
NORTH AYRSHIRE COUNCIL

1 November 2022

Cabinet

Title: I3 – Sale of Land at Strategic Investment Campus

Purpose: To approve the proposal for the sale of 2 acres of land at the Strategic Investment Campus, i3, Irvine, subject to appropriate conditions .

Recommendation:

That Cabinet:

- a) approves the proposal for the sale of 2 acres of land to System Five Off Site Ltd at the Strategic Investment Campus at I3 Irvine; and,
- b) notes that appropriate related conditions to the sale and deed of conditions would be prepared and that the final sale price would be negotiated in conjunction with the Council's Estates and Legal Teams.

1. Executive Summary

- 1.1 This report considers the request by a local company to purchase 2 acres of land at the Strategic Investment Campus (SIC) at i3 in Irvine.
- 1.2 System Five Off Site Limited is a company established by local company RDK Construction Ltd who require land for the development of a new factory unit for the construction of modular accommodation. The sale of land would proceed at a market value outlined in paragraph 2.11 below, and the company has estimated that 11 jobs would be created initially.

2. Background

- 2.1 NAC purchased the SIC from Scottish Enterprise in 2015. The site has an overall area of 205 acres (83 ha) with a 600m long spine road dissecting the site into northern and southern areas. The site has previously benefited from c.£7M investment in access, site services and platforming by the former Irvine Bay Regeneration Company. The SIC has the potential to accommodate major inward investment enquiries.
- 2.2 The wider ambitions and strategy for the site are currently being developed through the preparation of a site masterplan, which is at an advanced stage of development, and a strategic framework, which will accompany the masterplan, setting out strategic aspirations for the site (including those related to the i3 Ayrshire Growth Deal projects, such as the Digital Process Manufacturing Centre (DPMC), advanced manufacturing

flexible units and the digital infrastructure programme). In addition, a feasibility study will be completed for a solar farm and wind proposal on the southern part of the site. The masterplan will be considered by Planning Committee, however the use proposed in this paper aligns with the content of the masterplan to date and is a use that is supported in the adopted Local Development Plan (LDP2).

Site Proposals

- 2.3 Land owned by NAC and Scottish Enterprise at i3, has been marketed for development or sale previously, with signs erected by Irvine Bay remaining in place. Specific marketing signage related to the AGD proposals and the SIC site will be installed and begin to be promoted during 2022/23. Interest has been expressed in the purchase and development of 2 acres of land by System Five Off Site Limited, a company established by local company RDK Construction Ltd. Appendix 1` shows the proposed location of the site area in red.
- 2.4 System Five's proposals would see the creation of an off-site manufacturing facility for the production of modular buildings and panelised timber components that will supply residential, commercial and leisure projects, comprising of two purpose-built buildings. One building of 450m² in size will accommodate machining and manufacturing processes and the second building will accommodate associated administration, management, design and a research and development team and will be 140m² in size. The company estimates that 11 new jobs will be created initially with approximately 22 by year three, as well as protecting existing jobs and offering new training opportunities. The facility would focus on creating near zero energy buildings and would supply RDK Construction Ltd who currently have pipeline projects in North Ayrshire.
- 2.5 RDK Construction's business activity was previously housed at Sharphill Industrial Estate, Saltcoats. The majority of the land was sold to Cunninghame Housing Association who recently submitted a PAN for the site in April 2022. Part of the area has been retained by Robert Ryan Homes Ltd (the same owners of RDK Construction) and has planning consent for commercial development. However, RDK Construction has advised that they now consider that the site is not suitable for their proposal, in relation to its levels and costs involved to address this, or suitable for their growth ambitions. They are currently running a small operation from Ardeer, but are keen to have a bespoke, purpose-built manufacturing facility, hence the interest in i3. Whilst the business is new, they have advised that they have sustained five new jobs over the past 18 months or so and have just finished their first order involving 5 modular holiday accommodation units to be located in Millport.
- 2.6 The proposals have been successful in securing grant funding support from Scottish Enterprise to the total sum of £135,000 and this requires to be committed by 31 March 2023 and is based on a capital spend of £457,000 and 11 new jobs. The company has explored sites in North Ayrshire to expand their activities and are seeking to secure the proposed site at i3.

Context

- 2.7 In terms of the principle of development and purchase of the land, the land is allocated for employment use. A draft masterplan was prepared to set out the likely location of the AGD investment across i3 which indicated development proposals north of the

spine road. In terms of its location to the west of the SIC site and south of the main development area and as it's a relatively small area, the subject land would not impact on any future proposals for AGD flexible space, the solar farm proposal, or major investment enquiries. In the case of the solar farm, this has been confirmed with the Sustainability Team. The site would occupy a small area of land immediately west of an existing sub-station and close to the entrance to the SIC and there are no proposals to build in this area as part of the i3 draft masterplan.

- 2.8 The development of the land would help to start opening up the SIC alongside future phases of commercial space, increasing its attractiveness to other interested parties. The design and appearance of the facility and its operations would be subject to the planning process and any related conditions.

Land Value

- 2.9 In considering an agreement to the sale of land, external advice has been received on the gross value of the land, and site investigations undertaken to inform a net land value. The valuation indicates a gross value of c.£60,000 per acre, producing a value of £120,000. However, site investigations have indicated that the site contains a significant volume of fill material that cannot accommodate development foundations and the material requires to be excavated and replaced with appropriate fill material.
- 2.10 Quotes have been provided by the proposed purchaser for the excavation and removal of soil from the site, the importing of clean stone and compact / roll in 300mm layers and the provision of a geotextile membrane over the clean stone area. These quotes averaged at a cost of £230,000 which significantly impacts on the net achievable value and has led to a negative land value. The rates for this work have been checked by the PMI team who have advised that generally they are comparable but excavation and disposal rates seem slightly higher and there may be scope to reduce. However, any reduction is still likely to result in a negative land value. The company has indicated that they are likely to have other site development costs in relation to services.
- 2.11 A residual appraisal was also undertaken which produces an amount that may be paid by a hypothetical developer of the scheme for the undeveloped land. This recommended a market value of £20,000, based on a net value of £10,000 per acre. In this respect the Council would seek to negotiate with the company regarding a net value of £20,000.

3. Proposals

- 3.1 It is proposed that Cabinet:

That Cabinet:

- a) approves the proposal for the sale of 2 acres of land to System Five Off Site Ltd at the Strategic Investment Campus at I3 Irvine; and,
- b) notes that appropriate related conditions to the sale and deed of conditions would be prepared and that the final sale price would be negotiated in conjunction with the Council's Estates and Legal Teams

4. Implications/Socio-economic Duty

Financial

4.1 The Council's Estates Team has advised that a sale at the market value of £20,000 is appropriate.

Human Resources

4.2 None.

Legal

4.3 The sale of the land would be subject to appropriate legal conditions (including Standard Security Clawback provisions) and the purchaser would be responsible for securing statutory consents and service connections. Prior to the sale of this first area of land, the rights and obligations of any owners within the completed development of the larger site needs to be determined. This should include provisions relating to matters such as – access, connections to services, maintenance of shared areas such as roads and lighting (prior to adoption), grass verges and trees.

Equality/Socio-economic

4.4 None.

Climate Change and Carbon

4.5 The sale would support the expansion of a local business that is seeking to manufacture sustainable construction products.

Key Priorities

4.6 The proposal will contribute to the early development of the Strategic Investment Campus and is unlikely to impact detrimentally on the attractiveness of the site for future development and investment proposals.

Community Wealth Building

4.7 The proposal supports community wealth building through use of land and property and supporting local business and employment.

5. Consultation

5.1 Consultation has taken place with the Council's Estates, Legal, Sustainability, Planning and Business Development Teams.

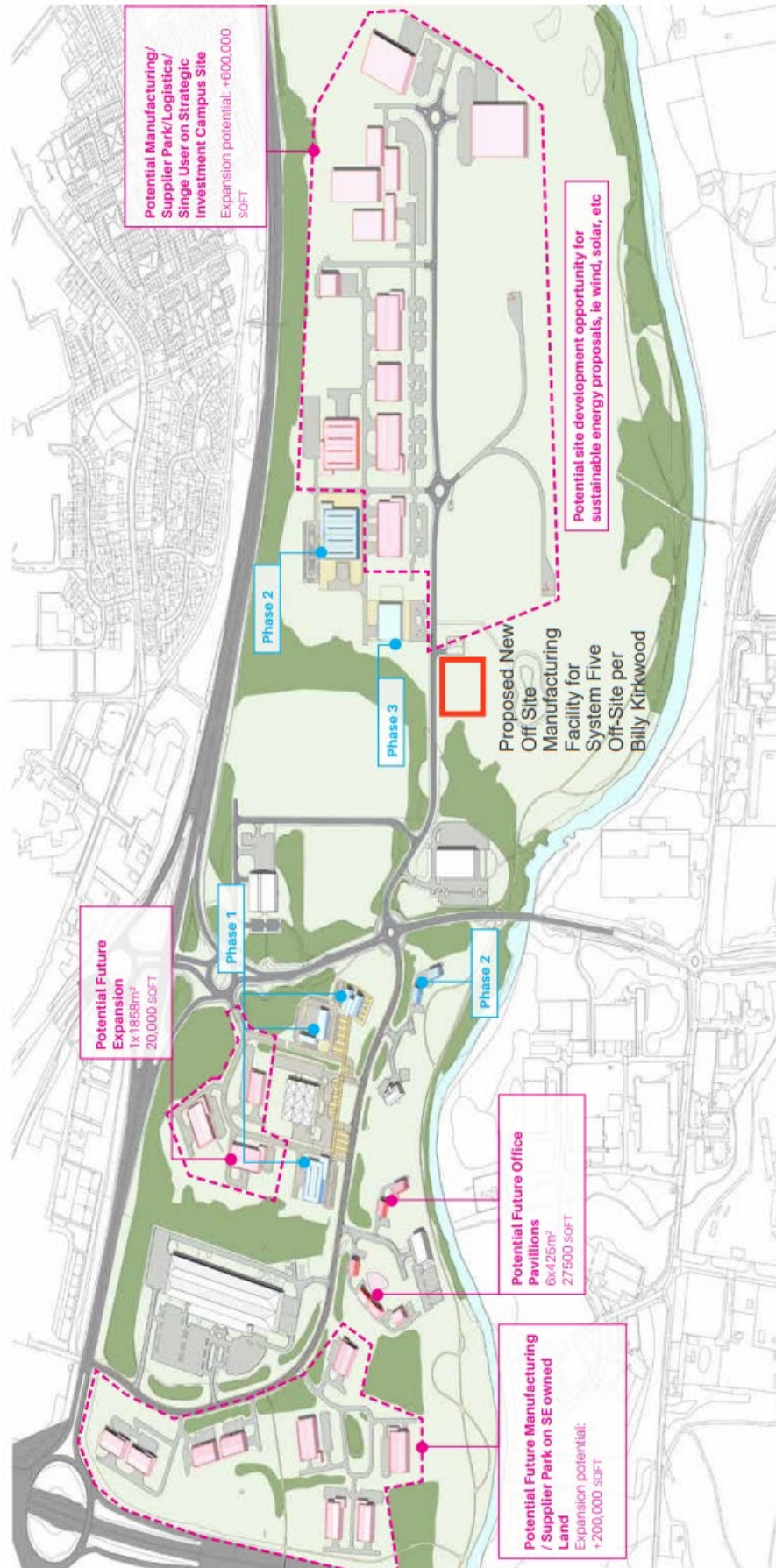
Karen Yeomans, Russell McCutcheon
Director of Growth & Investment, Executive Director of Place

For further information please contact **Marnie Ritchie, Regeneration Manager, Growth & Investment**, on **07342 713 349**.

Background Papers

0

APPENDIX 1: Proposed site location



APPENDIX 2: Proposed Site Layout Plan

