

**NORTH LANARKSHIRE COUNCIL
REPORT**

To: POLICY & RESOURCES (REGENERATION & INFRASTRUCTURE) SUB COMMITTEE		Subject: Fusion Assets Ltd Update
From: EXECUTIVE DIRECTOR OF ENVIRONMENTAL SERVICES		
Date: 16 th May 2013	Ref: 1721/KB	

1 Purpose of the Report

1.1 The purpose of this report is to update committee on recent and future planned physical development activity undertaken by Fusion Assets Ltd, the Council's special purpose vehicle designed to promote regeneration and economic development in North Lanarkshire.

2 Background

2.1 Fusion Assets Limited was established in 2006 following the closure of the Boots plant in Airdrie. Originally a joint venture between Scottish Enterprise and North Lanarkshire Council, the company is now a wholly owned subsidiary of North Lanarkshire Council. The company was originally funded through a donation from Boots of £3.7 million. In addition, NLC transferred the former Luggie Glen Sewage Works site to Fusion Assets and Scottish Enterprise of provided £1 million match funding.

2.2 Following the resignation of the Company's Chief Executive in late 2008, the company was effectively dormant until early 2010 when a new Business Strategy was prepared and new private sector members were recruited to the Board.

2.3 The reactivated company then embarked on a programme of site acquisitions in line with the new Business Strategy, in particular seeking out opportunities for the development of small industrial schemes where there was still evidence of market activity, on brownfield sites which would be capable of attracting external grant funding. There is a business assumption that these sites will be developed out in partnership with the private sector in order to spread the risk and lever in additional capital, allowing more activity to be undertaken by Fusion Assets.

2.4 The current Chair of Fusion Assets is Iain Carmichael, former Chief Executive of Lanarkshire Development Agency and Finance Director of Scottish Enterprise. In addition there is two other private sector Board Members – Scott Duguid, former senior partner with local surveyors, Whyte and Barrie, and Walter Dunlop, formerly Banking & Investment Compliance Director with Davis Langdon.

2.5 Cllr Michael Coyle, Cllr Frank McNally and Cllr David Fagan sit on the Board along with two Council officers - Alistair Crichton, Executive Director of Finance and Customer Services and Paul Jukes, Executive Director of Environmental Services.

3 Current Regeneration Projects

- 3.1 Drumpellier Business Park, Coatbridge: Following the remediation and rebranding of the former Luggie Glen Sewage Works site, a procurement exercise was undertaken in 2007 for a private sector partner to undertake the development in partnership with Fusion Assets. This was won by Ogilvie Group, with finance from the Royal Bank of Scotland, and a joint venture company subsequently established. However prior to development starting on site, funding was withdrawn as a result of the credit crunch.
- 3.2 As well as the historic project at Drumpellier, Fusion Assets has subsequently acquired a number of sites on the VDLF register with a view to developing a portfolio of industrial schemes targeting JESSICA for project finance. These are as follows:
- 3.3 Dundyvan Enterprise Park, Coatbridge: Fusion Assets have set up a joint venture company (Dundyvan LLP) with CBC to develop a brownfield site in Coatbridge for an industrial scheme of 44,000 sqft. The Dundyvan scheme was the first project in Scotland to secure development finance from JESSICA and construction is currently underway with completion scheduled for the end of August 2013.
- 3.4 Westfield Point, Cumbernauld: Fusion Assets acquired this brownfield site from the Council in January 2012 (generating a capital receipt of £275,000) and have undertaken initial site remediation and servicing works. Fusion Assets have subsequently undertaken a tender process to select a private sector development partner (CBC). The scheme for small industrial units is currently being amended prior to submission of an application for JESSICA funding for the development.
- 3.5 Dunalastair Industrial Estate, Chapelhall: In March 2012 Fusion Assets purchased the undeveloped part of the former Organon Research Facility at Chapelhall. As well as providing Fusion Assets with a development opportunity, the deal provided the new site owners – BioCity, with an initial cash injection allowing them to refurbish the remaining buildings and successfully launch the new facility as a biotechnology incubator. In the meantime Fusion Assets have undertaken grouting works to address ground remediation issues and achieved planning consent for a 41,000 sqft industrial scheme.
- 3.6 West Campus, Bellshill: Fusion Assets have a formal Option Agreement with HF Developments to purchase an 8.5 acre site at Strathclyde Business Park for a zero carbon industrial development. A package of advanced infrastructure works is currently on site and due to be completed by the end of May 2013, after which a tender process will be undertaken to select a development partner.
- 3.7 Condor Park, Eurocentral: In January 2013 Fusion Assets acquired a 3.3 acre brownfield site from Scottish Enterprise at Eurocentral. Planning approval for an industrial development has been granted and an initial package of advanced infrastructure works completed in March 2013. Subject to future VDLF Local Delivery Programme approval by Scottish Government, further advanced infrastructure works will be progressed onsite in 2013/14 prior to marketing the site.
- 3.8 A summary of the regeneration outputs is presented below:

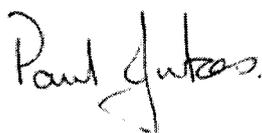
Site	Land Use	Land Remediated	Size (sq.ft)	Employment (FTE)
Condor Park	Industrial	3.3 acres	38,000	112
Dundyvan	Industrial	3.1 acres	44,000	129
Dunalastair	Industrial	3.2 acres	41,000	120
Drumpellier	Office	3.0 acres	65,000	302
Westfield Point	Industrial	3.6 acres	42,500	125
West Campus	Industrial	3.5 acres	43,000	126
TOTAL		19.7 acres	273,500	914

4 Future Activities

- 4.1 Fusion Assets continues to investigate further investment opportunities throughout North Lanarkshire. While the current focus of activity is the industrial sector, Fusion Assets is not restricted to this and can look at opportunities across all sectors.
- 4.2 Link Park, Newhouse: Fusion Assets are in negotiation with the owner of a registered Vacant and Derelict land site located on Edinburgh Road at Newhouse, adjacent to the new Co-Op Distribution Warehouse. A development feasibility study is underway and a submission has been made to the Scottish Government to include the site in the 2013/14 VDLF programme. If successful it will allow Fusion Assets to purchase the site and fund remediation works.
- 4.3 Gartcosh & Ravenscraig: Scottish Enterprise has agreed to investigate the establishment of a joint venture with Fusion Assets to deliver a speculative industrial scheme at Gartcosh in an effort to kick start development on the site. This will be the subject of a funding bid by Fusion Assets to the new Scottish Government Capital Regeneration Fund for 2014/15. Depending on progress with the overall development proposals at Ravenscraig, there may also be an opportunity to also include this site in the funding bid.
- 4.4 Westfield Point, Cumbernauld: Fusion Assets will be taking forward an application for JESSICA loan funding in 2013/14 in line with the earlier report made to Committee of June 14th 2012. A condition of this funding as set by fund managers Amber will be that North Lanarkshire Council provide a loan guarantee as parent company as well as assignation of the Council's interest in the new joint venture company via Fusion Assets Limited. Once further details of the loan offer are known, a future paper will be presented to Committee for approval.

5 Recommendations

- 5.1 It is recommended that Committee:
- i) note the progress made by Fusion Assets Ltd in terms of current physical regeneration activity in North Lanarkshire; and
 - ii) support the progression of a loan application by Fusion Assets Ltd for JESSICA funding to take forward the development at Westfield Point, Cumbernauld.



Paul Jukes
Executive Director of Environmental Services

Local Government Access to Information Act: for further information please contact Kate Bryson, Regeneration and Infrastructure, (01698 302841).