

Bath & North East Somerset Council

DECISION MAKER:	Cllr Paul Roper Cabinet Member for Economic & Cultural Sustainable Development	
DECISION DATE:	On or after 22 March 2025	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3571
TITLE:	Bath Quays North Budget Request	
WARD:	Kingsmead	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Appendix 1 – Breakdown of 2025/26 Budget		

1 THE ISSUE

- 2 Authority for project expenditure under Decision E3122 is linked to the Development Agreement with Legal & General which expired on 19th July 2024. Whilst budget is available, there is no authority for further expenditure.
- 3 The Council are exploring routes to deliver the scheme with the University of Bath (UoB) and a release of provisionally approved funding is required to update and develop a new business case.
- 4 The release of provisionally approved capital funding is also required to review alternate options and the workstreams set out from section 4 onwards.
- 5 Similarly, a release of provisionally approved capital funding is required to discharge planning conditions from the reserved matters planning consent obtained on 8th August 2024.
- 6 In conjunction with the finance team we have re-forecast the 2025/26 project budget with an estimated spend of £1.255M supported by existing LGF budget. We are seeking authority to this use this budget in pursuit of the objectives detailed herein.

2 RECOMMENDATION

The Cabinet Member for Economic & Cultural Sustainable Development in consultation with the Director of Capital and Housing Delivery, Monitoring Officer and S151 Finance officer are asked to provide authority for the team to use the proposed 25/26 budget in pursuit of the project aims below.

3 THE REPORT

3.1 Background

Bath Quays North (BQN) is Bath's main sustainable economy project tasked with creating a new employment quarter for the city through the delivery of a mixed-use scheme of up to 38,000 sqm of accommodation in 2 phases.

The scheme has the following objectives.:

- 1,923 Direct on-site jobs (at steady-state),
- £329.8m GVA (over 30yr appraisal period),
- £1,267,221 additional business rate per annum.

Detailed planning was granted on 8th August 2024.

3.2 Legal & General (L&G)

Over the last few years L&G have withdrawn from speculative development leaving the development team with no internal mandate to progress the scheme.

In addition, cost increases due to covid, supply issues and the Ukraine war resulted in an increased viability gap vs WECA funding, making the scheme unviable.

The parties agreed to allow the development agreement to expire on its longstop date of 19th July 2024 and L&G are no longer involved in the scheme.

3.3 Current Position

The Council are exploring a collaboration with the University of Bath (UoB) to assess how we work together to develop a vision for the future of BQN and a wider Bath Riverside Innovation Quarter. The parties have agreed a memorandum of understanding which provides a route to hold discussions on the formation of a partnership.

Members have also asked that alternative options are explored to be assured this is the most viable route to deliver the scheme.

The workstreams necessary to progress the scheme are detailed below, a summary of costs is detailed as appendix 1.

4 PROGRESS UOB PROPOSAL

The proposed budget will take us through to Q1 26, workstreams include legal procurement and transaction advice, commercial development viability, planning and cost consultant advice.

5 REVIEW ALTERNATE DEVELOPMENT OPTIONS

The brief is to review alternate options for delivering the development in accordance with our original site objectives.

6 ACTIONS TO CLOSE OUT PLANNING PERMISSION

A small amount of expenditure is required to finalise the s106 agreement.

7 IMPLEMENTATION PLAN

The intention is to deliver residential development on plots 6&7 via our development partner Aequus prior to the development of plots 1-5.

To comply with the Outline Planning Permission, we need to commence work on plots 1-5 prior to 6&7. A package of works will need to be agreed and implemented in Q1 26.

8 PREPARATION OF WECA FULL BUSINESS CASE (FBC)

Whichever option is agreed (UoB or other party) a revised WECA FBC will be required, external consultants will be procured to assist with various elements of the business case and analysis.

9 OTHER COSTS & CONTINGENCY

As the project evolves it will be necessary to involve specialist consultants to review viability.

9.1 Development Objectives and Project Sponsor

The project objectives set in 2018 need reviewing to ensure alignment with the council's declaration of a Climate Emergency and resulting strategy; and with B&NES' new Economic Strategy, adopted in February 2024. To this extent discussions are ongoing with the Sustainable Economy team to realign the projects core objectives.

The UoB proposal and alternative development options will be assessed against these revised targets. The refreshed objectives will form the core of a new WECA FBC to seek revised funding for the development.

9.2 Resource Implications (finance, property, people)

LGF budget is available to support the team until the end of 2025/26 FY. Past this point a new FBC & cabinet approval are required to access the proposed EDF and SSB budgets.

	Total Budget 2024/2025 LIVE	Total Budget 2025/2026 LIVE	Total Budget 2026/2027 LIVE	Total Budget 2027/2028 LIVE	Total Budget 2028/29 LIVE	Total
LGF	1,317,617.71	1,224,775.09				2,542,392.80
CSB		30,503.71				30,503.71
SSB					11,979,652.15	11,979,652.15
EDF			15,340,000.00	14,506,666.02		29,846,666.02
Total	1,317,617.71	1,255,278.80	15,340,000.00	14,506,666.02	11,979,652.15	44,399,214.68

The Enterprise Team are fully resourced, as such no further recruitment is required to deliver this stage of the project.

10 RISK MANAGEMENT

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

11 EQUALITIES

An Equalities and Diversity Impact Assessment Plan was created in 2016, a new EIA will be completed for the new WECA FBC to be submitted in June 25.

12 CLIMATE CHANGE

As detailed in S9.1 the project will be sponsored by the Sustainable Economy Team and refreshed objectives will be set in line with the Councils current climate agenda, these objectives will form a key part of the WECA FBC.

13 OTHER OPTIONS CONSIDERED

None

14 CONSULTATION

The Lead Cabinet Member, S151 Officer and Monitoring Officer have been consulted on this report.

Contact person	Jon Seaman – Development Lead (Regeneration) (jonathan_seaman@bathnes.gov.uk)
Background papers	None
Please contact the report author if you need to access this report in an alternative format	

Appendix 1.

<u>Breakdown of 25/26 FY Budget</u>		
25/26 Agresso Spend	410,239	Staff overhear at 5% inflation.
Matrix Estimate	82,500	Balance of remaining PO's
Legal, Property & Planing costs	225,000	
Implimentation Costs sites 1-5	538,000	
	<u>1,255,739</u>	