

NORTH LANARKSHIRE COUNCIL

AGENDA ITEM No. 13 REPORT

To: ECONOMIC DEVELOPMENT COMMITTEE	Subject:	
From: DIRECTOR OF PLANNING AND DEVELOPMENT	LADY ANNE TRAINING CENTRE	
Date: 26 November 1998	Ref: REP 508 GS/LMcW	

Purpose of Report

1. The purpose of this report is to seek the Committee's consent to proceed with this project.

Background

2. The Lady Anne Depot consists of the provision of a Training Facility and Managed Workspace with central, administrative and ancillary services, together with a creche facility and Small Business Start up units. The project is to be developed and managed in a partnership context with the involvement of local community organisations and Coatbridge College, who will occupy a major part of the space in the development.
3. Members will recall at their previous Committee, a report was made, explaining that the Tenders for this project had been submitted at a higher figure than anticipated. It was also explained that this required a further report to the Resider Committee, explaining both the increase in cost and the ways in which this may be dealt with.
4. The Resider Committee met on the 6th November, at which the Lady Anne Project was discussed. It was explained at the Committee that the increase in cost could be accommodated by leaving out certain elements of the project - principally the lettable workshops - and the Committee seemed relaxed about this particular change. The representative of Coatbridge College, who is a member of the Committee, did however, say that this is something that they would wish to consider and this is a matter to be discussed with the College.
5. The Resider committee have now issued their provisional decision, which is as follows:
 - The Council should confirm that they are prepared to continue to support financially, both from a capital and revenue point of view, the Lady Anne Project and also that the offers of co-funding from the Lanarkshire Development Agency are still in place.
 - A revised Resider application is to be submitted to the Strathclyde European Partnership by 30 November 1998.
 - The Council should confirm that Coatbridge College have agreed to take a lease of a substantial part of the development.
6. The situation with regard to the points raised above is explained below.

Negotiations with Coatbridge College

9. At the time of writing (20.11.98) negotiations with Coatbridge College have not been concluded but are at an advanced stage. Figures for occupation costs have been submitted to the College and a draft lease. The college is also considering the alterations which have been proposed for the Contract, because they wish to be assured that the quality of the development will not be seriously prejudiced by the omissions to the Contract described above.
10. Discussions are also being held with the College with regard to the management of the building and it is hoped that the day-to-day management of the project from the point of view of reception and janitorial services may be handled by the College on a cost sharing basis.
11. The College is confident that it's Board timetables will allow them to make a decision in time for the Resider Committee Meeting on 3rd December.

Implications for the Council's Capital Programme

12. Appendix 1 of this Report shows the current approved Capital Programme for Economic Development for the period 98/99, the net costs of the Lady Anne project and proposals for a revised programme.
13. It is proposed that the balance of the money allocated this year to the Lady Anne Training Centre be allowed to be re-allocated as expenditure in the Year 99/2000. In addition to this sum, it is proposed that the small communities property initiatives also be reallocated to the Year 99/2000 with £110,000 being reallocated to the Lady Anne project.
14. These changes would allow the Council to start the Lady Anne project in January of next year and to confirm to the Strathclyde European Partnership that the capital contributions from the Council and the Lanarkshire Development Agency are confirmed.

Revenue Implications

15. As mentioned above, the possibility of sharing the costs of the management arrangements for this building are being discussed with Coatbridge College. A claim has been made to the Strathclyde European Partnership showing substantial revenue implications for this project. These figures have now been revised and are showing a much lower level of revenue expenditure. The main risk of the Council incurring revenue expenditure on this project is whether or not the building is let. If the lease to Coatbridge College goes ahead, the bulk of the revenue costs for the next five years will be taken care of. The letting of the remainder of the building could give rise to revenue implications in the first 12 months of the project, but it is hoped that tenants would be found within this period to minimise these figures.
16. On the basis of current calculations based on reasonably pessimistic assumptions, the revenue implications for the Council are as follows:-

1999/2000	-	£22,000
2001/2002	-	£20,000
2002/2003	-	£33,000
2003/2004	-	£30,000

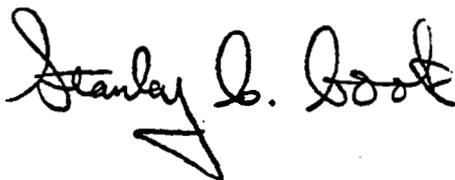
These costs will be discussed in the context of the current budget considerations.

Conclusion

17. If the Committee is prepared to realign the capital budgets as described above, there are sufficient capital resources to proceed with this project. The revenue implications are also described above and as can be seen will be alleviated if grant is available from the Strathclyde European Partnership. The Council's assurances on capital and revenue implications should be sufficient to allow the Strathclyde European Partnership to approve both the capital and revenue contributions for this project.
18. The support from Strathclyde European Partnership and the formal involvement of Coatbridge College are crucial to this project's proceeding. It is proposed therefore that the letting of the Contract be conditional on the Strathclyde European Partnership supporting the project and Coatbridge College signing a lease in respect of their occupation of the building.

Recommendation

19. It is recommended that the tender submitted by J B Bennett (Contracts) Ltd in the amount of £1,006,502.03 is accepted, subject to a reduced expenditure limit of £770,000 and on the following conditions:
 1. That the project is approved for support from the Strathclyde European Partnership.
 2. That Coatbridge College sign a lease for their occupation of the building.
 3. That the Lanarkshire Development Agency's contribution is confirmed.



Stanley C. Cook
DIRECTOR OF PLANNING AND DEVELOPMENT

For further information please contact G Smith on 01236 616203.

Approved Economic Development 98/99 Capital Programme

Cost Centre Code	PROJECT TITLE	TOTAL PROJECT COST	Total Past Spend	← Year End Predictions →						
				Carry Over	98/99	C.S.Fees	Total	99/2000	2000/2001	Post
PXEO1	Lady Anne Training Centre	100,000	0		100,000	X	100,000			
PXEO2	Lady Anne Training Centre & Workshops	100,000	0		100,000	X	100,000			
PXEO3	Assistance to Lees	200,000	0		200,000	X	200,000			
PXPO4	CCTV - Bellshill Town Centre (SOED)	55,000	15,000		40,000	X	40,000			
PXPO8	Small Communities Property Initiatives	750,000	0		250,000	X	250,000	250,000	250,000	
98/99	CCTV Corporate Bid	100,000	0		100,000	X	100,000			
98/99	Cumbernauld Business Centre Contributions	100,000	0		100,000	X	100,000			
Totals		1,405,000	15,000	0	890,000	0	890,000	250,000	250,000	0

Lady Anne Project

	Total	98/99	99/200
Contract	770,000	260,000	510,000
Fees	80,000	62,000	18,000
Totals	850,000	322,000	528,000
DEDUCT			
ERDF @ 40%	340,000	128,800	211,200
LDA Contribution	100,000	100,000	0
NLC Costs	410,000	93,200	316,800

REVISED PROGRAMME

PXEO1	Lady Anne Training Centre & Workshops	410,000	0		93,200	X	93,200	316,800		
PXPO8	Small Communities Property Initiatives	640,000	0		0	X	0	390,000	250,000	
98/99	Cumbernauld Business Centre Contributions	0	0		0	X	0			
PXEO3	Assistance to Lees	200,000	0		200,000	X	200,000			
PXPO4	CCTV - Bellshill Town Centre (SOED)	55,000	15,000		40,000	X	40,000			
98/99	CCTV Corporate Bid	100,000	0		100,000	X	100,000			
Totals		1,405,000	15,000	0	433,200	0	433,200	706,800	250,000	0