

WEST DUNBARTONSHIRE COUNCIL

Report by Chief Officer - Regulatory & Regeneration

Infrastructure, Regeneration and Economic Development Committee:

15 September 2021

Subject: Regeneration Fund- Scottish Marine Technology Park

1. Purpose

- 1.1** The purpose of this report is to seek approval to use the Council's Regeneration Fund to invest in the delivery of the Scottish Marine Technology Park at the former Carless site in Dalmuir, and enter into an agreement for the development of the site with the site owners.

2. Recommendations

- 2.1** It is recommended that Committee:
- (i) approves funding of £2m from the Regeneration Fund to invest in the proposed Scottish Marine Technology Park at the former Carless site in Dalmuir, and
 - (ii) authorises the Chief Officer, Regulatory & Regeneration to enter into a development agreement on such conditions as considered appropriate.

3. Background

- 3.1** On 28 October 2015 Council agreed to the creation of the capital Regeneration Fund with £12.4m being identified. The Fund's key operating principles and allocations to specific projects were then agreed by the Infrastructure, Regeneration and Economic Development (IRED) Committee on 16 March 2016 with further updates on 14 September 2016, 16 August 2017, 21 June 2017. and 17 January 2018.
- 3.2** On 30 October 2020 the Council applied for and secured £2m from the Scottish Government Clyde Mission programme towards enabling works at the former Carless site for the first stage of the Scottish Marine Technology Park (SMTP) project valued at £4.5m. The funding proposal identified a contribution of £2m from the Council which this paper explains and seeks approval for this contribution. This will unlock the additional £2.1m of private sector funding and along with Clyde Mission funding provide the budget of £6.1m to complete an operational quayside port at Carless.
- 3.3** The Malin Group have produced a 'white paper' which details the ambitions for the Marine Technology Park and this is provided as Appendix 1. The Carless site occupies a linear belt of land between the River Clyde and the

Forth and Clyde Canal, which is characterised by previous industrial use. It is a derelict oil refinery, formerly operated by the petrochemical company Carless. The site has lain derelict since 1992, following closure of the old refinery, decommissioning and surface structure demolition works. It is bounded to the north by the Forth and Clyde Canal, to the south by the River Clyde and is bisected by the former railway line that designated locally as a Local Nature Conservation Site (LNCS). It is approximately 900m east of the Erskine Bridge which carries the A898, connecting the A82 with the M898 and the A726 (Erskine to Strathaven Road).

- 3.4** The site was acquired by the Malin Group on 2017 and in April 2019 the company secured full planning permission (DC18/245) for remediation of the site, including extraction and treatment of contaminated soils and groundwater. This was followed up in August 2019 when the company secured further permission (DC19/0469), for the erection and operation of a marine fabrication complex with a heavy lift quay, fabrication building, ancillary offices and all necessary infrastructure and landscaping at western part of the site.
- 3.5** In October 2020 the Malin Group updated an Economic Impact assessment report for the Scottish Marine Technology Park (SMTP) to be located on the site. This is provided as Appendix 2 and highlights the importance of the significant job creation opportunities this site could achieve which includes:
- a total of £83.9m in public/private investment required and supporting 615 temporary construction jobs;
 - 1,000 net additional sustainable marine manufacturing jobs in West Dunbartonshire;
 - 40,000 sqm of high quality business space in landscaped riverside setting across industrial, manufacturing, office, and ancillary uses, and
 - A hub for collaboration and innovation in marine manufacturing and related industries and contribute to our low carbon and net zero targets.
- 3.6** As well as directly bringing marine manufacturing to this stretch of the River Clyde, the proposed SMTP would also support the recovery of the sector within West Dunbartonshire through commitments around local supply chain development. The collaborative and innovative approach adopted at the SMTP would furthermore ensure that marine manufacturing continues to function as a competitive sector on a national and international scale.

4. Main Issues

- 4.1** The Council have engaged with the Malin group since 2017 when the company acquired the site and it has worked closely with the business to determine sources of 'pump priming' funding, primarily from public sources to commence the necessary infrastructure on the Clyde works. The Scottish Government Clyde Mission Catalyst Fund awarded the £2m for this project in late 2020 and the Council has drawn this funding down and recently concluded the necessary contractual arrangement with the Malin group to

allocate the Scottish Government funding along with the £2m seeking committee approval.

- 4.2** The Regeneration Fund has been considered as a fund that would be invested in opportunities that would return real economic benefits and potentially financial returns for the Council. Subject to approval by Committee the Council would enter into an agreement with the Malin Group where the £2m funds from Council are invested, provides an important financial lever to attract the initial private sector investment of £2.1m, and also provides a modest but longer term financial return for the Council. Details of the agreement with the Malin Group for the Carless site will be reported to committee seeking approval.
- 4.3** This investment provides a significant opportunity to support the regeneration of the derelict and contaminated Carless site into potentially a significant job creation manufacturing facility on the river Clyde.
- 4.4** Utilisation of the Regeneration Fund has been considered for a number of options for investment and the potential in unlocking additional external funding. In the case of the SMTP the Clyde Mission Funding presented a funding opportunity to unlock the first important stages of development at the Carless site and the job creation potential is so significant that West Dunbartonshire officers consider the investment being proposed as valid and a significant step in the regeneration of this site.
- 4.5** A development agreement will be entered into whereby the Council seeks to share the risks and potential returns with the development partner. The returns anticipated will be achieved through returns gained over time from use of jetty facilities and river based operations requiring the access to services of a marine technology park. The agreement will have levels of security and clawback provisions to protect the £4m made up from Council and SG Clyde Mission, which have still to be agreed, and any future shortfall in funding would be required from the private sector or other external parties.
- 4.6** It is anticipated that this investment will be the first stage of a multi-phase investment in the site which will ultimately realise the SMTP vision as highlighted in the appendices. Further investment opportunities will be reported to Council as and when they arise and the Council will work with the site owners and other agencies to ensure the necessary funding and support for the site's developments progresses.
- 4.7** The timeline for delivery of the quayside infrastructure being funded by the Council and SG Clyde Mission will commence with tendering of the works, by the Malin Group, by October 2021 and completion of works related to the £4m investment for the quayside delivery by mid 2022. This would unlock the required £2.1m from the private sector and provide the £6.1m necessary to complete an operational quayside asset.

5. People Implications

- 5.1 There are no people implications as a result of this report as the project is taken forward a project board will be established, led by a Chief Officer and will include relevant services involved to manage the development at Carless.

6. Financial and Procurement Implications

- 6.1 The Regeneration Fund current budget would have £416,000 unallocated from the original £12.4m budget should this investment be approved.
- 6.2 There are no direct procurement issues for the Council, however through the proposed agreement the site owner will be required to comply with all appropriate tendering rules as identified in risk section at 7.3 below.
- 6.3 The Council has been updating on expenditure across the Regeneration Fund since it was established in October 2015. The allocation of funding can be observed in the following table with a number of projects progressing over a number of years and these have experienced delays related to private land owners progressing works and more recently limited delays due to the Covid Pandemic.

	Project Cost	Regeneration Fund	Spend to date
Balloch Public Realm- Squares	£ 1,600,000	£ 1,200,000	£ 369,654
Former Carless site - SMTP	£ 4,518,100	£ 2,000,000	
Dumbarton Pathway	£ 1,727,000	£ 1,500,000	£ 409,219
QQ District Heating	£ 3,509,000	£ 3,509,000	£ 3,500,000
Connecting Clydebank (Roads)	£ 4,300,000	£ 2,300,000	£ 1,237,065
Glencairn House	£ 4,837,879	£ 1,000,000	£ 104,879
Commercial Units - QQ	£ 475,000	£ 475,000	£ 303,946
Contingency		£ 416,000	
Cost Centre: R5032 - Regeneration Fund	£ 20,966,979	£ 12,400,000	£ 5,924,763

- 6.4 The public sector contribution of £2m from the Clyde Mission Catalyst Fund and the £2m from the Council Regeneration Fund, subject to approval, will directly contribute to the delivery of the £6.1m investment in to an operational quayside infrastructure converting this derelict site into a centre of maritime fabrication on the Clyde and act as the important catalyst for the remaining site regeneration.
- 6.5 There is an anticipated overall investment of £83.9m for the SMTP site to be developed fully over a number of years. The private sector anticipated investment is currently planned as £43.9m, however there remains a funding gap of £40m for the developed site to be realised, anticipated from a mix of private and potentially other public sector sources. The landowner is progressing discussions with a number of key public bodies and equity partners to support the SMTP project and close this longer term funding gap.

7. Risk Analysis

- 7.1** A comprehensive risk register will be developed by the Council officer project board once established.
- 7.2** There is always a risk that the return on the investment does not materialise as envisaged and the project board and site owners will continue to risk manage and mitigate these risk through the risk register process.
- 7.3** The agreement between the Council and the Malin Group will require to address any State Aid and the procurement of tendered works. There remains a risk that a compliant solution cannot be arrived at between the parties, in which case the investment will not proceed at this stage.

8. Equalities Impact Assessment (EIA)

- 8.1** An Equality Impact Assessment Screening has been carried out and is attached as Appendix 3. There are no significant equality impacts on the basis of the decision to approve the funding contribution towards the Scottish Marine Technology Park at the Carless site.

9. Consultation

- 9.1** There have been a number of consultation exercises primarily through the planning process and these will continue as the site develops. The elected members, our community and regulatory bodies will be consulted as stages develop at the site..

10. Strategic Assessment

- 10.1** At its meeting on 25 October 2017, the Council agreed that its five main strategic priorities for 2017 - 2022 are as follows:
- A Strong local economy and improved employment opportunities;
 - Supported individuals, families and carers living independently and with dignity;
 - Meaningful community engagement with active empowered and informed citizens who feel safe and engaged;
 - Open, accountable and accessible local government; and
 - Efficient and effective frontline services that improve the everyday lives of residents.
- 10.2** This proposals within this report are in line with the Council's strategic priorities as stated above.

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Service Areas: Regulatory & Regeneration
Date: 27 August 2021

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Appendices: Appendix 1 - SMTP White Paper
Appendix 2 - SMTP Economic Impact Assessment
Appendix 3 - SMTP Screening EIA 386

Background Papers: Report to IRED Committee, 17 January 2018 entitled, "Regeneration Fund- Queens Quay District Heating Network, Energy Centre land purchase",
Report to IRED Committee, 16 August 2017 entitled, "Regeneration Fund- Project Proposals for Dumbarton Waterfront Pathway and Balloch Village Square Projects"
Report to IRED Committee, 21 June 2017 entitled, "Regeneration Fund Update"
Report to Council, 23 November 2016 entitled, "District Heat Network for Queens Quay and Clydebank"
Report to IRED Committee, 14 September 2016 entitled, "Regeneration Fund"
Report to IRED Committee, 16 March 2016 entitled, "Regeneration Fund"

Wards Affected: 1 and 3.