

FALKIRK COUNCIL

EXTRACT of MINUTE of MEETING of the POLICY & RESOURCES COMMITTEE held in the MUNICIPAL BUILDINGS, FALKIRK on TUESDAY 12 AUGUST 2008 at 10.30 a.m.

PR49. CONTRACTS

(a) Falkirk Stadium: Lease of Premises: First Floor (South) & Second Floor

There was submitted Report (circulated) dated 5 August 2008 by the Director of Community Services outlining proposals to fit out the First Floor (South) of Falkirk Stadium with a view to it then being leased to the Oran Group of Companies, and of a second proposal to lease a second floor office to SportCentral.

Councillor Gow, seconded by Councillor Nimmo, moved that the Report be referred to a Special Meeting of full Council for consideration.

By way of an amendment, Councillor Alexander, seconded by Councillor Kenna, moved:

“That the Committee **AGREES** to:-

- (1) authorise the conclusion of the lease of the first floor office premises between Falkirk Community Stadium Ltd and the Council, in satisfactory terms;
- (2) authorise the conclusion of the lease between the Council and tenant company on satisfactory terms;
- (3) the application of £642,385 funds from the General Services Capital Programme 2008/09 (Business Property Reinvestment Fund) in order to meet the office fit out costs of the project;
- (4) authorise the conclusion of the lease of the second floor office between Falkirk Community Stadium Ltd and the Council on behalf of SportCentral, subject to the conclusion of the necessary agreements and satisfactory terms;
- (5) note that the decision to properly brief Members of the Council on developments at the stadium site had not been implemented and resolves therefore to:-
 - (i) instruct officers to honour the commitment made to Members at the April meeting of full Council by arranging, within the next 14 days, a full briefing for all Council Members on developments at Falkirk Community Stadium Ltd;
 - (ii) prepare a short report for the next meeting of the Policy and Resources Committee outlining the options before Falkirk Community Stadium Ltd including the proposals placed on the table by Henry Boot Ltd.

On a division, 4 Members voted for the Motion and 4 voted for the Amendment.

There being an equality of votes and in terms of Standing Order 21.6 the Convener used her casting vote in favour of the Motion.

Accordingly, **RESOLVED** in terms of the Motion, namely to refer the Report to a Special Meeting of full Council for consideration.

FALKIRK COUNCIL

**Subject: FALKIRK STADIUM
LEASE OF PREMISES: FIRST FLOOR (SOUTH) & SECOND FLOOR**
Meeting: POLICY & RESOURCES COMMITTEE
Date: 12TH AUGUST 2008
Author: DIRECTOR OF COMMUNITY SERVICES

1.0 PURPOSE OF REPORT

1.1 The purpose of this report is to advise Committee of a proposal to facilitate the location of a company HQ office at the Falkirk Stadium. The report seeks approval of Committee to proceed with the necessary leases and adjustments to the General Services Capital Programme Business Property Reinvestment Fund Projects 2008/09. This will enable a lease of fitted out first floor office accommodation at Falkirk Stadium for the company. The report also seeks approval to proceed with a lease of a second floor office at Falkirk Stadium at Falkirk Stadium on behalf of SportCentral.

2.0 LEASE OF FIRST FLOOR (SOUTH) PREMISES

2.1 The Council through its involvement in the Falkirk Gateway project with Macdonald Estates/Royal Bank of Scotland has received an approach from a substantial company in respect of the possibility of securing a lease of the first floor south space on the basis of it being fitted out as offices.

2.2 The company, Oran Ltd is part of the substantial Oran Group of companies and wish to relocate and expand their office headquarters to Falkirk from outwith the area.

2.3 There is a provision to grow the office HQ operation to a total of approximately 100 jobs. Whilst initially the company favoured a permanent move to Falkirk Gateway with only temporary occupancy of accommodation at the Stadium, they have since confirmed their intention to relocate on a longer term basis.

3.1 PROPOSED STRUCTURE/LEASE TERMS FOR FIRST FLOOR

3.1 It is proposed that, in order most appropriately to enable this company relocation, the Council will take a lease of the space from Falkirk Community Stadium Ltd, fit out to the agreed office specification and thereafter lease the fitted out offices to the Company.

3.2 A 10 year lease on standard commercial full repairing and insuring terms has been agreed in principle with the company. A market rental reflecting the office fit out costs has been agreed and will be stepped over the initial 5 year term of the lease. This rental is in excess of the limit of delegation to Officers.

Thereafter the rental will be reviewed to prevailing market levels effective from the fifth anniversary of the date of entry. Given their commercial and business imperatives, the company require to relocate to Falkirk Stadium with effect from 30th November 2008. They have negotiated a break option consistent with the originally intended Gateway location proposals timescale, in the event that they agree terms with Falkirk Gateway Partnership for an occupational lease/purchase of office premises at Falkirk Gateway.

- 3.3 In order to enable the Council to offer a lease of the subsequent fitted out space on these terms, an agreement in principle has been reached with Falkirk Community Stadium Ltd on the terms of a lease of the 'shell' space with vacant possession. A 10 year lease on standard commercial full repairing and insuring terms has also been agreed in principle. A market rental will be payable to Falkirk Community Stadium by the Council for the space.
- 3.4 It is envisaged that the Council will take entry to the property to commence office fitting out works at the beginning of September. A separate report from the Director of Development Services on tenders received for the necessary work is considered separately on the meeting agenda.
- 3.5 It is proposed that the cost of this work (the tender being separately recommended for acceptance is in the sum of £642,385) be met from existing General Services Capital Programme resources 2008/09 via the Business Property Reinvestment programme element of the Portfolio Management Plan.

4.0 SPORTCENTRAL – LEASE OF SECOND FLOOR OFFICE

- 4.1 One of two pilot Sports Partnerships in Scotland, SportCentral help partners work together locally to improve opportunities for people to take part and progress in sports.
- 4.2 The partnership is an unincorporated association with a constitution which was formally adopted by its Executive Board, Chaired by Falkirk Council on 24th October 2006. Formed in conjunction with **sport**Scotland, the Partnerships annual budget is around £650k, which comprises Lottery and Scottish Government funding, governing body investment and local Authority contributions. The current project investment is secure until 31st March 2010.
- 4.3 SportCentral works in partnership with Falkirk Council, Clackmannanshire Council and Active Stirling, local sports councils and universities in addition to the Central Institute of Sport and 8 sports governing bodies. The partnership co-ordinates and facilitates sports programmes and activities at a local and regional level, ensuring they are closely aligned to the national plan for the sport. The Manager and team of 8 development officers work a range of sports: developing athletes and players, supporting and developing coaches, officials and volunteers, improving standards of clubs and improving access to facilities.
- 4.4 Currently SportCentral is hosted by Active Stirling and based in Wolfcraig, Stirling. The partnership staffing structure now no longer can be accommodated in the existing office, and subsequently the Executive Board has approved that SportCentral seek alternative accommodation within the Falkirk Community Stadium.

- 4.5 The Falkirk Community Stadium has a 2nd floor office space capable of accommodating the SportCentral team, which now extends to more than 14 staff members. The lease of this office space will be for the period of 5 years with a no penalty break on 31st March 2010 at a rental commensurate with market levels.
- 4.6 It is proposed that the Council take a lease of the property from Falkirk Community Stadium Ltd in the terms outlined in paragraph 3.5 above on behalf of SportCentral, subject to satisfactory arrangements for reimbursement of rental, service charge and other occupancy costs being entered into with other partners of SportCentral

5.0 IMPLICATIONS

5.1 Financial

In respect of the first floor office fit-out proposals, the Council will receive an additional rental income from the tenant company and will pay a market rental to Falkirk Community Stadium Ltd. Whilst there are implications for the General Services Capital Programme 2008/09 these costs will be contained within existing capital budgets as noted at 3.5 above. The rental income received will enable the Council to recoup its capital investment over the period of the lease. In the event the tenant company chooses to exert its break option, the Council will have a modern, alternative office suite to present to the market. The proposal for occupation of the second floor premises is fully funded by SportCentral

5.2 Legal

The transactions shall be subject to completion of the necessary legal documentation in satisfactory terms.

5.3 Human Resources

There are no implications for staff arising from these proposals.

6.0 CONCLUSION

- 6.1 The tenant company's interest in relocating their office headquarters to Falkirk Stadium is a very attractive opportunity from an economic development perspective bringing 100 jobs to the area and establishing the Stadium as a prestigious office location.
- 6.2 Satisfactory lease negotiations have taken place promptly and with the support of the Stadium Company. This has created a project structure enabling the Council to secure this major opportunity.

7.0 RECOMMENDATIONS

It is recommended that the Policy & Resources Committee agrees to:-

- (i) authorise conclusion of the lease of first floor office premises between Falkirk Community Stadium Ltd and the Council in satisfactory terms;**
- (ii) authorise conclusion of the lease between the Council and tenant company on satisfactory terms;**

- (iii) the application of £642,385 funds from the General Services Capital Programme 2008/09 (Business Property Reinvestment Fund) in order to meet the office fit out costs of the project; and
- (iv) authorise conclusion of the lease of the second floor office between Falkirk Community Stadium Ltd and the Council on behalf of SportCentral, subject to conclusion of the necessary agreements in satisfactory terms.

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Director of Community Services

Date: 5th August 2008

Contact Officer: Douglas Duff Ext: 0905.

LIST OF BACKGROUND PAPERS

Not for publication

- # 1. Heads of Terms proposal to Tenant Company.
- # 2. Lease proposal to Falkirk Community Stadium Ltd.
- # 3. Heads of Terms proposal – SportCentral.

Any person wishing to inspect the background papers listed above should telephone 01324 590982 and ask for Alan Urquhart.

FALKIRK COUNCIL

EXTRACT of MINUTE of MEETING of the POLICY & RESOURCES COMMITTEE held in the MUNICIPAL BUILDINGS, FALKIRK on TUESDAY 12 AUGUST 2008 at 10.30 a.m.

PR49. CONTRACTS

(b) Tender Report: First Floor Fit Out (South) at Falkirk Stadium (FAL-6510)

There was submitted Report (circulated) dated 5 August 2008 by the Director of Development Services (a) advising of tenders received in respect of the fitting out to form office accommodation within the first floor of Falkirk Community Stadium and (b) seeking approval to accept the successful tenders.

AGREED to refer the Report to a Special Meeting of full Council for consideration.

Subject: TENDER REPORTS
Meeting: POLICY & RESOURCES COMMITTEE
Date: 12th AUGUST 2008
Author: DIRECTOR OF DEVELOPMENT SERVICES

1. Introduction

The following contracts are reported in terms of the Council's Contract Standing Orders.

2. Contracts over £350,000, within budget and deemed to offer best value for the Council.

Contract	Work Content	Tenders Invited	Tenders Returned	Date	Capital Programme	Budget	Tender Range	Preferred Tenderer	Tender Value	Comments
First Floor Fit-Out (South) at Falkirk Stadium (FAL-6510)	Internal fit out to form office accommodation within the first floor of Falkirk Community Stadium	6	4	4 th August 2008	General Services Capital Programme	£650,000 within the Business Property Reinvestment Fund	£642,385.00 to £684,550.95	Ashwood Scotland Ltd	£642,385.00	Refer to the related Report by the Director of Community Services to this Committee

RECOMMENDATION:

That Council approves acceptance of the above tender subject to appropriate insurance and performance bond.

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Director of Development Services
 05/08/2008

Contact Officer: Robin Millard, x4868

LIST OF BACKGROUND PAPERS

1. *Tender documents
2. *Tender Report

*Item not for publication on the grounds that it involves the disclosure of exempt information as defined in 'paragraph 8' of Part 1 of Schedule 7a of the Local Government (Scotland) Act 1973.