

**NORTH LANARKSHIRE COUNCIL
REPORT**

To: POLICY AND RESOURCES (REGENERATION AND INFRASTRUCTURE) SUBCOMMITTEE	Subject: CUMBERNAULD COMMUNITY ENTERPRISE CENTRE PROPOSED LEASE TO CULTURE NL LIMITED
From: ACTING EXECUTIVE DIRECTOR REGENERATION & ENVIRONMENTAL SERVICES	
Date: 25 February 2016	Ref: MAR

1. INTRODUCTION

1.1 The purpose of this report is to seek Committee approval for the grant of a lease of Cumbernauld Community Enterprise Centre to Culture NL

2. BACKGROUND

2.1 At its meeting on 27 September 2012, the Policy and Resources Committee approved the proposal that the Council progress the formation of a charitable organisation to manage and operate the Council's cultural and associated services. Subsequently the Policy and Resources (Regeneration and Infrastructure) subcommittee at its meeting on 21st February 2013 approved the proposal to grant leases of a large number of properties to the new charitable trust (Culture NL.) The principles behind setting up of the Trust were to achieve efficiency savings for the Council by the establishment of a Not for Profit Distributing Organisation, effectively a Charitable Trust. The Muirfield Centre was one of the properties where it was agreed that the council would grant a lease.

2.2 Separately, building on the success of the development of the One Wellwynd social enterprise centre in Airdrie, an analysis was undertaken by NLC in 2012 to assess the demand for further small office space across North Lanarkshire. This identified Cumbernauld as having a low availability of small office space and, in contrast, a large number of North Lanarkshire's third sector organisations. Further investigations raised the opportunity to establish a community hub at Muirfield, incorporating not only office space for the SME and social enterprise sector but also replacing the existing out-dated, although well-used, community facility.

2.3 In support of this development, the council commissioned an architectural feasibility study to assess potential design options and costs for this build as well as prepare a full business case to review how this facility could operate. Further to the findings of this initial work, committee approval was provided in May 2013 to submit an application to the Scottish Government's then recently launched Regeneration Capital Grant Fund Programme for £4M (50% of the estimated project cost of £8M) to support the construction of the proposed Muirfield Centre (with match to be sought from council and Campsies Centre Cumbernauld Ltd).

- 2.4 This application was formally approved in January 2014 with £2M grant support provided for 2014/15 and £2M for 2015/16. Construction is underway and the completion of the new Muirfield Centre is programmed for July 15th 2016 with an anticipated formal opening in late August (with surrounding landscape works including a new children's playground to be completed by December 2016).
- 2.5 Following cross-service discussions with representatives from Learning & Leisure Services, Corporate Property, Estates, and Planning & Regeneration Services, it was agreed that the new centre would be most effectively run through a single operator and that Culture NL, building on their responsibility for managing the Council's community facilities across North Lanarkshire, should be approached with the view to performing this role. Following the development of a more detailed operational model for the centre, it was agreed by the Learning & Leisure Committee in October 2015 that an additional payment should be made to Culture NL (through an adjustment to their existing management fee) to cover potential losses which the new Muirfield Centre may incur over its first three operational years. Following this provision, the board of Culture NL subsequently agreed to accept management responsibility for the centre.

3. DESCRIPTION

- 3.1 The new centre will include (on the ground floor) a bespoke space for a children's nursery and 'after-school' care facility, dedicated office space for third sector and charitable groups who were incumbent within the previous community centre including the Alpha Project, North Lanarkshire's Women's Aid and Cumbernauld & Kilsyth Unemployed Worker's Centre, a cafe and kitchen space, a main events hall, a courtyard garden which will be operated by Hope Community Gardens and general purpose meeting rooms for community use and use by North Lanarkshire Community Learning & Development Services.
- 3.2 The First Floor will provide 2 further community meeting rooms (including a fully functional AV Room) together with 310 sq. m of commercial office space (split across 8 separate offices) and shared meeting room for office users. The Second Floor will provide 315 sq. m of commercial office space (split across 8 separate offices), a single 198sqm open plan office and shared meeting room for office users.

4. PROPOSED LEASE

- 4.1 As Culture NL will be managing this facility it is proposed that a new lease is granted to formalise this arrangement. When the council approved the proposal to grant leases (as noted above) previously it was agreed that the date of entry for the properties was to be 1 April 2013 when Culture NL commenced operations. It is therefore proposed that in so far as possible the lease for this new facility should follow that previously approved for Culture NL and North Lanarkshire Leisure.
- 4.2 Members may recall that when the Trusts were set up it was agreed properties would be leased to the Trusts at less than market value, the terms having been designed to be flexible largely in the Council's favour but also to provide the Trust with the ability to operate and maximise the savings that can be secured.

4.3 It is proposed that the arrangements for this additional property are on broadly similar terms. The area to be leased is shown indicatively on the attached plan, this will be finalised on completion of the development. The main lease terms are as follows:-

- a **Lease Term:** From the Date of Entry to 31 March 2033
- b **Annual Rental:** £1 per annum, if asked.
- c **Date of Entry:** This will be at handover of the property following completion of construction (anticipated 1 July 2016).
- d **Repairs/Maintenance:** The council as landlord will be responsible for the maintenance and repair and, where necessary, be responsible for the reinstatement of the exterior and all structural parts of the building and to keep the subjects wind and watertight. Culture NL will be responsible for maintenance of internal parts of the building.
- e **Break Option:** Either party will have the option to terminate the lease in whole or in part on giving 6 months' written notice.
- f **Other Terms:** All other terms and conditions and alterations to be in accordance with the standard lease terms for properties of this nature.

4.4 As detailed above, the ground floor of the property will be operated as a social enterprise centre, and it is anticipated that a number of community groups will use the facilities. The office units on the upper floors will be operated as a small business centre attracting SMEs. It will therefore be necessary to include provisions within the lease to allow the creation of subleases, it is anticipated that the private tenants will contribute towards repairs maintenance on a similar arrangements to those adopted in other properties leased to commercial tenants.

5. **CORPORATE CONSIDERATIONS**

- 5.1 The principle of granting the leases at less than market value was fully assessed when the council approved the main report in 2013. This lease will be granted on the same terms as previously agreed. This report is in accordance with the terms of the Disposal of Land by Local Authorities (Scotland) Regulations 2010.
- 5.2 The report is consistent with current policy and is considered to return best value to the council in terms of securing operational and efficiency savings by the lease of this property to Culture NL.
- 5.3 The council will retain the right at any time to regain control of the subjects in whole or in part on giving 6 months' notice, and this offers a large degree of protection for the Authority.
- 5.4 The report dated 13 February 2013 provided that the issue of state aid had been considered by the council and the proposal to transfer cultural and associated services to Culture NL formed part of an act of entrustment for a Service of General

Economic Interest and did not constitute state aid. The proposed transfer from the council to Culture NL of Cumbernauld Community Enterprise Centre is considered to be an act of entrustment for a Service of General Economic Interest and does not constitute state aid.

6. RECOMMENDATIONS

- 6.1 It is recommended that Committee agree the terms of the lease to Culture NL as detailed above.
- 6.2 That the report be referred to Learning and Leisure Services Committee for information.
- 6.3 All other terms and conditions to be adjusted by the Acting Executive Director of Regeneration & Environmental Services.



KENNETH WILSON

Acting Executive Director of Regeneration & Environmental Services

Members seeking further information on the contents of this report are asked to contact Mary Anne Robb, Business Manager – Estates on 01236 632667.

LOCATION PLAN - For Information Only

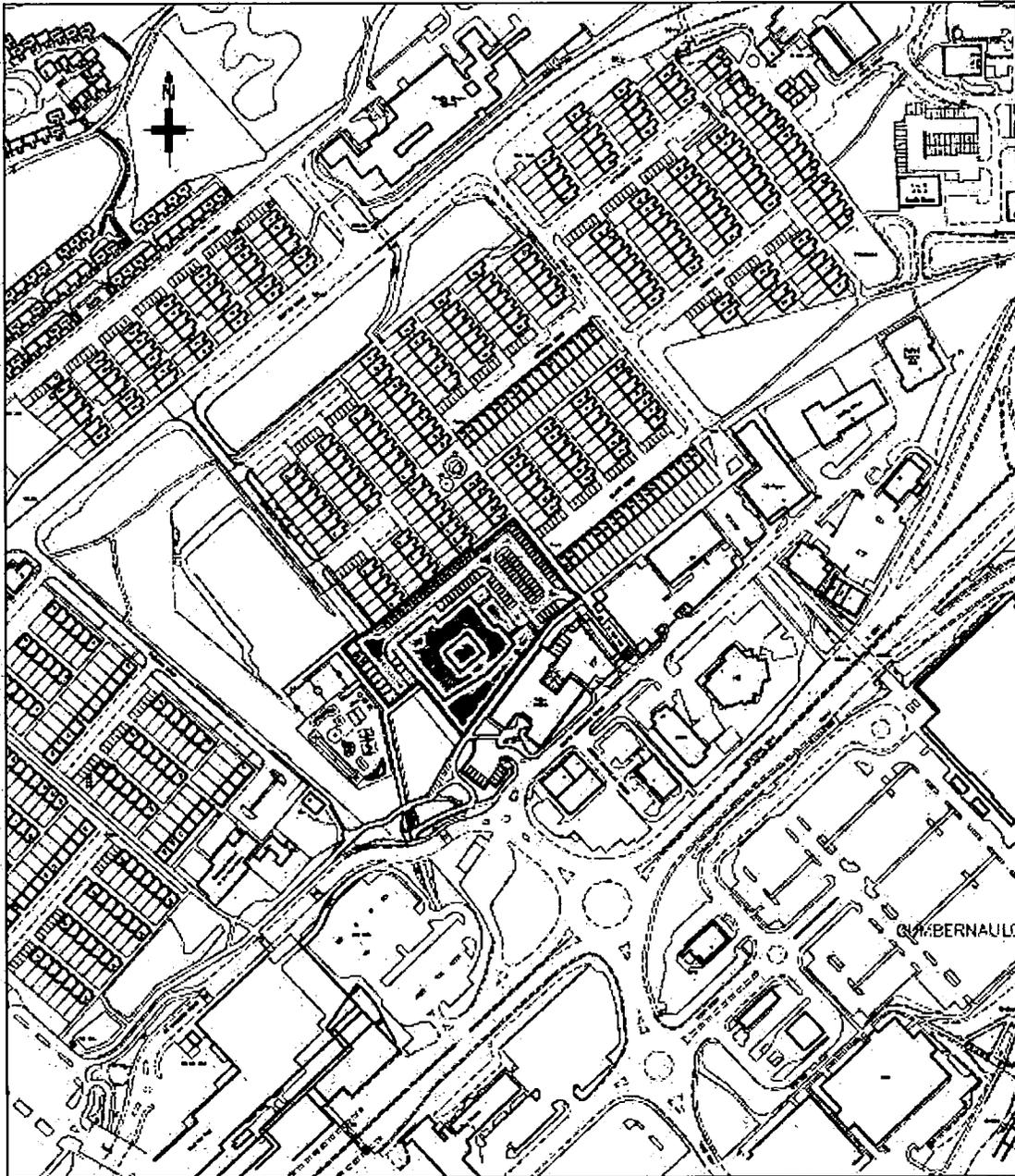
Title: Cumbernauld Community Enterprise Centre Proposed Lease to CultureNL Scale 1:NTS



Town: South Muirhead Road, Cumbernauld

Date: 03.02.2016

ENVIRONMENT & ESTATES



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