

Bath & North East Somerset Council

DECISION MAKER:	Cllr Matt McCabe, Cabinet Member for Built Environment, Housing and Sustainable Development and Cllr Mark Elliott, Cabinet Member for Resources		
DECISION DATE:	Not before 2nd January 2025	EXECUTIVE FORWARD PLAN REFERENCE:	
		E	3575
TITLE:	Bath Western Riverside Additional Homes England Housing & Infrastructure Funding (HIF)		
WARD:	Westmoreland		
AN OPEN PUBLIC ITEM			
List of attachments to this report: Appendix 1 – Site Plan Appendix 2 – Highways plan Appendix 3 - Equalities and Diversity Impact Assessment Plan			

1 THE ISSUE

- 1.1 Bath Western Riverside provides a new residential quarter on former industrial land in the heart of the city. Phase 1 of the scheme was completed in 2018 and built 854 new homes with 25% affordable homes. The remaining land comprises of former gas works requiring extensive land remediation which risks the delivery of the remaining circa 900 homes. The Council has already decommissioned gas holders and rationalised the gas network and has a continuing role using external grant funding to secure delivery of this strategically important regeneration project in the heart of the Bath.
- 1.2 Following engagement with Homes England the council has been awarded an additional £18,202,421 via the existing Homes England Housing & Infrastructure Funding (HIF) funding agreement. The funding will further unlock the site and enable the delivery of site-wide remediation and infrastructure on the Bath Western Riverside Phase 2 site to facilitate future housing delivery by the Council and Berkeley Homes (the landowners).

2 RECOMMENDATION

- 2.1 The Cabinet Member for Built Environment, Housing and Sustainable Development and the Cabinet Member for Resources in consultation with the

Leader, Director for Capital & Housing Delivery and the S151 Officer are asked to:

- 2.2 Increase the Provisional Capital programme item for Bath Western Riverside to £44,192m to incorporate additional external funding from Homes England
- 2.3 Delegate the approval to the Director of Capital & Housing Delivery in consultation with the S151 Officer to:
 - (1) Enter funding agreements with Homes England to fund infrastructure and land investment at Bath Riverside former gas lands and the Midland Road site.
 - (2) Move provisional capital approved to full approval upon entry to funding agreements and commitment to proceed on infrastructure expenditure.
 - (3) Enter back-to-back funding arrangement with St William (Berkeley Homes) to deliver site-wide remediation and infrastructure provision.

3 THE REPORT

- 3.1 In 2019, the Council intervened at Bath Riverside Phase 2 via land acquisition (Decision 3168) and infrastructure provision to facilitate and unlock the delivery of housing. Utilising the WECA Land Acquisition Fund, the Council acquired the three large gas holders in the centre of the site, which is approximately 30% of the BWR Phase 2 land (4.0ac). National Grid historically owned the surrounding land which has now been transferred to St William (Berkeley Homes).
- 3.2 Under Decision 3168, the Council committed to gas rationalisation and associated enabling works on the BWR Phase 2 land, utilising Homes England Housing & Infrastructure Funding (HIF). Practical completion of the gas rationalisation works was achieved in October 2023.
- 3.3 The Stage 1 Land Agreement between the Council and St William Homes enables a land swap between the two parties. The land swap provides the parties with developable plots of land. The land swap Notice was served by St William Homes on 1st November 2024 and completed on the 6th December 2024. (Appendix 1 – Site plan)
- 3.4 The first phase of works removed the network of live gas pipes across the site, the old gasworks site requires site wide remediation and infrastructure works and the additional Homes England funding will enable the site to be remediated to clean cover to enable housing delivery to commence.
- 3.5 Berkeley Homes will deliver the Project works for both landowners. Berkeley Homes are experienced in the regeneration of underutilised gasworks and gasholder sites. All grant funding and works will meet Subsidy Control and Procurement rules.
- 3.6 Phase 2 of the gas lands residential development is accessed from the Midland Road, currently this section of road remains unadopted. To unlock the access into the site the council will complete a partial adoption. Following legal advice and CCTV drainage survey the Council will complete adoption of a section of road to enable a residential site access. The project will fund costs of highway adoption in advance of sewer adoption. (Appendix 2 Highways Plan)

3.7 The project will deliver against a number of key 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. Printed on recycled paper
- V. Leverage the site's natural assets and inner-city location to promote use of sustainable travel modes.

3.7 The Council's objectives are:

- VI. Achieve comprehensive development in line with the Core Strategy Placemaking Plan policy SB8.
- VII. Deliver homes focussed upon economically active demographic occupiers within the Bath city.
- VIII. Continue to diversify tenure options within the city's housing supply.
- IX. Maximise the provision of affordable housing given the viability challenges presented.
- X. Use external grant funding to support Council objectives, recycling value to deliver onsite affordable housing.
- XI. Unlock development potential of waste site for delivery via the Councils wholly owned company, as part of the future land supply pipeline.

This site is a central plank of B&NES 5-year housing supply under the Local Plan Partial Update. The significant remediation and infrastructure investment required to unlock the site renders proposed residential development unlikely without public intervention. The Homes England award will provide funding for remediation and infrastructure works to unlock the land for redevelopment.

4 STATUTORY CONSIDERATIONS

4.1 Subsidy control – the council has taken extensive advice from Bevan Brittan to comply with Subsidy control rules

4.2 The council will produce a principles assessment

4.3 Procurement – the council has taken extensive advice from Bevan Brittan to comply with procurement rules and compliance with regulation 13 PCR 2015

- 4.4 The council will enter an amended and reinstated HIF grant funding agreement with Homes England and in turn pass on the grant to Berkeley's subsidiary St Williams via a back-to-back funding arrangement, who it will entrust to deliver the project works.
- 4.5 Council will enter an Amended and Restated HIF Grant Funding Agreement (GFA) with Homes England. Previously Housing Infrastructure Fund (Marginal Viability Fund) Grant Funding Agreement dated 16 December 2019 as amended and restated pursuant to an amendment and restatement deed dated 21 December 2022, made between (1) Homes England and the Local Authority, and made between (1) Homes England and (2) the Local Authority.
- 4.6 Council will enter a back-to-back grant share agreement (GSA) with St William Homes.
- 4.7 Council enters a Remediation and Enabling Works agreement (REWA) with St William Homes.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 5.1 The Councils adopted capital programme 24/25 made a provisional allowance of £4,259M for phase 2 of Bath Riverside subject to confirmation of grant funding from Homes
- 5.2 Following engagement with Home England an additional £18,202,421 of grant is awarded to the Local Authority via the existing Homes England Housing & Infrastructure Funding (HIF) funding agreement. All monies to be spent by March 2026.
- 5.3 This would increase the capital budget to £44,192,501. The project now draws together the external funding sources to enable the Council to take a strategic leadership role in the delivery of the remaining homes, infrastructure and outcomes.

Total Funding and Expenditure to date	21,730,655
2024/25 current budget	4,259,425
Total to 24/25	£25,990,080
Home England Additional HIF Funding	18,202,421
Total Capital Budget	£44,192,501

- 5.4 The council will enter a Deed of Amendment to the existing Homes England Housing Infrastructure funding agreement to enable the additional grant award.
- 5.5 An allowance internal and external resources to support the project has been included in the Homes England funding award.
- 5.6 The Council will need to consider how initial funding of land and enabling infrastructure recycles for the purposes of delivering additionality to the provision of affordable homes as part of the financial management of the project

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.
- 6.2 There are Procurement and Subsidy Control risks connected to this proposal. The Council has acted transparently and with the support of specialist legal advice which have systematically analysed and mitigated the risks identified and highlighted in the table below. The proposed arrangements represent the best outcome whilst recognising there are inherent risks that cannot completely be removed.

Risk	Mitigation
Risk of procurement challenge	Mitigated by extensive procurement advice from Bevan Brittan, council published VEAT notice to alert the market with no challenge
Risk of subsidy challenge	Mitigated by extensive subsidy advice received from Bevan Brittan. The council is producing a principle assessment and the details of the subsidy will be published on the government Department of Business and Trade webpage under UK subsidies.
Risk of cost overruns on land remediation works	Mitigated by cost overruns in contractual agreements

7 EQUALITIES

7.1 An Equalities and Diversity Impact Assessment Plan has been completed for the project. (Appendix 3 EQIA Assessment Plan)

8 CLIMATE CHANGE

- 8.1 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.
- 8.2 Public ownership of land can enable the Council to control infrastructure development to deliver zero carbon homes in future.
- 8.3 BWR Phase 2 will help the council achieve carbon neutrality by:
- a) Delivering a net zero development with exceptional building performance.
 - b) Connecting surrounding developments and creating an inclusive community, with a focus on green spaces and biodiversity.
 - c) Maximise connectivity through the provision of sustainable and active travel infrastructure.
- 8.4 The Council's overriding purpose is to 'improve people's lives.' To achieve this purpose, B&NES has two core policies: 'tackling the climate and ecological emergency' and 'giving people a bigger say'. The Council has three principles to

deliver the core policies. BWR Phase 2 supports the delivery of the three principles through:

1. Preparing for the future:

- Providing high quality, net zero housing based on Passivhaus principals.
- Enhancing and expanding active travel infrastructure in the city.
- Providing space for nature and enhance biodiversity through the provision of high quality, green spaces.

2. Delivering for local residents:

- Providing affordable housing.
- Creating high quality homes, utilising a fabric first approach to minimise running costs for residents.
- Providing equitable, well designed and easily accessible public spaces to foster a sense of community.

3. Focusing on prevention:

- Improving health outcomes through providing the required infrastructure to encourage the use of active travel modes.

9 OTHER OPTIONS CONSIDERED

9.1 The Council has considered the other options available to safeguard the delivery of new homes as.

9.2 Do nothing – The Council leaves it to the market to bring the land forward once viable to do so. Given the complexity and expense of up front infrastructure and remediation costs, this is likely to continue to stall development for a number of years.

9.3 Do not accept the funding award, the council will be reliant upon private landowners and the council to fund the remediation and infrastructure works and this introduces an unacceptable commercial risk on the council.

10 CONSULTATION

This report has been prepared in consultation with the Cabinet Member for Built Environment, Housing and Sustainable Development, the Cabinet Member for Resources in consultation with the Leader, the Section 151 and Monitoring Officers and the Director for Capital & Housing Delivery.

Contact person	Helen Brewer - Development Lead Regeneration
Background papers	E2216 Bath Western Riverside Corporate Agreement E3168 Bath Riverside Land and Infrastructure Investment
Please contact the report author if you need to access this report in an	

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