



Agenda Item 9

Tax Incremental Finance Initiative/ Falkirk Gateway – Update Report

Falkirk Council

Title: Tax Incremental Finance Initiative/Falkirk Gateway update report
Meeting: Executive
Date: 19 February 2019
Submitted By: Director of Development Services

1. Purpose of Report

- 1.1 The purpose of this report is to provide an update on the Falkirk Tax Incremental Financing (TIF) initiative and in particular, the results of the marketing of the Falkirk Gateway.

2. Recommendations

It is recommended that the Executive agrees:-

- i) to the appointment of Fintry Estates Limited/Hargreaves as preferred developer for the Falkirk Gateway site**
- ii) to authorise the Director of Development Services to progress negotiations on detailed heads of terms including the joint commission of a report on retail impact, and**
- iii) to report back to Members in due course**

3. Background

- 3.1 The Falkirk TIF initiative is a key priority of the Council and is designed to increase development activity taking place in the Falkirk area through the creation of enabling infrastructure. Report to the Executive on 21 February and 16 October 2018 gave a full update on the delivery of the TIF project including progress with the marketing of the Falkirk Gateway.
- 3.2 The Falkirk Gateway is a key project in the TIF development programme. The TIF provides funding for the provision of infrastructure to enable the site to be delivered, creating a new urban quarter at the eastern entrance to Falkirk.

4. Considerations: *Falkirk Gateway Developer Selection*

- 4.1 The Gateway development sites have been marketed by the Council's agent, GVA. This attracted significant interest from operators and developers of mixed use schemes. An invitation was issued to interested parties and the wider market seeking any formal interest by 8 February 2018. A total of 9 developers confirmed their interest and a shortlist of 3 bidders were invited to prepare detailed offers for the subjects for submission in late June 2018.
- 4.2 The Council received two stage 2 bids from:
- Fintry Estates Ltd/Hargreaves
 - Henry Boot Developments Limited.

Both submissions are from good quality developers and have been assessed through an assessment panel made up of officers within the Council representing Planning, Legal, Finance and Economic Development as well as guidance from the Council's appointed Commercial agent, GVA.

- 4.3 Each developer has submitted a primary and variant scheme. The content of the primary and variant masterplans for both bidders is summarised below and depicted in the attached masterplans Appendices 1-4:

	Henry Boot	Fintry/Hargreaves
Primary Masterplan	<p><u>South Site</u> Pub/restaurant (5,750sqft) Lodge Hotel Restaurant (3,300sqft) Drive thru – food (2,500sqft) Drive thru – coffee (1,800sqft) Retail parade (14,000sqft) Social Housing (60 units)</p> <p><u>North Site</u> Gym (10,000sqft) Retail unit (40,000sqft- bulky goods) Retail parade(10,000sqft) Retail unit (23,700sqft) 4* Hotel</p>	<p><u>South Site</u> Retail unit (22,870sqft) Retail unit (20,000sqft) Retail Parade (5,220sqft) Class 4 offices (76,460sqft)</p> <p><u>North Site</u> Pub/Restaurant (6,475sqft) Hotel (64,702sqft) Retail unit (50,000sqft – bulky goods) Leisure unit (20,000sqft) Retail unit (15,250sqft) Drive thru – coffee (2,750sqft) Retail parade (10,000sqft)</p>
Variant Masterplan	<p><u>South Site</u> As above</p> <p><u>North Site</u> Gym (10,000sqft) Retail unit (40,000sqft – bulky goods) Retail Parade (45,000sqft) Retail unit (23,700sqft) Restaurant (8,000sqft)</p>	<p><u>South Site</u> Retail unit (22,870sqft) Retail unit (20,000sqft) Retail Parade (5,220sqft) Residential (42-60 units)</p> <p><u>North Site</u> As above</p>

Indications of likely occupiers have been identified by the developers, however at this point they have not committed to the project. Once the preferred developer is appointed, heads of terms will be progressed with all interested

parties and this will enable commercial terms for delivery of the scheme to be concluded.

- 4.4 The assessment panel has considered each of the submissions against a set of key criteria including scheme content, financial offer and deliverability. This assessment was used to compare the developer submissions and confirm scoring. A summary of this comparison is outlined in the attached confidential report (Appendix 5). As a consequence of this appraisal it is recommended that the submission by Fintry Estates Ltd/Hargreaves be selected as the preferred developer.
- 4.5 The Council will be required to formally notify the appointed developer that they have been successful in their appointment as the preferred bidder, subject to agreement of detailed heads of terms. There are a number of conditions suggest to be applied in these heads of terms which are summarised in Appendix 5. It is proposed that acceptance of the commercial terms from the developer should be subject to these conditions.
- 4.6 It is noted that the schemes proposed indicate a significant amount of new retail floorspace. Whilst some of this involves replacement or specialist retailing space, the potential for this to have an adverse effect on the area's town centres must be acknowledged. Delivery of the development will be subject to formal planning approval. As a consequence there will be some risks associated with the project where aspects of the development are deemed not to comply with the adopted and/or emerging LDP. Accordingly it is proposed that the developers be required to participate in a joint exercise with the Council to conduct a retail impact assessment and convey means to address any adverse effects for existing centres.

5. Consultation

Consultation will be undertaken in regard to the design proposals for the enabling infrastructure projects undertaken as part of the TIF Initiative. The development process for the Gateway proposals will involve full consultation with the local community as part of the planning process.

6. Implications

Financial

- 6.1 Receipts from disposals of the Gateway sites are anticipated to contribute towards the Council's capital programme.

Resources

- 6.2 Council officers have worked in partnership with marketing agents, GVA, to attract commercial interest in the Gateway development site.

Legal

- 6.3 The agreements necessary in regards to the appointment of the Gateway developer will be prepared in liaison with Governance officers/external legal advisors.

Risk

- 6.4 A risk matrix is maintained for the delivery of the TIF. Delivery of the Falkirk Gateway project will be contingent on successful conclusion of legal agreements and gaining planning approval for the proposals. If not proceeding with delivery of the Gateway proposals there would be a number of reputational and commercial risks and potential loss of a significant capital receipt to the Council.

Equalities

- 6.5 No implications.

Sustainability/Environmental Impact

- 6.6 The vision outlined in the Gateway masterplan proposals is for the development to be a focus for low carbon technologies and a leading initiative in sustainable living and working in Scotland. The adoption of these technologies will be considered further as the scheme progresses.

7. Conclusion

- 7.1 The TIF project is a major initiative for the Council and is being pursued to assist in the economic transformation of the area. The Falkirk Gateway development provides exciting opportunities at a key growth node in the Council area and the establishment of a preferred developer will drive the project forward.

Director of Development Services

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Date: 5 February 2019

APPENDICES

- Appendix 1 – Henry Boot Primary Masterplan
- Appendix 2 – Henry Boot Variant Masterplan
- Appendix 3 – Fintry/Hargreaves Primary Masterplan
- Appendix 4 – Fintry/Hargreaves Variant Masterplan

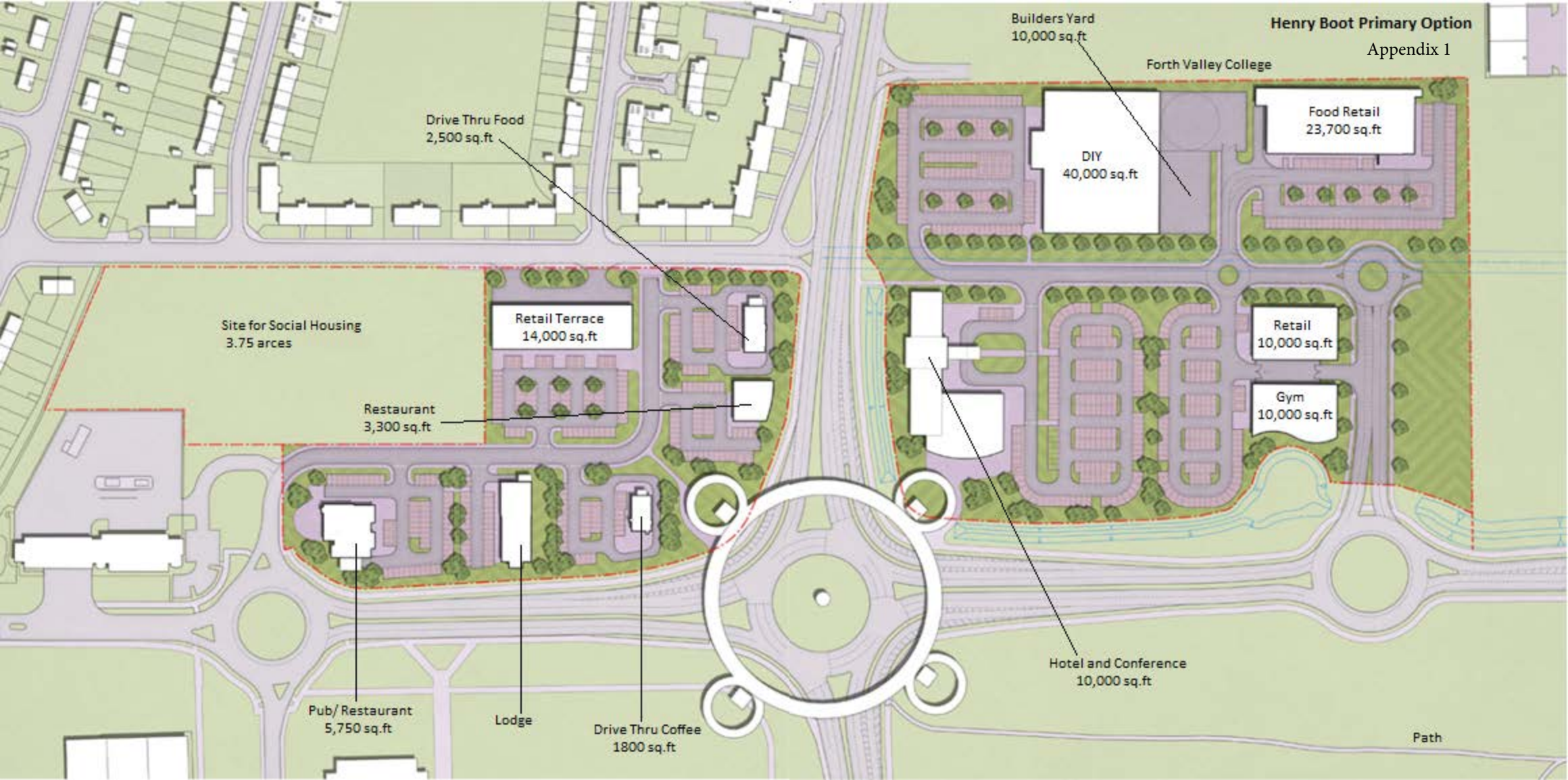
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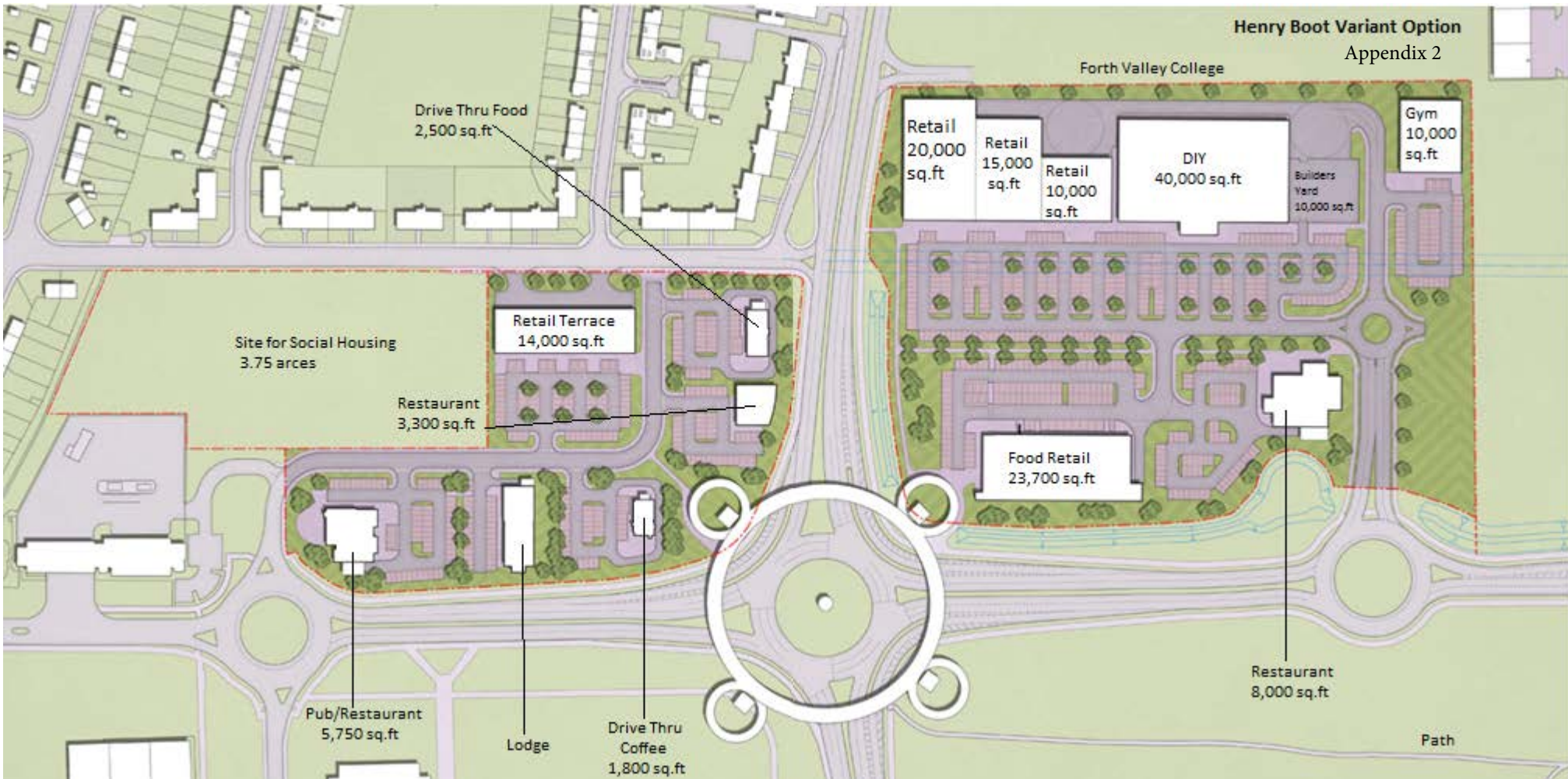
Appendix 5 - Appraisal of developer submission and proposed commercial terms

List of Background Papers:

The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act 1973:-

1. TIF/Falkirk Gateway Files.







Client	Project	Drawing	Original Size	smith design associates	
Fintry Estates Ltd	Falkirk Gateway	Proposed Master Plan	A1		
	Scale	Date	Drawn	JM	
	1:2000	18.06.18	PJM		
	Status	18 Lyndoch Crescent, Glasgow G3 8EG	Tel: 0141 363 3901	Job No.	FE008
	Preliminary	gla@smithdesign.co.uk	www.smithdesign.co.uk	Drawing No.	SK180618-2
1. Do not scale this drawing - if in doubt ask. 2. All work to be checked on site prior to construction. 3. This drawing is the copyright of the author.					

Fintry Variant Option



client		project		drawing		original size		drawn		smith design associates							
Fintry Estates Ltd.		Falkirk Gateway Grangemouth Road		Proposed Site Plan Zone 1 + Zone 4		A3				Glasgow Leatherhead Dumfries							
scale		1:2000		date		20.07.18		drawn PJM		checked		sub no.		drawing no.		revision	
		INFORMATION		16 Lynedoch Crescent, Glasgow G3 6EQ glasgow@smithdesign.co.uk		0141 353 3501 www.smithdesign.co.uk						FE008		SK180720-1		-	
<div>1. Do not scale this drawing - if in doubt ask. 2. All sizes to be checked on site prior to construction. 3. This drawing is the copyright of the author.</div>																	