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TITLE: BRISTOL ARENA (TEMPLE QUAY 3, BRISTOL)

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**Purpose:** To seek approval to:

- a) dispose of two Agency freehold land assets (the ex-Diesel Depot, Bristol known as "Arena Island"; and 1-9 Bath Road, Bristol) to Bristol City Council reg. 12(4)(e) [REDACTED] equating to the market value of the two assets, namely reg. 12(4) [REDACTED]. The two assets are identified on the plan at Appendix A.

reg. 12(4)(e) [REDACTED]

reg. 12(4)(e) [REDACTED]

- b) increase the Temple Quay 3 project approval reg. 12(4)(e) [REDACTED]

- c) enter into legal agreements with Bristol City Council:

- a sale & purchase agreement which provides for the transfer of the freehold interests of the two assets to the Council; a requirement for the Council to deliver agreed outputs by a longstop date reg. 12(4)(e) [REDACTED]

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reg. 12(4)(e) [REDACTED] and a Council obligation to share overage with the Agency at completion of development.

- an option agreement which enables the Agency to re-purchase (at the original disposal price) freehold ownership of one or all of the three development plots/phases of which the Arena Island and Bath Road sites are comprised, reg. 12(4)(e) [REDACTED]  
reg. 12(4)(e) [REDACTED]

- reg. 12(4)(e) [REDACTED]

Responsible officer: reg. 13(1) [REDACTED] Executive Director, South West

Prepared by: reg. 13(1) [REDACTED] Development Manager

Attachments: Appendix A: Site Plan

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## A MATTER FOR CONSIDERATION

- 1 This paper seeks approval for the Agency to proceed with the disposal of two Agency land assets to Bristol City Council with the principal objective of enabling the Council to construct a c.12,000 person capacity indoor arena on part of one of these. The assets are within the Bristol Temple Quarter Enterprise Zone (EZ) and the disposals, together with investment by the Council in these assets, and associated West of England LEP investment in nearby infrastructure works will help secure the future success of the EZ. The early development of the assets is

a key EZ priority in order to reg. 12(4)(e) to stimulate mixed-use development in the area.

- 2 Bristol City Council proposes constructing, at its cost, the arena on circa 60% of Arena Island, letting the completed building to an operator then holding the completed investment. The Council proposes disposing of the remainder of Arena Island and 1-9 Bath Road for mixed-use development and associated car parking.
- 3 The proposed terms of the transaction require Bristol City Council to commence development at Arena Island and 1-9 Bath Road in three phases, and to deliver a minimum schedule of outputs. reg. 12(4)(e)  
reg. 12(4)(e)
- 4 DCLG has approved the terms of this transaction, reg. 12(4)(e)  
reg. 12(4)(e)
- 5 reg. 12(4)(e)  
reg. 12(4)(e) per open market home, this falls within the normal Agency benchmarks and represents good value for money
- 6 The additional outputs reg. 12(4)(e)  
reg. 12(4)(e) improves the value for money still further, producing a revised figure of £3,918 per job.
- 7 The proposals set out in this paper represent the next key milestone in the Agency's investment strategy in the EZ and builds on the successful collaboration between the Agency, Bristol City Council, West of England LEP and Network Rail. The investment strategy relies upon a joint approach to infrastructure and development planning, and a co-ordinated approach to public investment and implementation by the partners.

- 8 The disposals enable a clean exit for the Agency from the two assets. The clawback and overage provisions are simple to monitor reg. 12(4)(e)

- 9 Following these disposals the Agency will have two remaining minor land assets (7-8 Feeder Road and 16 Feeder Road) which it will dispose of in 2017/18.

## B RECOMMENDATIONS

- 10 Projects Committee is invited to:

- a) **APPROVE** the transfer of the ex-Diesel Depot (Arena Island) and 1-9 Bath Road to Bristol City Council reg. 12(4)(e)

- b) **APPROVE** a non-cash increase reg. 12(4)(e) in the project approval as set out in this paper.

The above being **SUBJECT TO:**

- i) reg. 12(4)(e) AND  
ii) confirmation via DCLG of HM Treasury approval to an increase in the gross project approval reg. 12(4)(e)

## C EXECUTIVE SUMMARY

- 11 This paper sets out proposals which will:
- Enable the development of a key EZ site close to Temple Meads station for predominantly employment uses, including a high-profile indoor arena to serve South West England.
  - Secure a clean Agency exit at market value from two land assets.
  - Stimulate investment in nearby EZ sites (notably the Cattle Market site) and support Network Rail's business case for significant investment in Temple Meads station.
  - Deliver a range of outcomes which meet local aspirations and expedite the delivery of job creation.

**D BACKGROUND**

- 12 The Temple Quay 3 project comprises the acquisition, planning, servicing and disposal of land immediately to the south of Temple Meads station as part of the comprehensive regeneration of a 1km diameter area centered on Temple Meads station to create a new employment-led mixed-use quarter of the city centre. The regeneration area, which now forms the core area of Bristol Temple Quarter EZ, is being developed in stages: development of land to the north of the station (Temple Quay - nearing completion); major improvements to Temple Meads station (programmed to commence 2016); and development of land in a regeneration zone to the south of the station (commenced 2014).

- 13 The Agency owns four land assets in the southern regeneration zone, which together form the Temple Quay 3 project. This paper relates to the disposal of the two of these, namely the ex-Diesel Depot (now known as Arena Island), and 1-9 Bath Road.

The four assets are:

Arena Island (ex-Diesel Depot) 3.7002 ha – bounded by the A4 road, the river Avon and Network Rail railway tracks

1-9 Bath Road 0.3598 ha – bounded by the A4 road and Network Rail land, and railway tracks

7-8 Feeder Road 0.3942 ha – bounded by Feeder Road, land owned by Bristol City Council, and land in private ownership

16 Feeder Road 0.0344 ha – bounded by Feeder Road and Albert Road, land owned by Bristol City Council, and land in private ownership

The four assets are identified on the plan at Appendix A.

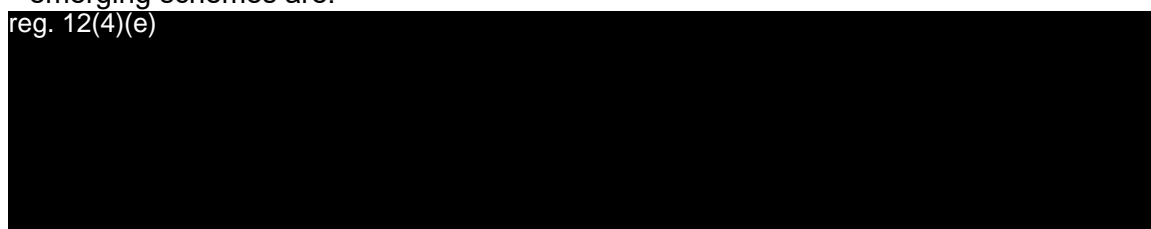
- 14 The Arena Island asset was acquired by South West Regional Development Agency from Network Rail in 2003 in order to lead and stimulate the planning and delivery of the southern regeneration zone. The land was acquired for employment-led mixed-use development and associated infrastructure works, potentially including an indoor arena (a major Bristol City Council project objective). The RDA remediated the site, which was transferred to the Agency in 2011 upon the wind-up of the RDA.
- 15 The 1-9 Bath Road asset was acquired by South West Regional Development Agency in 2003 in order to deliver either car parking or workspace to support the development of the Temple Quarter regeneration area. The site was transferred to the Agency in 2011 upon the wind-up of the RDA.
- 16 The sites are located within the core area of the EZ (designated April 2012) and a plan of the EZ is attached at Appendix A. The EZ Board has served to co-ordinate the land and infrastructure development projects which the HCA, Network Rail and Bristol City Council have been preparing, and which will have a transformational impact on Bristol Temple Meads Railway Station and the southern regeneration zone.

- 17 The EZ designation has also made available new funding streams which are enabling the Council to undertake highways and access works, and to procure the indoor arena project.
- 18 Network Rail is formulating proposals for significant improvements to Temple Meads railway station including:
- a new southern station access (onto the Cattle Market site),
  - major improvements to the station concourse,
  - new platforms for a new, faster and more frequent London service,
  - a new permanent (open 24/7) pedestrian/cycle route through the station linking the northern and southern zones via the Cattle Market site.

The northern zone has the highest property values in the city centre. The station improvements, together with the development of an arena on the ex-Diesel Depot site, will raise land values in the southern zone and attract investment and occupiers into the area.

- 19 The southern development zone is seen as the location for a major new creative industries cluster in Bristol. The Arena Island site, located within this area, is the largest development site in the EZ; its early development for employment-led uses is the top priority for the LEP to achieve EZ targets and to stimulate investment in the area. The Cattle Market site contains large derelict buildings and has considerable development potential and the ability to provide a key EZ pedestrian link.
- 20 The Arena Island has been remediated to a standard suitable for commercial development. The Agency is currently constructing a new vehicle/pedestrian/cycle bridge between Feeder Road and the Arena Island site (opposite the Cattle Market site), together with the provision of utilities and services to the site boundary. These works will be completed by December 2015.
- 21 The Agency has procured a masterplan to guide the development of the Arena Island site. The plan identifies two phases of development: a c12,000 capacity indoor arena, plus a mixed-use phase which provide 64,200 m2 of employment space and 300 residential units. Bristol City Council has commenced the process which will lead to grant of planning permission for the site, and its proposals are expected to be broadly similar to the Agency masterplan.
- 22 There are three potential options for a development scheme on 1-9 Bath Road, each of which will be referenced in the disposal documentation. The three emerging schemes are:

reg. 12(4)(e)



- 23 The current approval for the Temple Quay 3 project provides for a total investment of reg. 12(4)(e) This approval covers investment in historic site



acquisition, site preparation, planning, site servicing and disposal. Approximately reg. 12(4) remains to be spent on the project (principally to complete the construction of the new access bridge to Arena Island). The approved mix of uses is c.70% employment (which includes an indoor arena) and c.30% residential.

- 24 This paper seeks an increase in the project approval from reg. 12(4)(e) reg. 12(4)(e) a non-cash increase of reg. 12(4)(e) reg. 12(4)(e) Total cash expenditure on the project will remain at reg. 12(4)(e)
- 25 There have been no significant changes to the project since the last approval, which anticipated that the Agency would either sell the Arena Island and 1-9 Bath Road sites site to a single entity (as is now proposed) or sell it in a number of parcels to multiple developers. The last approval anticipated that the Agency would dispose of assets at market value, and this remains the case.
- 26 Due to the high profile nature of the proposed indoor arena project and the fact that construction is being funded and undertaken by Bristol City Council, the Agency has entered into direct negotiations with the Council for the disposal of the assets. The assets are being disposed of by the Agency at market value, as established by valuations jointly procured by the Agency and the Council.
- 27 Most of the Arena Island is currently occupied by the contractor which the Agency has appointed to construct the bridge and associated works. A small part of the site is occupied by a short-term occupier, on terms which permit the Agency to obtain vacant possession. The 1-9 Bath Road site is currently occupied by a single storey roadside retail building of circa 700m2 divided into two units, plus external areas and landscaping. Each unit is tenanted on terms which permit the Agency to obtain vacant possession.

## E TERMS OF THE TRANSACTION

- 28 It is proposed that the Agency enters into three documents on the following terms which have been agreed with Bristol City Council:

- a) Sale & Purchase Agreement, wherein:
- the Agency is obliged to transfer its freehold interests in the Arena Island and 1-9 Bath Road assets to the Council .
  - the Council undertakes to commence development of the two assets in three agreed phases by agreed dates. reg. 12(4)(e) reg. 12(4)(e)
  - the Council undertakes to pay the Agency overage based on a 50% share of future sales receipts above the original disposal price of reg. 12(4)(e) subject to the Council first deducting its reasonable costs, and excluding the area of land developed-out for public use as an indoor arena.

- b) reg. 12(4)(e)

reg. 12(4)(e)

c) reg. 12(4)(e)

F reg. 12(4)(e)

29 reg. 12(4)(e)

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G reg. 12(4)(e)

32 reg. 12(4)(e)

reg. 12(4)(e)



H reg. 12(4)(e)

33 reg. 12(4)(e)

34 reg. 12(4)(e)

35 reg. 12(4)(e)

36 reg. 12(4)(e)

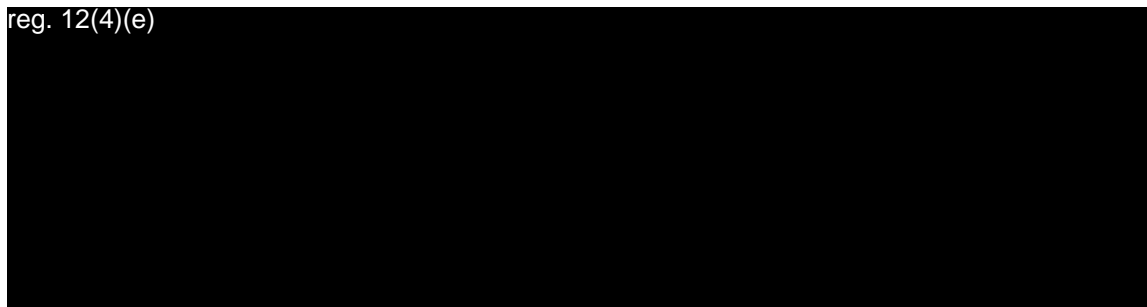
I reg. 12(4)(e)

37 reg. 12(4)(e)

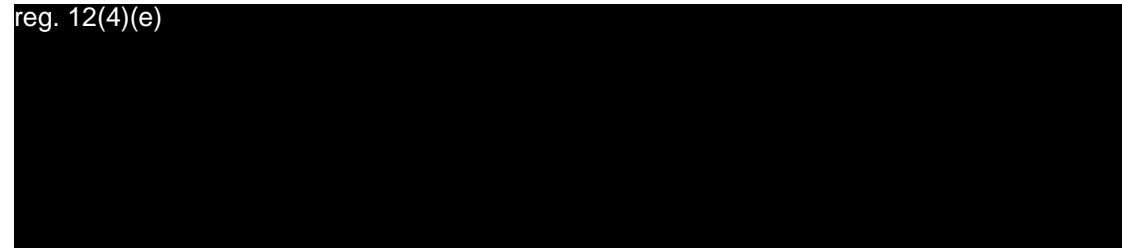
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reg. 12(4)(e)



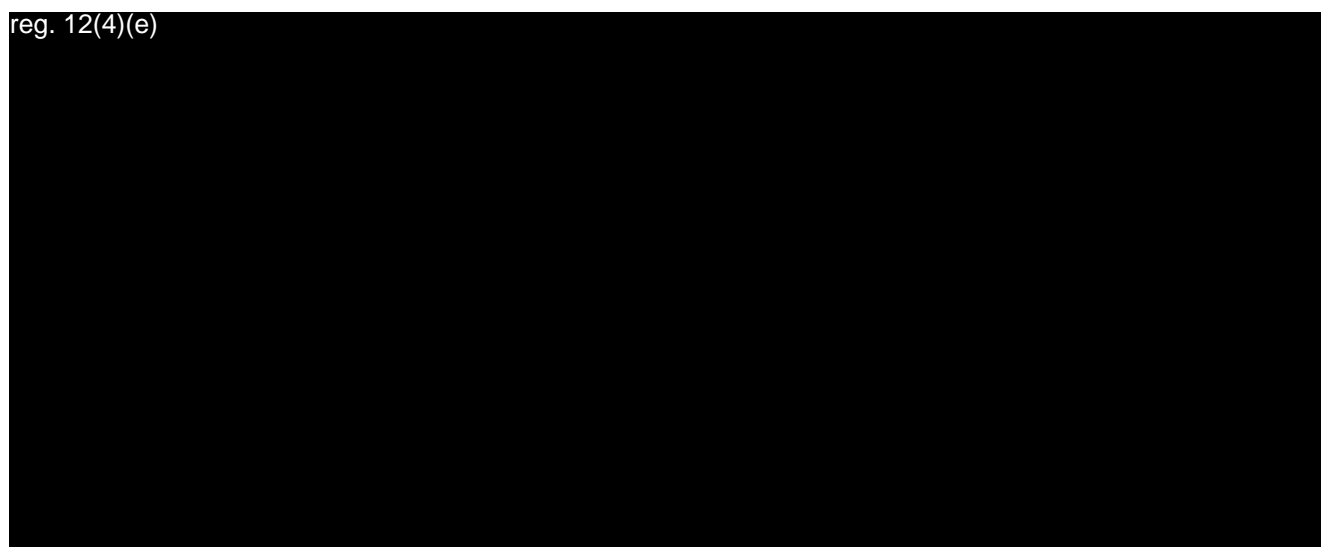
40 reg. 12(4)(e)



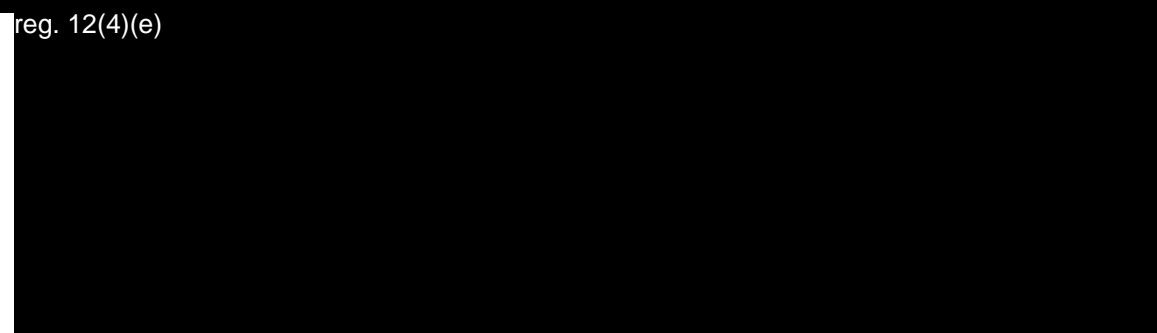
41 reg. 12(4)(e)




reg. 12(4)(e)




42 reg. 12(4)(e)



J reg. 12(4)(e)



43 reg. 12(4)(e)



K reg. 12(4)(e)

44 reg. 12(4)(e)

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