- 3.1 The Council has prepared a Masterplan for the Milsom Quarter, working with other key landowners and stakeholders. The Masterplan champions high quality design of both buildings and the public realm to help revive and regenerate the northern part of the city centre which in recent years had seen significant decline in retail demand, with reduced footfall into the area and increased empty units. This decline had been accelerated by Covid 19.
- 3.2 The Council is a major landowner within the Milsom Quarter and can use its public sector assets to create opportunities for change and high quality, locally distinctive design and will lead the redevelopment of the area. The Masterplan and delivery strategy provide the Council with a comprehensive strategy for future development which will bring economic, environmental and social benefits to the area including restoring a sense of community and giving residents pride in their city centre.
- 3.3 The ambition of the Masterplan and overall project objective is to transform and re-imagine the future of the Milsom Quarter, creating a more viable, vibrant and diverse part of the city with a greater balance in the mix of uses, becoming less reliant on retail.
- 3.4 The Masterplan has identified six primary interventions:
- (1) Broad Street Yards – Repurposing an existing Council owned carpark to create maker space and flexible workspace for start-ups and SME's. Targeted at the fashion and design sectors.
 - (2) Walcot Gateway (Cattlemarket and Cornmarket sites)– Redeveloping a long term allocated brownfield site, and the disused Cornmarket building to create new homes (70 units) and enhanced public realm.
 - (3) Bath Fashion Museum – Conversion of a listed building to create a new home for the Fashion Museum in a more visible city centre location. Acting as a cultural attractor, providing footfall to the area, and encouraging longer stays and increased spend. Also enhancing the city's cultural offer. This follows a West of England Combined Authority RIF funded acquisition (Single Member Decision E3359), the Old Post Office building has now been acquired and is now an asset within the Council's Corporate Estate. In the short term the income generated from rental income will offset the holding costs and will help to support the Meanwhile use cultural activities planned for some of the former shop units.
 - (4) Improved public realm – To reduce the dominance of vehicles, prioritising walking and cycling, creating greener pedestrian friendly streets and new public realm for people to stop and rest as they travel through the area.
 - (5) Energy and Sustainability – Reduce the carbon footprint of the area, by retrofitting existing building to improve energy efficiency, new buildings to be zero carbon and increase renewable energy generation
 - (6) Repurposing under-used upper floors to boost city centre residential use

3.5 As a result of these key interventions, the following outcomes are expected:

- a) Creation of an internationally renowned fashion destination, with a varied mix of high- end fashion, beauty and homeware retailers.
- b) A new residential community with a sense of local pride and increased housing provision for local people including affordable housing – 180 additional homes (70 units within the Walcot Gateway development and 110 units from re-purposing upper floors).
- c) Increased footfall to the area and increased visitor spend.
- d) Fewer vacant shop units.
- e) A world class Fashion Museum, with visitor numbers increasing from 100k pre-covid to in excess of 250k pa and increased dwell times in the region.
- f) An inclusive museum that attracts both local residents and visitors, providing a community benefit through a strong programme of outreach and engagement particularly to those hard to reach audiences that wouldn't normally visit a museum.
- g) A thriving maker space community supporting the fashion destination.
- h) A better connected and accessible place for with fewer private motor vehicles.
- i) A more sustainable commercial estate which contributes to the aim of becoming net zero by 2030.

Milsom Quarter Masterplan – Public Consultation

- 3.6 The Council undertook an informal public consultation on the Milsom Quarter Masterplan between May and July 2022, with hybrid methods online and in-person. The consultation process is summarised and responses included as **Appendix 1**.
- 3.7 Overall, there was clear support for the Masterplan aims and ambition from the majority of respondents, and there was a call to see key parts of the vision delivered. Over 220 responses to the consultation were received from the public and stakeholders, 171 through the online survey and the remainder by email, at public drop in events and stakeholder meetings. The primary concerns raised focused on the accessibility and movement element of the Masterplan as well as respondents wanting to better understand delivery, phasing and timeframes. A summary of the responses made to the six Masterplan themes can be found in section 4 of the consultation report (**Appendix 1**).
- 3.8 In terms of the headline responses to the Masterplan vision, the summary response was as follows:
- a) 68% of respondents strongly agreed or agreed with the vision for the Milsom Quarter as a destination for fashion and culture;
 - b) 70% of respondents strongly agreed or agreed with the vision for the Milsom Quarter as a place for creativity and enterprise including the provision of new workspace;

- c) 65% of respondents strongly agreed or agreed with the vision for the Milsom Quarter connecting the city with Walcot Street and providing space for businesses linked to food and drink, beauty and wellbeing and interiors linking to Walcots artisan offer;
- d) 71% of respondents strongly agreed or agreed with the vision for the Milsom Quarter providing new homes including above shops and new development with associated community facilities;
- e) 61% of respondents strongly agreed or agreed with the vision for the Milsom Quarter giving priority to walking, cycling and public transport while still maintaining vehicular access when needed and improving streets and spaces through public realm improvements;
- f) 77% of respondents strongly agreed or agreed with the vision for the Milsom Quarter becoming greener, with more plants and trees and a range of projects to improve energy efficiency and generate and store renewable energy.

3.9 A schedule of amendments to the Masterplan following the public consultation and reflecting key Local Plan Partial Update policy changes is now included as **Appendix 2**. The endorsement of the Masterplan is sought prior to this being used as part of the New Local Plan evidence base and informing new planning policy for this part of the city centre.

Strategic Outline Business Case

- 3.10 The future success and vitality of the Milsom Quarter is reliant on providing a strong, innovative and vibrant mixed use quarter that is underpinned by a cultural anchor that will attract visitors to the area, as well as re-establishing itself as a fashion destination for designers, makers and retailers, increasing the provision of homes and building upon the quarters unique heritage and character.
- 3.11 To facilitate and initiate key projects that require public sector subsidy, the Council is seeking £2.475m of feasibility and development grant funding to progress key interventions 1-5 outlined in paragraph 3.4 (above). A Strategic Outline Business Case to the West of England's Infrastructure Fund was prepared to support initial work including:
- (1) External Fees – appointment of a design team including architect, structural engineer, M&E, Fire and Civils engineers, transport consultant, planner, ecology consultant, landscape consultant, project manager, cost consultant, H&S consultant, legal advice etc.;
 - (2) Internal Fees – appointment of officers in Corporate Estate (capital projects and maintenance), Regeneration and Heritage teams to bring forward the key projects;
 - (3) Surveys and investigations;
 - (4) Fit out and Meanwhile Use project prior to the Fashion Museum development;
 - (5) Contingency.

- 3.12 A detailed breakdown of the funding allocation is included in the Strategic Outline Business Case, in section 3 'Financial Case' (see Background Documents).
- 3.13 At a later stage it is anticipated that Full Business Cases will be submitted to the West of England Combined Authority for Broad Street Yards and the Public Realm improvements, other projects have other alternative funding sources for delivery or are likely to be commercially viable once enabling works have been undertaken. Alternative funding sources from both public and private sector will also need to be secured to deliver the comprehensive package of interventions.
- 3.14 This report seeks the acceptance of this grant funding so that the next stage of work to start to deliver the Masterplan vision can be commenced. The technical work underpinned by the grant will have a number of specific outcomes including:
- (1) Broad Street Yards – Scheme design, submission of a planning application and submission of a Full Business Case for grant funding to support delivery. Potential to provide up to 16,000sqft of employment space.
 - (2) Cattlemarket Site – scheme design to RIBA Stage 2 (Concept Design), more detailed understanding of site abnormalities and identification of preferred delivery model. Potential to provide up to 70 new homes, 3,000sqft ground floor use class E and new public realm.
 - (3) Fashion Museum – Scheme design, submission of a planning application and submission of a Full Business Case for grant funding to support delivery. Potential to invest in and convert a Grade II listed building into a museum providing approx. 27,000sqft visitor attraction.
 - (4) Public Realm – Scheme design to RIBA Stage 3 and submission of a Full Business Case for grant funding to support deliver, alongside prioritised delivery of key elements likely to be funded by the city centre CRTS funding. Potential to provide upgraded public realm at Milsom Street, New Bond Street, Green Street, lower Broad Street, Quiet Street, lower Walcot Street, King Street and John Street.
 - (5) Energy & Sustainability Strategy – creation of a strategy to inform Masterplan and priority scheme delivery. Potential to provide data and business case to inform future funding strategy and bids.
- 3.15 In order to deliver the initial work to support the outcomes summarised in paragraph 3.13, acceptance of the £2.475m grant funding is sought.

Ring Fencing Income

- 3.16 A decision is sought to facilitate a delegated approval by the Director of Sustainable Communities in consultation with the s151 Officer for rental income from the Old Post Office building to be ringfenced to support revenue costs associated with the Fashion Museum redevelopment project and to cross-subsidise meanwhile use projects which align with the vision and values for the Fashion Museum development and the Milsom Quarter Masterplan.

4 STATUTORY CONSIDERATIONS

- 4.1 The proposed developments to be supported by this project funding are situated on Council owned land or within the extent of the highway and as such falls within the responsibility of Bath & North East Somerset Council.
- 4.2 Planning, listed building and highways consents will be required to deliver the range of projects proposed, and technical pre-planning and design work will be supported by the grant funding. Schemes will need to achieve high quality design in line with the Local Plan policies and in response to the site location within the heart of the Bath World Heritage Site and Conservation Area.
- 4.3 Terms and conditions of government funding including consideration of subsidy control, best value and competitive tendering etc form part of the scope of work and will need to be met throughout the course of the project. Legislation and due process will need to be followed including the potential to utilise existing or new powers for Local Authorities due to be introduced as part of the forthcoming *Levelling Up and Regeneration Bill*.
- 4.4 The project will need to continue to consider equalities impacts and support sustainable development including for example, modal shifts towards walking, cycling and wheeling. Ongoing accessibility and equalities impact assessments will inform the detailed design stage.
- 4.5 This report seeks to endorse the Masterplan to inform corporate decisions and for it's inclusion as evidence base to the New Local Plan.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 5.1 The total grant for the project is £2.475m (including contingency). The grant comprises revenue funding of £1,666,500 and capital funding of £808,500. This was determined following a review of costs to ensure they fit definitions of either capital or revenue funding. The £2.475m funding package is supplemented by £150k provisionally approved capital budget (Cattlemarket site) which we will fully approve as part of the decision process to accept the WECA grant funding. The total budget for the scheme is £2,625,000.
- 5.2 The revenue and holding costs of the building acquired for the Fashion Museum ahead of the development will be met by the RIF fund in part (£40k p.a.) and through the income received from rental income from tenants. This income together with £100k funding from the West of England Combined Authority grant (outlined above) will be used to support meanwhile use cultural and creative uses in some of the vacant shop units ahead of the Fashion Museum development.
- 5.3 Programme funding provides revenue budget towards scheme delivery which includes project management, consultation, technical pre-planning and design work, and scheme monitoring evaluation and budget management over a period of 3 years. There is also £60k capital funding earmarked to support the delivery of Meanwhile use projects prior to the Fashion Museum development.
- 5.4 The scheme will require the recruitment of Regeneration Team and Heritage Services team staff (grant funded) to facilitate and coordinate this additional work to deliver the Milsom Quarter Masterplan, over a three year period.

5.5 Status of funding: Delegated Approval is sought to fully accept the £2.475m grant (£808,500 capital and £1,666,500 revenue). It is proposed that this will be integrated into the Council's revenue budget and approved capital budget under the usual approval processes and at the same time as approval of the £150k provisional capital budget for the Cattlemarket site.

5.6 It is noted that there is currently revenue income from the current uses at the Cattlemarket and Broad Street Yards sites, the financial implications of progressing changes of use proposed by the Masterplan will need to be considered as the projects are progressed so that development viability is maintained.

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 EQUALITIES

7.1 An Equality and Diversity Assessment & Plan was submitted alongside the Milsom Quarter Strategic Outline Business Case.

7.2 The project inception and subsequent design and consultation stages will consider equalities impacts at each stage for each key project, as an integral part of the design process. For example, where there is any future displacement of blue badge parking (e.g. on redevelopment of Broad Street car park), alternative accessible locations should be found to meet the need). The approach will need to be integrated into the city centre wide access and movement strategy, and the delivery key projects such as City Centre Security and the City Region Sustainable Transport Strategy for Bath City Centre.

8 CLIMATE CHANGE

8.1 B&NES Council has declared both a Climate and Ecological Emergency and is looking to provide leadership to enable carbon neutral B&NES by 2030 and enable greater citizen engagement. These are therefore key considerations for project development, procurement and delivery.

8.2 This is a core element of the Milsom Quarter Masterplan and Fashion Museum projects. A key strand of this grant funded work is to further develop the Energy and Sustainability plan for the Masterplan to facilitate net zero carbon development by 2030. There is project funding allocated to support further technical work, which will underpin and support future funding bids and the integration of considerations around sustainability, energy, biodiversity and ecological net gain into the delivery of the Masterplan.

9 OTHER OPTIONS CONSIDERED

9.1 There is an option to decline the grant and not progress the Milsom Quarter Masterplan to delivery, or to rescope projects which have been prioritised. However, given the case made for the need for public sector investment in the Strategic Outline Business Case and the significant proportion of Councilowned property in this area, failure to intervene could lead to decline in this part of Bath's city centre.

- 9.2 There is an option to not endorse the Milsom Quarter Masterplan, however, this would not complete the project, and would give the draft Masterplan ambiguous status. This alternative option is not favoured as it would impact on the Council's ability to use the Masterplan to lever in further grants and funding and would also leave the project incomplete and responses to the public consultation unresolved.
- 9.3 There is an option to create a separate Supplementary Planning Document or similar from the Masterplan, however, integration into key policies in the emerging New Local Plan by using the Masterplan and background work is part of the evidence base, is considered to be more efficient, streamlined and effective.
- 9.4 Various options relating to the scope of the Strategic Outline Business Case focus were tested as part of a delivery strategy for the Masterplan, these options are outlined in section 1.6 of the Strategic Outline Business Case (included in Background Documents).
- 9.5 Work to demonstrate the economic and social value benefits of the Milsom Quarter scheme was prepared by Cushman & Wakefield, working with the Regeneration team, as part of the Strategic Outline Business Case. This analysis anticipates that the scheme will result in significant economic uplift (as summarised in Section 2 of the Strategic Outline Business Case, included in Background Documents) including:
- a) Creation of 88 FTE jobs and 647 construction job years
 - b) Creation of 80 new homes (including affordable homes), with a further 100 new homes anticipated overall
 - c) Fashion Museum significant GVA uplift (quantification redacted from SOBC as commercially sensitive)
 - d) Public Realm and significant Net Property value uplift (quantification redacted from SOBC as commercially sensitive)

10 CONSULTATION

- 10.1 The Milsom Quarter Masterplan was subject to stakeholder engagement as part of its preparation (full details are included in the Masterplan itself). Between May and July 2022, public consultation was undertaken on the Masterplan with a hybrid of online and in-person activities. The full details of the Consultation process and responses made are included in the **Milsom Quarter Masterplan Consultation Report (Appendix 1)**.
- 10.2 220 responses were made during the consultation and the Milsom Quarter Masterplan animated video has had 2,751 views (at 20th September 2022), making it the most viewed video the Council has produced. The public and stakeholder response to the Masterplan was very positive overall, particularly the vision and ambition and for key interventions such as key sites and the Fashion Museum. Areas of concern focused on accessibility and movement and restrictions to access for loading or access by private vehicle.

10.3 There were a number of areas where amendments to the Masterplan can be made to clarify and update specific elements in response to public feedback these are summarised in **Schedule of Amendments to Milsom Quarter Masterplan (Appendix 2)**, in addition there are areas where more detail can be added to reflect Local Plan policies in the Local Plan Partial Update (e.g. Biodiversity net gain).

10.4 In addition, there has been a year long process of community consultation to support the vision for the future of the Fashion Museum. **Appendix 3** includes a **summary of the Fashion Museum project**. The consultation has included:

- An online survey during summer 2021 which received 1,434 responses from engaged audiences (including website, residents newsletter, social media, fashion courses and industries) and 38 responses from community groups.
- A further consultation community focus group was undertaken in Winter 2021. Key findings included: the importance of open collection access; making the museum relevant to diverse audiences; regional presence of the museum is important and people care about and value the museum.
- A co-created project called 'You Choose' was also developed and delivered working with the local community, which deepened the organisational knowledge about engaging with communities that have been more difficult to reach.
- A targeted engagement activity working with communities in and around Bath including in Twerton, close to where the Fashion Collection Archive is planned. This work demonstrated strong backing for the Fashion Museum project.
- There has been strong cross sector engagement to help secure the future of the Fashion Museum including from the Universities, Bath College, Fashion Brands, other cultural and arts institutions and key stakeholders.

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<p>Background papers</p>	<p>B&NES Local Plan Partial Update (in particular policies S1 and B2) https://beta.bathnes.gov.uk/policy-and-documents-library/core-strategy-and-placemaking-plan</p> <p>Draft Milsom Quarter Masterplan (Including summary document, summary animation and easy read/accessible versions) www.bathnes.gov.uk/milsomquarter</p> <p>Committee Paper West of England Combined Authority – Strategic Outline Business Case Milsom Quarter (23rd September 2022 item 10). https://westofengland-ca.moderngov.co.uk/ieListDocuments.aspx?CId=141&MId=535</p> <p>B&NES Single Member Decision – Corporate Acquisition for Fashion Museum</p>

<https://democracy.bathnes.gov.uk/documents/s71626/E3359%20-%20Corporate%20Acquisition.pdf>

Fashion Museum Acquisition Full Business Case <https://www.westofengland-ca.gov.uk/wp-content/uploads/2022/03/Fashion-Museum-Full-Business-Case-Redacted.pdf>

WECA funding award decision 8th April 2022 <https://westofengland-ca.moderngov.co.uk/documents/g494/Decisions%2008th-Apr-2022%2015.00%20West%20of%20England%20Joint%20Committee.pdf?T=2>

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