

EAST AYRSHIRE COUNCIL

DEVELOPMENT SERVICES COMMITTEE -3 MAY 2005

MOORFIELD NORTH INDUSTRIAL PARK, KILMARNOCK

Report by Executive Director of Development and Property Services

1 PURPOSE OF REPORT

- 1.1** To seek the approval of the Committee to revise the project to develop a new industrial park at Moorfield, Kilmarnock.

2 INTRODUCTION

- 2.1** At its meeting on 11 February 2003, the Committee approved a report recommending preparatory work and agreeing funding arrangements for the above project. At a subsequent meeting on 20 May 2003, the Committee approved a further report outlining progress on the project and referring to the processes for dealing with land acquisition issues.

3 ORIGINAL CONCEPT OF THE MOORFIELD INDUSTRIAL SITE PROJECT

- 3.1** The original concept of the project can be summarised as follows :

3.1.1 Development partnership

- The site identified in the East Ayrshire Local Plan for development as a new industrial location was in three separate ownerships, being : (1) Lands Improvement Holdings (LIH) Limited ; (2) The Nicholls Trust; and (3) East Ayrshire Council
- As a pan of the S75 planning condition for the residential development at the adjacent Mount House / Springhill Farm site, the developer (LIH) was obliged to provide a round-about junction and associated road- works on the 87064 to provide access to both the residential and industrial sites. This work was completed in March 2005.
- The proposal was that East Ayrshire Council would acquire the land interests of both LIH and The Nicholls Trust and would thereafter undertake the role of lead development partner.
- At this time, LIH indicated that they were unwilling to accept the level of commercial risk involved in taking the prime developer role.

3.1.2 Development Proposal

- The original development proposal was that :
 - (1) access roads and full services would be provided within the entire site of approximately 28 hectares;
 - (2) works necessary for the decontamination and stabilization of the site would be undertaken; and
 - (3) limited structural landscaping would be provided around the site

3.1.3 Development funding

- An application for ERDF grant assistance was approved and the Scottish Executive approved grant assistance from the Contaminated Land Fund. Grant assistance from Scottish Enterprise Ayrshire was also approved.
- On the basis of the funding approvals noted above, the original funding package was :

| | |
|------------------------------|--------------------------|
| East Ayrshire Council | £ 550,000 |
| LIH | £1,100,000 |
| Scottish Enterprise Ayrshire | £ 52,500 |
| ERDF Grant | <u>£1.611.725</u> |
| TOTAL | <u>£3.314.225</u> |

The funding to be provided by East Ayrshire Council comprised .

| | |
|--|------------------------|
| Grant from Scottish Executive Contaminated Land Fund | £240 000 |
| Costs for land acquisition | £300,000 |
| Allocation from EAC Capital Programme | <u>£ 10.000</u> |
| TOTAL | <u>£550.000</u> |

3.1.4 Development timetable

The ERDF application showed a physical start date for the project of 9 February 2004, with completion on 1 May 2005.

4 REVISED CONCEPT OF THE MOORFIELD INDUSTRIAL SITE PROJECT

4.1 Terms for the acquisition by the Council of the LIH land were provisionally agreed, but however, the Council was unable to reach agreement with The Nicholls Trust over the acquisition of their land. Accordingly, the negotiations were taken over, concluded and funded by LIH.

4.2 The revised project can be summarised as follows :

4.2.1 Revised development partnership

- the acquisition of the land from the Nicholls Trust was taken over and concluded by LIH;

- negotiations are currently in progress for the acquisition of LIH of the land owned by East Ayrshire Council;
- LIH has agreed to undertake the role of developer of the industrial park;
- East Ayrshire Council will continue to act as the lead partner in respect of the external funding for the project (ERDF and SE Ayrshire).

4.2.2 Revised development proposals

- The revised development proposals are that :
 - (1) the development works by way of roads and services will be restricted initially to a phase 1 (extending to 17.56 hectares and as shown on the attached plan in Appendix 1), but will be completed to a greater standard which will include the preparation of "development platforms" which will be ready for development with buildings;
 - (2) works for the decontamination and stabilization of the site will be undertaken;
 - (3) service provision will be made available for the future development of Phase 2 of the site (extending to 10.55 hectares and as shown on the attached plan in Appendix 2), the timing of which will be dependent upon market demand;
 - (4) structural landscaping around the perimeter of the whole site will be undertaken, (as shown on the plan attached as Appendix 3).

4.2.3 Revised development funding

- To reflect the increased commitment of cost towards the land acquisition by LIH, an adjustment was necessary to the structure of the funding package for the project, as follows :

| | |
|------------------------------|--------------------------|
| East Ayrshire Council | £ 250,000 |
| LIH | £1,410,000 |
| Scottish Enterprise Ayrshire | £ 52,500 |
| ERDF Grant | <u>£1,611.725</u> |
| TOTAL | <u>£3,324.225</u> |

- It should be noted that the contribution from East Ayrshire Council has been reduced the amount previously budgeted for land acquisition and the ERDF grant input remains the same. The additional costs in the project are being borne by the private sector development partner, LIH.

4.2.4 Revised development timetable

- As a result of the extended timetable for the acquisition of the land ownership interests, the programming of the project has necessarily slipped and the completion date is now anticipated as being 31 December 2005.

- The current position of the project is that the planning application for the site infrastructure works has been lodged with the Council, by LIH and it is hoped that it will be possible to have a physical start on site at the beginning of June 2005, with completion by the end of December 2005.

5 COMMENTS ON THE REVISED PROJECT PROPOSALS

- 5.1** The proposed revisions to the project have been submitted to Strathclyde European Partnership and approval has been obtained.
- 5.2** Marketing on a national and local level of the development plots is being undertaken on behalf of LIH by James Barr Chartered Surveyors, who have recognised expertise in the industrial sector of the property market. In addition, the agents are in discussion with a number of companies who are potential occupiers and who have been identified by East Ayrshire Council.
- 5.3** The development as proposed will mean that although a lesser area of land will initially be provided with site services, the plots on the Phase 1 site will be prepared to a greater degree of "development readiness" which will stimulate and encourage market demand.
- 5.4** The provision of services towards the Phase 2 site will mean that although it is not initially committed to any particular development plot layout, this area of land will be available in the short to medium term to meet the requirements of any potential "inward investment" projects which require a "green field site" for a new bespoke development. Should the site not be used in that way, LIH would only proceed to its preparation as speculative development plots if there was clear market demand. It is envisaged that this could be in a time horizon of 5 to 10 years, which accords with the Council's initial view of the timescale for the complete development of the entire site.
- 5.5** The proposed changes to the implementation of the project mean that the "commercial risk" to which the Council would have been exposed under the original development proposals has been transferred to the private sector development partner LIH.
- 5.6** The commitment of the Council's own funds has been reduced to £10,000, which in turn has "levered" a total of £3,314,225 of investment from other public and private sector sources. This represents excellent "value for money" and fulfils the Council's role of "enabling" private sector investment and development".

5.7 A formal contractual agreement to govern the development partnership between East Ayrshire Council and LIH is currently being negotiated and will be concluded prior to the date of entry to the land being sold to LIH and therefore to the physical start on site of the development works.

6. LAND ISSUES

6.1 The land owned by the Council has previously been declared surplus to operation requirements.

6.2 Negotiations are currently underway with LIH for the sale to them of the land currently in the ownership of East Ayrshire Council. Proposed terms and conditions of sale will be approved under the Scheme of Delegation.

7 POLICY IMPLICATIONS

7.1 The proposed development of a new industrial park will contribute to the achievements of the Council's objectives as expressed in the East Ayrshire Community Plan: Improving Opportunities (Aim 1.4)

7.2 The East Ayrshire Local Plan identifies the site as Moorfield as a "strategic industrial location .

7.3 The proposed development at Moorfield supports the objectives of the strategy of the Ayrshire Economic Forum -"Ayrshire :Scotland's Western Gateway".

7.4 The format of the development partnership accords with the Council's objective of working in partnership and "enabling" activity by the private sector.

8 LEGAL IMPLICATIONS

8.1 As noted at section 5.5 above, a formal legal agreement with LIH is currently being negotiated and will be concluded on behalf of the Council by the Solicitor to the Council.

8.2 The legal documentation in respect of the land sale to LIH will also be concluded on behalf of the Council by the Solicitor to the Council.

9. PERSONNEL IMPLICATIONS

9.1 There are no personnel implications for the Council.

10. FINANCIAL IMPLICATIONS

- 10.1** The administration of the funding arrangements to allow claims to be submitted for ERDF grant is being dealt with by officers in Development & Property Services.
- 10.2** Grant payments of ERDF to LIH will be made retrospectively, once received by East Ayrshire Council.
- 10.3** Provision for the Council funding commitment of £10,000 will be made in the Capital Budget for Regeneration and Efficiency Savings 2005/06.
- 10.4** Funding contributions from ERDF and Scottish Enterprise Ayrshire will be managed and be accountable through a separate project budget.
- 10.5** The financial consideration realised from the sale of the Council's land to LIH will be treated as a capital receipt in the year 2005/06.

11. RECOMMENDATIONS

11.1 That the Committee :

- (1) approves the revised format of the project, as detailed in section 4 of this report ;
- (2) notes the progress to date and the timetable for the further progression of the project; and
- (3) approves the capital contribution of £10,000 from the Capital Budget for Regeneration and Efficiency Savings 2005/06.

JAMES LAVERY

Executive Director of Development and Property Services

25/04/2005-jrs

BACKGROUND PAPERS

Nil

For further information please contact JOHN SPOONER, Business Development Manager on Extension 6143.

Implementation Officer: JOHN SPOONER

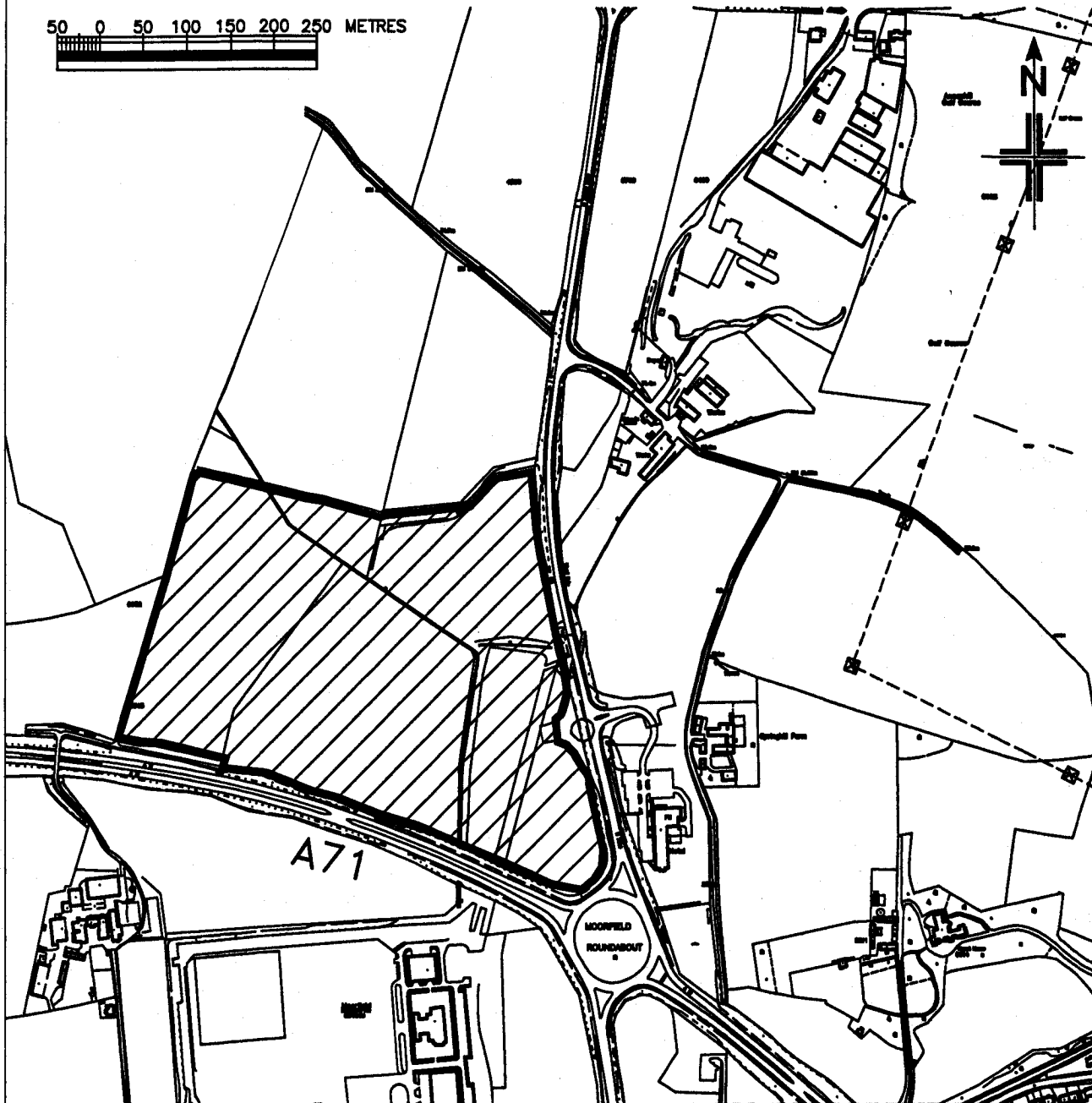
MOORFIELD NORTH INDUSTRIAL SITE, KILMARNOCK

Key

Development Phases

Phase 1 - 17.56 Ha

50 0 50 100 150 200 250 METRES



**ECONOMIC
DEVELOPMENT**

Robert Paton CA
Head of
Economic Development

**East Ayrshire
COUNCIL**

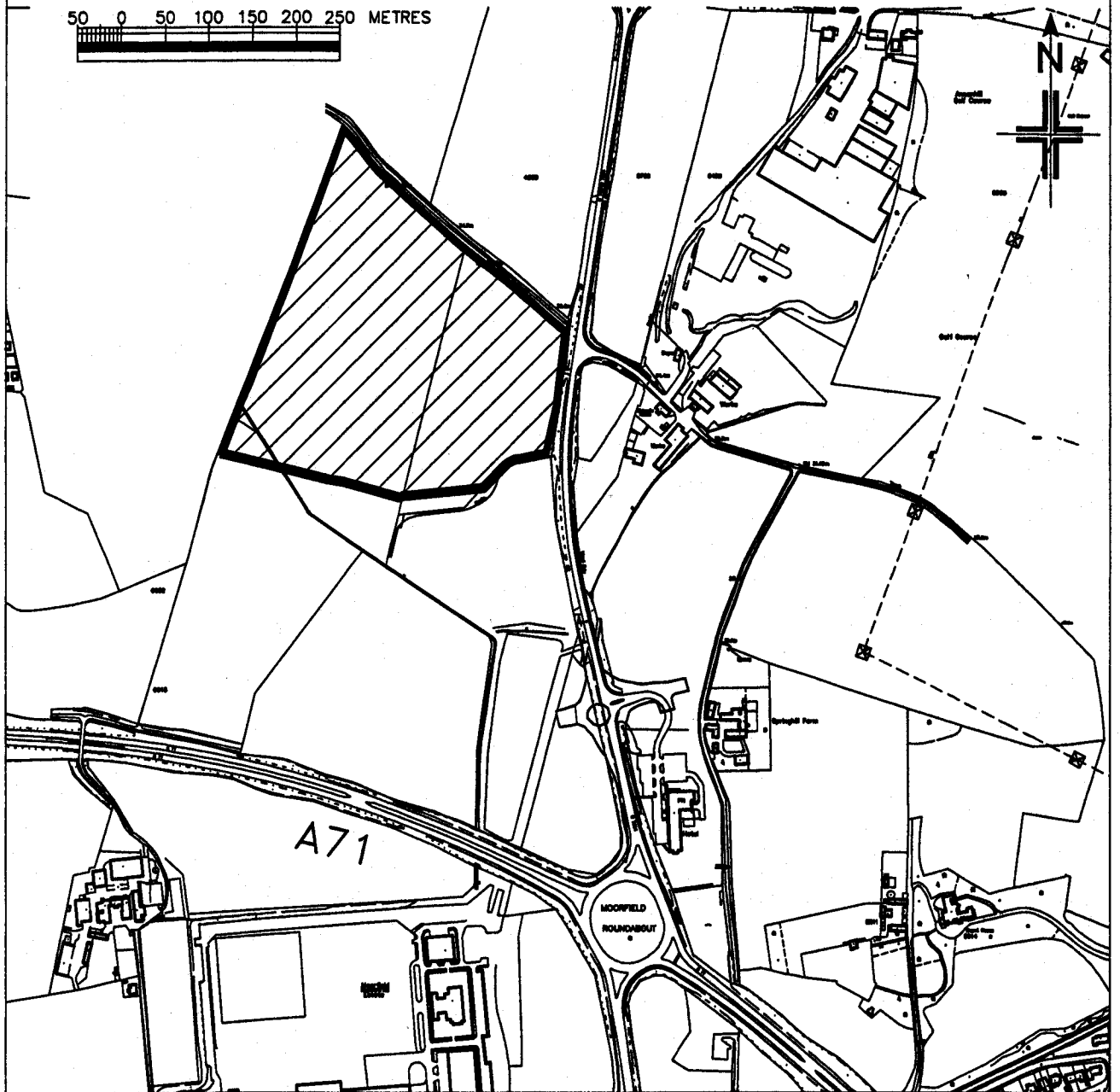
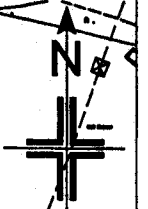
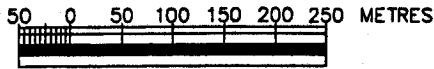
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MOORFIELD NORTH INDUSTRIAL SITE, KILMARNOCK

Key

Development Phases

Phase 2 - 10.55 Ha



ECONOMIC DEVELOPMENT

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Head of
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East Ayrshire COUNCIL

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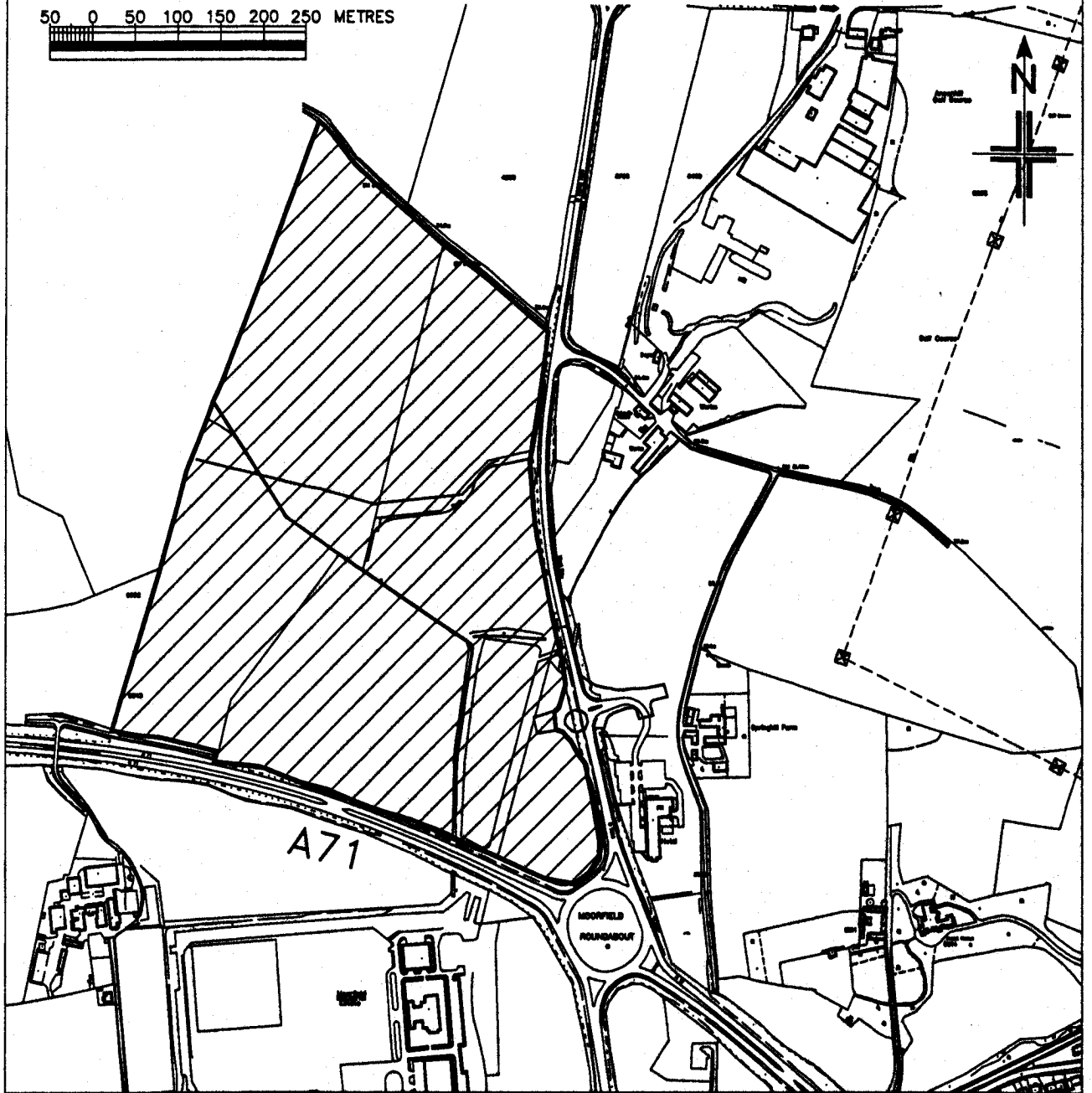
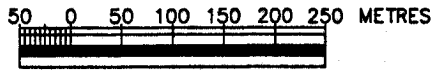
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MOORFIELD NORTH INDUSTRIAL SITE, KILMARNOCK

Key

Development Phases

— Extent of structural landscaping as part of Phase 1 contract.



ECONOMIC DEVELOPMENT

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