

FALKIRK COUNCIL

**Subject: FALKIRK TAX INCREMENTAL FINANCING INITIATIVE
UPDATE REPORT**
Meeting: EXECUTIVE
Date: 29 APRIL 2014
Author: DIRECTOR OF DEVELOPMENT SERVICES

1.0 INTRODUCTION

- 1.1 This report provides an update on the Falkirk Tax Incremental Financing (TIF) initiative including the next phases of work planned for delivery of the project.

2.0 BACKGROUND

- 2.1 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. Following Executive approval on 18th June, 2013, the Council entered into a formal agreement with Scottish Government in July 2013 and following that initiated the first contract to upgrade Junction 6 on the M9 at Earlsgate.
- 2.2 The first TIF contract was awarded to Wills Bros Ltd on 17 September 2013 at a cost of £2.1m. Work is presently on programme and is expected to be completed successfully in early May.
- 2.3 To assist development of the next phases, the Executive agreed to proceed with the preparation of an Infrastructure and Development Plan and to develop a marketing strategy for the TIF.

3.0 TIF EXECUTIVE

- 3.1 A TIF Executive, involving Scottish Government, Scottish Futures Trust and the Council meets regularly to oversee delivery of the project. The TIF Executive is putting in place procedures for agreement on the next phases of the project including arrangements for:
- a 'Gateway' review process for agreement on delivery of the major joint funded projects in the TIF Agreement - Grangemouth Flood Prevention Scheme and the A801 Avon Gorge
 - financial monitoring of the project
 - agreement on the inclusion of additional development sites or plant & machinery investments taking place on TIF development sites
 - a review and evaluation in year 5 including any requirement for the adjustment of the displacement factor

Glenbervie Development Site

- 3.2 In relation to the inclusion of additional sites, the Glenbervie site (site plan attached – Appendix 1) is identified in the TIF Agreement as a potential addition, subject to preparation of a viable business case. The site has been available for a number of years for commercial use with limited interest. It is approximately 50 acres in size and geographically offers an excellent location for manufacturing and distribution operators however successful delivery is restricted by the cost of site enabling works of £3.2m.
- 3.3 The TIF Executive has considered the potential addition of the Glenbervie development site to the TIF initiative. An initial proposal for the inclusion of the site has been prepared and further work on this is to be undertaken for the TIF Executive's approval. This proposal would involve the commitment of c£3.2m of infrastructure works by the Council via the TIF, to help prepare the site for development. This would be funded through the attraction of additional non-domestic rates from the delivery of the site.
- 3.4 The Glenbervie site is owned by Scottish Enterprise and therefore an agreement for delivery of this scheme would require to be entered into between Scottish Enterprise and the Council to enable the infrastructure works to be funded. It is proposed that this be developed in further detail and, following the agreement of TIF partners, reported back to the Council's Executive for agreement. Approval to this proposal will also be required from Scottish Government Ministers.

4.0 Infrastructure & Development Plan

- 4.1 To assist in implementing the TIF initiative, the Council, in partnership with Scottish Enterprise, appointed Ironside Farrar to develop an integrated strategy which appraises market conditions for delivery of the TIF, identifies the works required on each of the infrastructure and development sites and addresses the opportunities and challenges in progressing each development site.
- 4.2 This exercise has recently been completed and the result identifies the actions needed to progress the TIF initiative and help achieve the challenging targets it has set. It acknowledges that the TIF initiative must be flexible and responsive to opportunities presented by the market and proposes that the commitment of funding focusses on those actions likely to provide most benefit in stimulating development and attracting non-domestic rates income.
- 4.3 The proposed actions for the Council to progress include:
- a) *Early action on key sites*- to stimulate market interest and that early action is taken by the Council to initiate development at Abbotsford Business Park, where provision of advance industrial units by the Council will assist in stimulating development (a separate report has been issued to the Executive on this proposal). The Infrastructure & Development Plan also suggests completion of site enabling works at Abbotsford Business Park at a cost of £250,000.
 - b) *Release of development sites*- The release of sites is key to securing development. Recent success has been gained at a site in Southbridge Street, Grangemouth and marketing of sites owned by the Council at Abbotsford and Wholeflats continues. The Infrastructure and Development Plan suggests a need to stimulate development and attract a commercial/leisure interest at the Falkirk Community Stadium site.

The Council's recent agreement in principle on the transfer of assets from Falkirk Community Stadium Ltd. enables it to consider marketing of sites adjacent to the Stadium which will transfer to the Council should this transfer be completed.

- c) *Preparation of a master plan-* for the Falkirk Gateway and Community Stadium sites. Development of these sites was adversely affected by the substantial costs in providing up-front infrastructure and the impact of the economic downturn on the area's property market. The Infrastructure & Development Plan suggests that opportunities exist to consider the prospects for these sites in more depth, taking advantage of improving market conditions and the TIF's financial support. It suggests that, with the agreement of the site's landowners, a master plan be prepared for development of these sites. The exercise is anticipated to cost c.£50,000, and it is proposed that this be joint-funded by the Council and its partner(s) in the project.
- d) *Measures to promote and market the TIF initiative.* Materials have been produced to assist with this and it is also proposed that an initiative be undertaken to replace the signage on existing TIF sites (formerly branded for 'My Futures in Falkirk'). A new set of branding for these sites has been prepared and it is proposed that this be implemented at an anticipated cost of £20,000.
- e) *A revised schedule of enabling and infrastructure works-* this has been prepared covering the 11 year programme period. A copy of the TIF Implementation review schedule, comparing the Infrastructure works schedule in the original business case against that proposed is attached as Appendix 2. While there are no changes to the original approved package of works, the principal amendments to this involve:
 - i) completion of additional parking provision at the Stadium site via £600,000 of TIF site enabling funds to meet the needs of increased development activity at the site.
 - ii) accelerate the infrastructure works at Westfield roundabout given increase in development potential arising from the opening of the Helix.
 - iii) accelerate the Icehouse Brae works to enable expansion of business in that vicinity.
 - iv) accelerate Junction 5 works to support development relating to Ineos and Forth Ports
 - v) completion of additional site-enabling works for Abbotsford Business Park at a cost of £250,000

The above actions will be funded by the TIF and progressed by the Council in liaison with development partners.

5.0 IMPLICATIONS

5.1 Policy

The TIF initiative is a major priority of the Council and is being pursued to assist delivery of the Strategic Community Plan and the *My Future's in Falkirk* initiative

5.2 *Legal*

The delivery of the TIF has been developed in liaison with the Council's legal services and external legal advisers

5.3 *Financial*

Delivery of the TIF initiative is being met from the dedicated funds established for delivery of the initiative and reported regularly as part of the Council's capital investment programme. The master planning work required for the Falkirk Gateway and Stadium sites and for the provision of signage to market the sites can be funded from existing Development Services budgets.

6.0 CONCLUSION

6.1 The TIF project is a major initiative for the Council and is being pursued to assist in the economic transformation of the area. The Infrastructure and Development Plan has given important pointers to further works necessary to progress the programme and assist in delivery of the development projects which are important to the TIF's success. It is proposed that further reports be provided to the Executive on the delivery of the initiative including the results of the proposed addition of the Glenbervie site, the formation of a joint agreement on this development and the outcome of marketing of the commercial leisure development site adjacent to Falkirk Stadium.

7.0 RECOMMENDATIONS

7.1 It is recommended that the Executive agrees to:

- a) **note the update of progress on the Falkirk TIF initiative and the outcome of the Infrastructure and Development Plan**
- b) **to develop proposals for the addition of the Glenbervie site to the TIF initiative, including the formation of an agreement with Scottish Enterprise for investment in the site**
- c) **proceed with the preparation of masterplans for the Falkirk Gateway and Stadium sites at a cost of £50,000 including proposals for early release of development sites**
- d) **proceed with revised marketing and signage of the TIF sites at a cost of £20,000**
- e) **the revised Implementation Schedule for TIF projects as outlined in Appendix 1, including completion of site-enabling works at Falkirk Stadium (£600,000) and Abbotsford Business Park (£250,000).**

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Director of Development Services

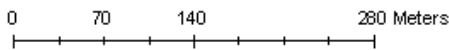
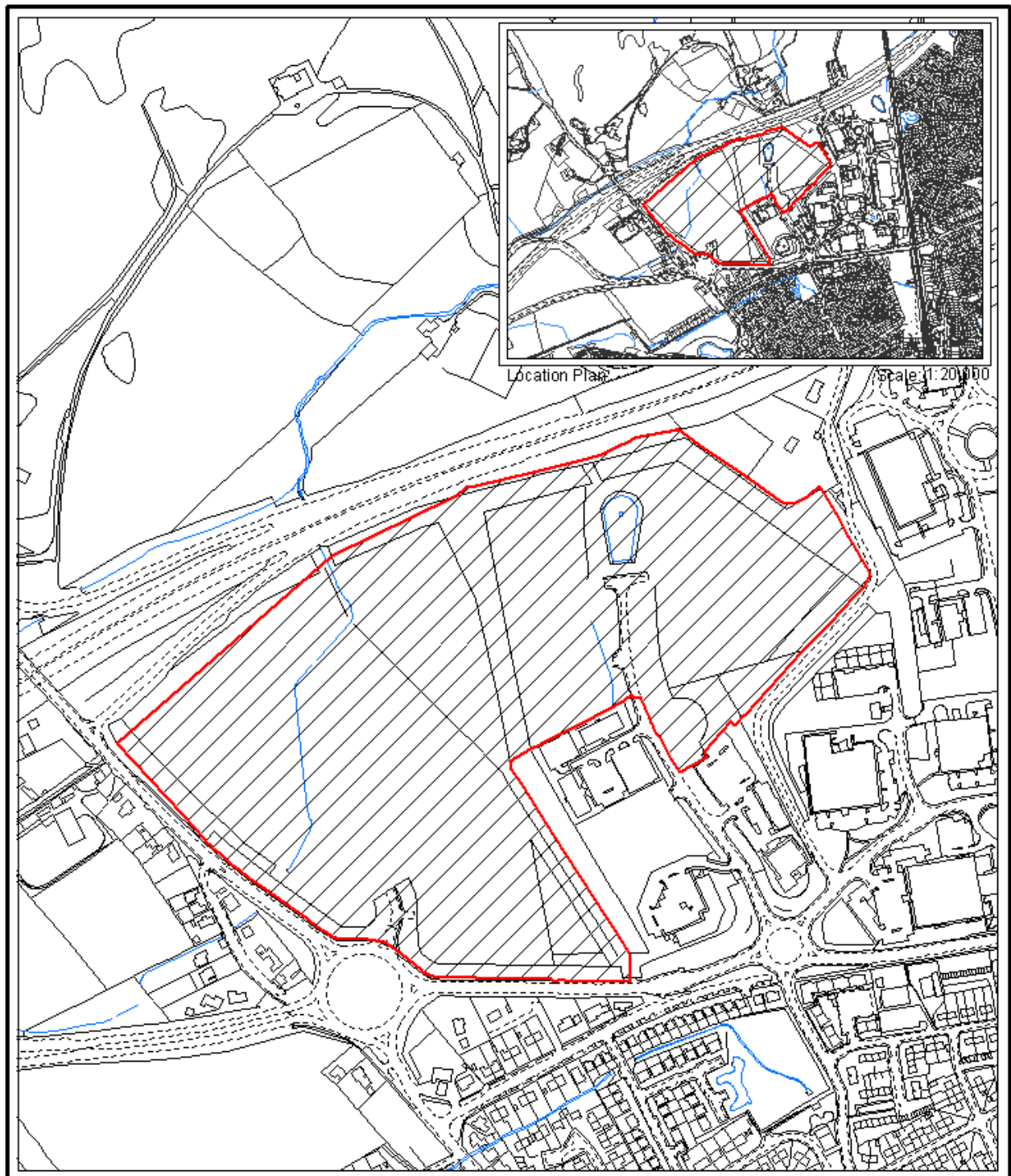
Date 11 April, 2014


Contact Officers: Colin Frame/Douglas Duff. Ext: 0972/0905.

LIST OF BACKGROUND PAPERS

1. Falkirk TIF Files.

Anyone wishing to inspect the background papers listed above should telephone 01324 590972 and ask for Colin Frame, Douglas Duff.



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Falkirk Council

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Scale: 1:5,000

Date: 8.4.2014



Subject

Falkirk TIF: Glenbervie Site

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TIF Implementation Review Schedule

Year	TIF Business Case		Revised Implementation Schedule	
	Name	Cost	Name	Cost
1 (13/14)	J6	£2.2m	Junction 6	£1m
	Total	£2.2m	Total	£1m
2 (14/15)	Laurieston Link Rd	£0.5m	Junction 6	£1.2m
	Enabling Wks	£0.8m	Enabling Works (Stadium)	£0.6m
	Northern Distributor Road	£0.3m	Enabling Wks (Abbotsford)	£0.25m
			Westfield (R/about & Spurs)	£0.3m
	Total	£1.6m	Total	£2.35m
3 (15/16)	Northern Distributor Rd	£5.0m	Icehouse Brae	£0.9m
	Enabling Wks	£0.75	Westfield (R/about & Spurs)	£5.5m
			Enabling Works	£1m
	Total	£5.75m	Total	£7.4m
4 (16/17)	Grangemouth Rd/A904	£0.2m	Westfield (Earlsgate R/about)	£4.8m
	Northern Distributor Road	£0.1m	Icehouse Brae	£1.6m
	FPS	£2.5m	Junction 5 (Phase 1)	£1.5m
	Enabling Wks	£4.2m		
	J5	£0.1m		
	Total	£7.1m	Total	£7.9m
5 (17/18)	A904 Grangemouth Rd	£2m	FPS	£2m
	J5	£2.5m	Junction 5 (Phase 1)	£1.5m
	FPS	£2.5m	Junction 5 (Phase 2)	£1.5m
	Enabling Wks	£1.7m	Enabling Wks	£2m
	Total	£8.7m	Total	£7m
6 (18/19)	A904 Grangemouth Rd	£2m	FPS	£2m
	J5	£2.5m	Enabling Wks	£4m
	FPS	£2.5m	Junction 5 (Phase 2)	£0.7m
	Enabling Wks	£1.9m	Westfield/A904	£2m
	Total	£8.9m	Total	£8.7m

Year	Name	Cost	Name	Cost
7 (19/20)	Westfield Roundabout	£2.5m	FPS	£2m
	FPS	£2.5m	Westfield/A904	£4.2m
	Total	£5m	Total	£6.2m
8 (20/21)	Westfield Roundabout	£4.3m	FPS	£2m
	Avon Gorge	£6.7m	A801 Avon Gorge	£2.2m
	Total	£11m	Enabling Wks	£5m
9 (21/22)	Icehouse Brae	£2.5m	Total	£9.2m
	Enabling Wks	£2.5m	FPS	£2m
	Total	£5m	A801 Avon Gorge	£3m
10 (22/23)	Enabling Wks	£1.25m	Total	£5m
11 (23/24)	Enabling Wks	£1.3m	A801 Avon Gorge	£1.5m
TOTAL		£57.8m	Enabling Wks	£1.55m
			TOTAL	£57.8m