

<b>To:</b> REGENERATION SERVICES COMMITTEE		<b>Subject:</b> Ravenscraig
<b>From:</b> HEAD OF REGENERATION SERVICES		
<b>Date:</b> 17 February 2010	<b>Ref:</b> 1499	

**1 Purpose of the Report**

1.1 The purpose of this report is to provide an update on the delivery of the Phase One development components at Ravenscraig and report on progress with the key actions previously agreed by the Council to support and facilitate Phase Two.

**2 Background**

2.1 The regeneration of the Ravenscraig site along with the adjacent towns of Motherwell and Wishaw is recognised as a Metropolitan Flagship Initiative within the Glasgow and Clyde Valley Joint Structure Plan 2006. Along with Clyde Waterfront and Clyde Gateway, the Ravenscraig Corridor is deemed to have particular significance for the implementation of the Metropolitan Development Strategy, being the main focus for the longer term development of the Structure Plan area. Ravenscraig is specifically recognised as a priority within the Scottish Government's Regeneration Policy Statement (2006) and as a key outcome within North Lanarkshire Council's Corporate Plan.

2.2 The redevelopment of Ravenscraig is being taken forward by Ravenscraig Ltd - a joint venture between Scottish Enterprise, Corus and Wilson Bowden Limited (a subsidiary of Barratt Developments) which is responsible for overseeing the implementation of the development programme. Since the re-organisation of Scottish Enterprise, there has been little or no progress in bringing forward proposals for further phases of development at Ravenscraig. Scottish Enterprise's stated position with regards to Ravenscraig is that with a changed remit, future development will lie outside their role. In an attempt to break this impasse and take forward Phase 2, the Council has been actively working with Ravenscraig Limited and the Scottish Government to identify and take forward a series of key actions designed to progress the redevelopment of the site.

**3. Update on Phase One Development Components**

3.1 Progress on Phase One has been reported regularly to the Local Area Partnerships in Motherwell and Wishaw. The infrastructure works contract is now largely complete which has released four components for development.

3.2 The new £70 million Motherwell College campus is now complete and was officially opened by HRH The Princess Royal on Friday 15 January 2010.

3.3 Good progress continues to be made with the construction of the Regional Sports Facility at Ravenscraig, with the opening scheduled for the end of August 2010.

- 3.4 It has been reported that David Wilson Homes (a subsidiary of Barratt Developments) will begin construction of the first new houses at Ravenscraig in February. However, it is understood that there is a variety of issues outstanding that need to be resolved before construction can start. It is intended that as well as private houses for sale, 45 units will be purchased "off shelf" by North Lanarkshire Council and Clyde Valley Housing Association.
- 3.5 BRE Scotland are still progressing the Innovation Park at Ravenscraig. They are targeting an opening of September 2010 and currently have interest from five developers for the house plots plus a consortium to build the visitor centre. There are still a number of planning and legal issues outstanding but BRE Scotland hope to have these concluded by the end of February to allow the site works to begin

#### **4. Update on Key Actions Required to Progress Phase Two**

- 4.1 The Council agreed to take forward a number of key actions, which will form part of an on-going due diligence process, in order to progress Phase 2 of the regeneration of the Ravenscraig site. These were to:
- Commission an objective and independent review of the Phase 2 reports produced on behalf of Ravenscraig Ltd and Scottish Enterprise.
  - Clarify the costs and procurement methodology associated with the detailed design and costing for the Phase Two major elements.
  - Investigate all funding options and models which may be available to support the delivery of Phase 2 (including new opportunities such as Tax Increment Financing).
  - Review the legal and commercial position of the Ravenscraig Limited joint venture in order to assess the potential for the Council to become a Member of that company.
  - Continue discussions with Scottish Government, seeking to secure a funding commitment to support the delivery of Phase 2.
- 4.2 Ernst & Young were subsequently appointed to undertake a review of the Phase 2 reports produced on behalf of Ravenscraig Ltd and Scottish Enterprise and identify potential funding mechanisms which would assist in the delivery of the Phase 2 development proposals. During this process the consultants have engaged with the Scottish Government, Scottish Futures Trust, Scottish Enterprise and Ravenscraig Ltd. Potential funding options considered includes Tax Increment Financing (TIF), European investment models (JESSICA) and Network Rail financing (Regulated Asset Base vehicle). Ernst & Young have completed their initial Phase 2 Review and as a result of discussions with Scottish Future's Trust will input into the TIF Outline Business Case for Ravenscraig for submission to the Scottish Government. This work will include further clarification on the funding, costs and procurement methodology associated with the Phase 2 strategic infrastructure works.
- 4.3 In terms of progressing the detailed design and costing of Phase 2, a bid was submitted to the Town Centre Regeneration Fund to support the preparatory work which requires to be undertaken for Ravenscraig and the wider Motherwell and Wishaw corridor (referred to as Area Planning Briefs). Although the application was rejected, Scottish Enterprise subsequently offered to contribute £800,000 towards the costs of this work to allow it to proceed. Once a funding agreement is in place between Ravenscraig Ltd, Wilson Bowden, Scottish Enterprise and the Council, the APB works will be procured through OJEU and are anticipated to take up to eighteen months to complete. In parallel, the Council will progress the detailed design and costing of the upgrade of the A723 which would eventually create a new direct link from the M8 to the M74 through the Ravenscraig site.
- 4.4 Internal due diligence work is continuing with regards to exploring the possibility of the Council becoming a Member of Ravenscraig Ltd. To date no position has been reached on the financial or legal implications of the Council replacing Scottish Enterprise within the joint venture company and an update report on progress will be produced in due course.

## **5. Corporate Considerations**

- 5.1 The TIF Outline Business Plan will be prepared by the Council's Regeneration Services but will require additional input from Ernst & Young and other specialist consultants. The cost of this will be up to £30,000 and will be met from existing budgets. All corporate considerations will be fully considered as part of the on-going due diligence process outlined in Section Four above. Ernst & Young are required to conduct this additional work based on their experience and output of the work done to date. This represents best value to the Council at this time. As the work on Ravenscraig's Funding Strategy develops it will be necessary to access specialist consultancy support. It is proposed to conduct a procurement exercise to secure consultancy services through the appropriate tendering exercise, which will be reported to committee in due course.

## **6. Recommendations**

6.1 It is recommended that Committee:

- i) Notes progress in relation to delivery of Phase One of Ravenscraig
- ii) Notes progress in the delivery of the Phase 2 Area Planning Briefs now to be jointly funded by Scottish Enterprise, Wilson Bowden and the Council.
- iii) Agrees to the preparation of a TIF Outline Business Case for Ravenscraig for submission to the Scottish Government.
- iv) Approves the undertaking of an appropriate tendering exercise for the procurement of future consultancy services.
- v) Agrees to receive an update report on progress in due course



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Local Government Access to Information Act: for further information please contact Murray Collins, Physical Regeneration & Funding Manager on Tel 01698 302899.