

**NORTH LANARKSHIRE COUNCIL
COMMITTEE REPORT**

To: REGENERATION SERVICES COMMITTEE	Subject: Town Centre Regeneration Fund
From: HEAD OF REGENERATION SERVICES	
Date: 17 February 2010 Ref: 1487	

1. Purpose of Report

1.1 The purpose of this report is to update the Regeneration Committee on the implementation of the Town Centre Regeneration Fund (TCRF) in North Lanarkshire, seek approval for the continued implementation and delivery of works associated with North Lanarkshire Council's award from the Town Centre Regeneration Fund specifically to put legal agreements in place to enable awards to be made.

2. Background

2.1 The Regeneration Services Committee, at its meeting on 27 May 2009 agreed that the Head of Regeneration Services, in consultation with the Convener, should submit an application on behalf of the Council and partners to the £60 million Town Centre Regeneration Fund announced by the Scottish Government on 4 February 2009. Proposals were developed to attract increased investment for the towns of Airdrie, Bellshill, Coatbridge, Cumbernauld, Kilsyth, Motherwell and Wishaw. A strategic bid was submitted on behalf of the North Lanarkshire Partnership, with the Council as lead applicant to the first round on 5 June 2009 for £3.545 million as part of a £12.274 million programme of investment.

2.2 On 6 August 2009 the Government announced the award of £2.745 million to North Lanarkshire. While the Government's press release and website announced in early August that all seven town centres in North Lanarkshire had benefited, the award letter which was sent out specified that the £2.745 million awarded was for "the work in Airdrie, Bellshill, Kilsyth, Motherwell and Wishaw". The council took the decision not to spend the £2.745 million across Cumbernauld and Coatbridge as all projects had been properly costed and diluting the amount would jeopardise the ability to deliver the approved projects. The council believed that the only viable option was to re-apply for funding in phase two of the bid process and enhanced bids were submitted for Cumbernauld and Coatbridge in late August. A bid was also submitted to advance the next phase of development in Ravenscraig town centre.

2.3 The Scottish Government confirmed on 13 November 2010 that Cumbernauld, Coatbridge and Ravenscraig had been unsuccessful and were informed that, while the application met the criteria, it would not be funded. At this stage the five town-centre projects previously approved in phase one were being developed and it was felt that it would be inappropriate to jeopardise these projects by diverting funding away from them. Further, the Scottish Government have set very tight timescales for legal commitments to be put in place to allocate this money and any redistribution of funding would risk meeting the commitment deadline of 17 March 2010 for these projects.

3. Town Centre Regeneration Fund Implementation

- 3.1 Since the initial award Regeneration Services have worked with other Council Services and partners to drive the five approved projects forward towards implementation, while ensuring appropriate governance arrangements and legal agreements are developed with the partners involved.
- 3.2 Much of the activity has involved confirming match funding and co-finance arrangements with partners, who in some cases are awaiting a decision on other sources of external funding. This has been particularly challenging to those delivery partners who are seeking private finance in the current economic downturn. Other work with partners has included appraisal to confirm both viability and the level of grant subsidy required for those projects which include commercial / private sector elements.
- 3.3 The major challenge related to the implementation of all TCRF projects is the demanding timescale for committing capital expenditure imposed by the Scottish Government. Initial guidance stated that all TCRF had to be spent in 2009/2010 although subsequent guidance, published on 15 December 2009, states that in order to claim TCRF, funding must be legally committed on projects with contracts and legal agreements/ permissions in place by 17th March 2010 or provide the Scottish Government with evidence of the support of the committee in favour of the work; and a statement of assurance from the Council's Senior Finance Officer to the effect that the work will be undertaken.
- 3.4 Appendix one outlines the approved projects, expected legal commitment, anticipated spend and risks to concluding legal agreements by 17th March 2010. In all cases, offers of grant have to incorporate the terms and conditions specified by the Scottish Government in the TCRF such as claw back arrangements, planning approval and works contract procurement. As a result there remain a significant number of risk factors associated with the implementation of all projects. This has proved to be a very complex and challenging fund to implement in the timescale available.
- 3.5 Legal agreements require to be put in place to enable all awards to be undertaken, Regeneration Services have been advised by Legal Services in the development of these. All property transactions have been undertaken by Property Services and will be the subject of reports to Property Services Committee for the necessary approvals.
- 3.6 It should be noted that there has also been further clarification from the Scottish Government that it will now be possible to divert funding to support the delivery of elements of projects submitted in Coatbridge and Cumbernauld from the original first round award. Officers are reviewing all project expenditure with a view to quickly identifying any project underspends that emerge and can be, within the TCRF timescale, diverted to other projects.

4. Corporate Considerations

- 4.1 In light of some projects being reliant for match funding on bank funding and/or other external funding sources the final levels of match funding has still to be confirmed. In some instances negotiations on price with some contractors remain ongoing. However, it is anticipated that there still remains significant leverage and sources of external match funding within the proposals.
- 4.2 Appendix two gives the up to date funding plan for each project with the current proposed match funding sources.
- 4.3 In terms of expenditure in 2009/10, it is unlikely that full spend will be achieved. The estimate is that £1.215 million will be spent with the balance of £1.53 million requiring to

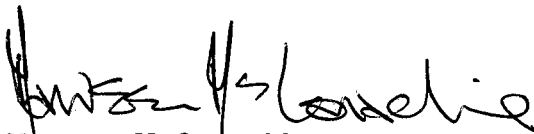
be carried forward into 2010/11. The figure will be confirmed to Finance once outstanding issues are resolved. It should be noted that this estimate is a "Best Case Scenario" and assumes that all the risks identified in Appendix 1 are addressed.

- 4.4 As before the criteria underpinning the fund does not allow for any grant received to be used to offset existing capital projects which are underway.

5. Recommendations

5.1 It is recommended that Committee:

- i) Notes the progress achieved on the implementation of the Town Centre Regeneration Fund (TCRF) in North Lanarkshire
- ii) Approves the continued implementation and delivery of works associated with North Lanarkshire Council's award from the Town Centre Regeneration Fund.
- iii) Approve legal agreements once concluded with Clyde Valley Housing Association, Rock DCM and CALA Properties Ltd as advised by Legal Services and Property Services



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Head of Regeneration Services

Local Government Access to Information Act: for further information about this report, please contact Paul Kane 01698 302842.

Appendix 1: Project Status

Town Centre	Airdrie	Bellshill	Kilsyth	Motherwell	Wishaw
Project Description	Orr's Store, 68/78, South Bridge Street: Diversification of use of high profile building to mixed use retail & housing.	278-286 Main Street – Bellshill: Acquisition of gap site and improvement of streetscape and pedestrian access to town centre alongside Morrison's Store	36-48 & 56-62 Main Street: (1) Refurbishment of two derelict properties: B Listed White House at 36-42 Main St & adjacent 44-48 Main St into flats & retail. (2) Refurbishment of ex Co-op & More Stores Building at 56-62 Main Street into flats & retail/ café bar and nursery or gym.	Former ASDA, Brandon Parade: Refurbishment of former supermarket into 3 modern retail units	Ground Floor 286 Main Street (Anvil Building) & Volunteer Centre premises on corner of Main St/ Kenilworth Ave.: Acquisition of two key buildings, and refurbishment of Anvil to assist in delivering long term aims for town centre
Lead Service/ Delivery Partners (DP)	Lead: Regeneration DP: CVHA	Lead: Planning DP: Property Services	Lead: Planning DP: Rock DCM/ Kilsyth CC/ CVHA	Lead: Regeneration DP: CALA Properties Ltd	Lead: Regeneration DP: Property Services
Expected Legal Commitment	19 February 2010	26 February 2010	26 February 2010	19 February 2010	March 2010
Expected Spend	15 March 2010	Part of Bellshill TC Phase 4 works in 2010/2011	March 2010 – July 2010	March 2010 – June 2010	2010/2011
Risks	Shortfall in other match funding (HAG from Scottish Government) to CVHA) –confirmation of award expected imminently.	Morrison's and NLC have still to agree mutually acceptable terms for the sale/lease of land.	Affordable Housing condition attached to planning permission not resolved. TCRF & CARS legal agreements not in place.	TCRF legal agreement not in place with CALA – negotiations have proved lengthy.	Property negotiations prove lengthy/ Building survey outcomes unknown as yet Alteration to TCRF bid proves difficult with Scottish Government
Summary	CVHA have tendered and contractor agreed/ NLC/CVHA Agreement drafted Site start targeted for 1 March 2010	Tender returns for Bellshill works due on 4/2/2010 and contract awarded thereafter. Property Services have established contact with Morrison's.	Property Services have concluded missives with Rock DCM (on condition grant agreements are made) to purchase 44-48 Main Street from NLC. TCRF & CARS legal agreements at final draft stage.	CALA have tendered works and have planning permission. CALA may dispose of Brandon Centre but assignation of grant to new owner is within agreement. Site start projected for 22 February 2010.	NLC Property & Design Services are actively working on measures to ensure project progresses. Match funding profile altered without NHS involvement.

Appendix 2 Funding Plan

		Airdrie	Bellshill	Kilsyth	Motherwell	Wishaw	Total
	Total Project Cost	£3,229,000	£250,000	£2,069,553	£1,830,000	£2,300,000	£9,678,553
Public Sector	North Lanarkshire Council	£0	£100,000	£10,000	£100,000	£750,000	£960,000
	NHS Lanarkshire	£0	£0	£0	£0	£0	£0
Private Sector	CALA Properties Limited	£0	£0	£0	£1,000,000	£0	£1,000,000
	Fusion Assets Limited	£0	£0	£0	£0	£750,000	£750,000
	ROCK DCM Limited	£0	£0	£1,294,553	£0	£0	£1,294,553
RSL	Clyde Valley Housing Association	£1,229,000	£0	£0	£0	£0	£1,229,000
Scottish Government	Scottish Government CARS Grant	£0	£0	£100,000	£0	£0	£100,000
	Scottish Government HAG Funds	£1,600,000	£0	£0	£0	£0	£1,600,000
TCRF	Scottish Government TCRF Funds	£400,000	£150,000	£665,000	£730,000	£800,000	£2,745,000

Leverage	£	% of Total Project
Public Sector	£960,000	10%
Private Sector	£3,044,553	31%
RSL	£1,229,000	13%
Scottish Government	£1,700,000	18%
Scottish Government TCRF Funds	£2,745,000	28%