

**REPORT TO:** Audit and Governance Committee

**MEETING DATE:** 20 February 2018

**BY:** Depute Chief Executive (Resources and People Services)

**SUBJECT:** East Lothian Land Ltd 2016/17

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**1 PURPOSE**

- 1.1 To inform the Audit and Governance Committee of the work undertaken by East Lothian Land Ltd in 2016/17.

**2 RECOMMENDATIONS**

- 2.1 That the Audit and Governance Committee note the contents of the report.

**3 BACKGROUND**

- 3.1 East Lothian Council established East Lothian Land Ltd (ELL) in 2000, a company limited by guarantee (SC208723), through the transfer of undeveloped employment land in Council ownership at Macmerry (opposite the industrial estate) in return for 100% equity in the company.
- 3.2 The transferred employment land at that time was viewed by the private sector as undevelopable providing insufficient return on investment.
- 3.3 No additional financial support was provided to the company by East Lothian Council (ELC). ELL went to the financial market to fund the development costs of the Macmerry Business Park as well as self-funding through selling plots as they were serviced.
- 3.4 The company has a Board of 4 directors comprising of the Leader of the Council, Economic Development spokesperson, a private industry sector representative and the Depute Chief Executive (Resources and People Services).

- 3.5 The Economic Development & Strategic Investments (EDSI) Business Development manager, is the Company Secretary and manager of the company. The manager is supported by the EDSI Business Development assistant.
- 3.6 The Board act on a "*Pro Bono*" basis and do not receive payment. The Business Development manager and assistant undertake the work under their current ELC job remits.
- 3.7 Board meetings are held on a regular basis linked to ongoing business requirements and commercial developments. Decisions made are taken by a majority with the Chair having the casting vote on any tied outcome.
- 3.8 Minutes of any Board meetings are taken and approved at subsequent Board meetings by the Chair.
- 3.9 East Lothian Land Ltd is VAT registered and is audited annually by Springfords Accountancy, Dalkeith. End of Year accounts are approved by the Board and signed off accordingly and provided to ELC for group accounting purposes.
- 3.10 The company has an interest bearing and chequing account with the Royal Bank of Scotland. This is currently under review.

#### 2016/17 PROJECTS CONSIDERED

##### **Spott Road, Dunbar**

- 3.11 ELL Ltd was approached in relation to a joint venture to build 19 industrial units at Spott Rd, Dunbar. Negotiations took place however, following a QS report on the costs of development, it no longer became financially viable for both parties.

##### **Elvingston Proposal**

- 3.12 Elvingston Science Centre, Gladsmuir made a request for a joint venture to support the building of phase 2 and 3 of the science park (2 further 10,000 sqft commercial units). This development was linked to an enabling housing aspect.
- 3.13 The Board of ELL were interested in supporting the commercial aspect of the proposal but only once full planning permission for the whole development, including the housing, had been granted. This permission was not forthcoming.

##### **Various**

- 3.14 A number of other sites and buildings were raised and discussed by the Board of ELL Ltd but did not come to fruition.

## 2016/17 PROJECT DELIVERED

### **Brewery Park**

- 3.15 ELL Board saw the opportunity to develop the vacated Council building located at Brewery Park (Block B), Haddington into commercial office spaces for let.
- 3.16 The benefits of the development were 3 fold:-
- Reduction in ELC commercial rates bill
  - An income stream for ELC through rentals received
  - Provision of commercial office space in the town – spin off benefits to town centre businesses such as cafés.
- 3.17 ELL took the head lease from ELC for the building and undertook the refurbishment to create 10 individual offices (See appendix 1 – floor plans).
- 3.18 The refurbishment work was tendered to only East Lothian building businesses and the successful build was within budget.
- 3.19 Following completion the building was subsequently sub let back to ELC to manage – the sub let rent paid to ELL is calculated at 80% of the total commercial rentals received by ELC until the total cost of refurbishment is met. Thereafter the Council will receive 100% of the rental income.
- 3.20 The office refurbishment was completed in October 2016 and the facility is currently 100% occupied. (This occupancy level was achieved within 3 months of opening.)

## **4 POLICY IMPLICATIONS**

- 4.1 None.

## **5 INTEGRATED IMPACT ASSESSMENT**

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

## **6 RESOURCE IMPLICATIONS**

- 6.1 Financial – none.
- 6.2 Personnel - EDSI's Business Development Team Manager, Business Development Assistant and Depute Chief Executive.

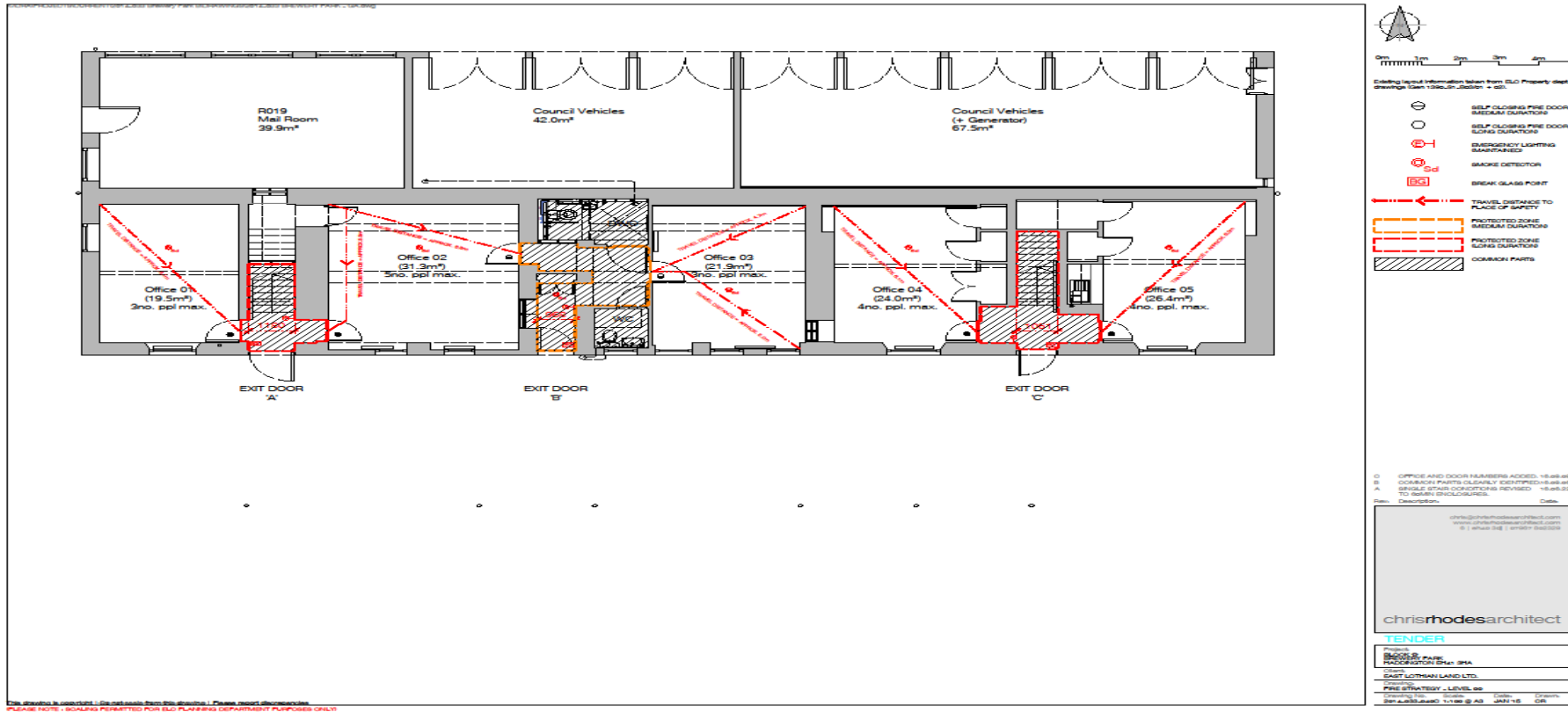
6.3 Other – none.

## 7 BACKGROUND PAPERS

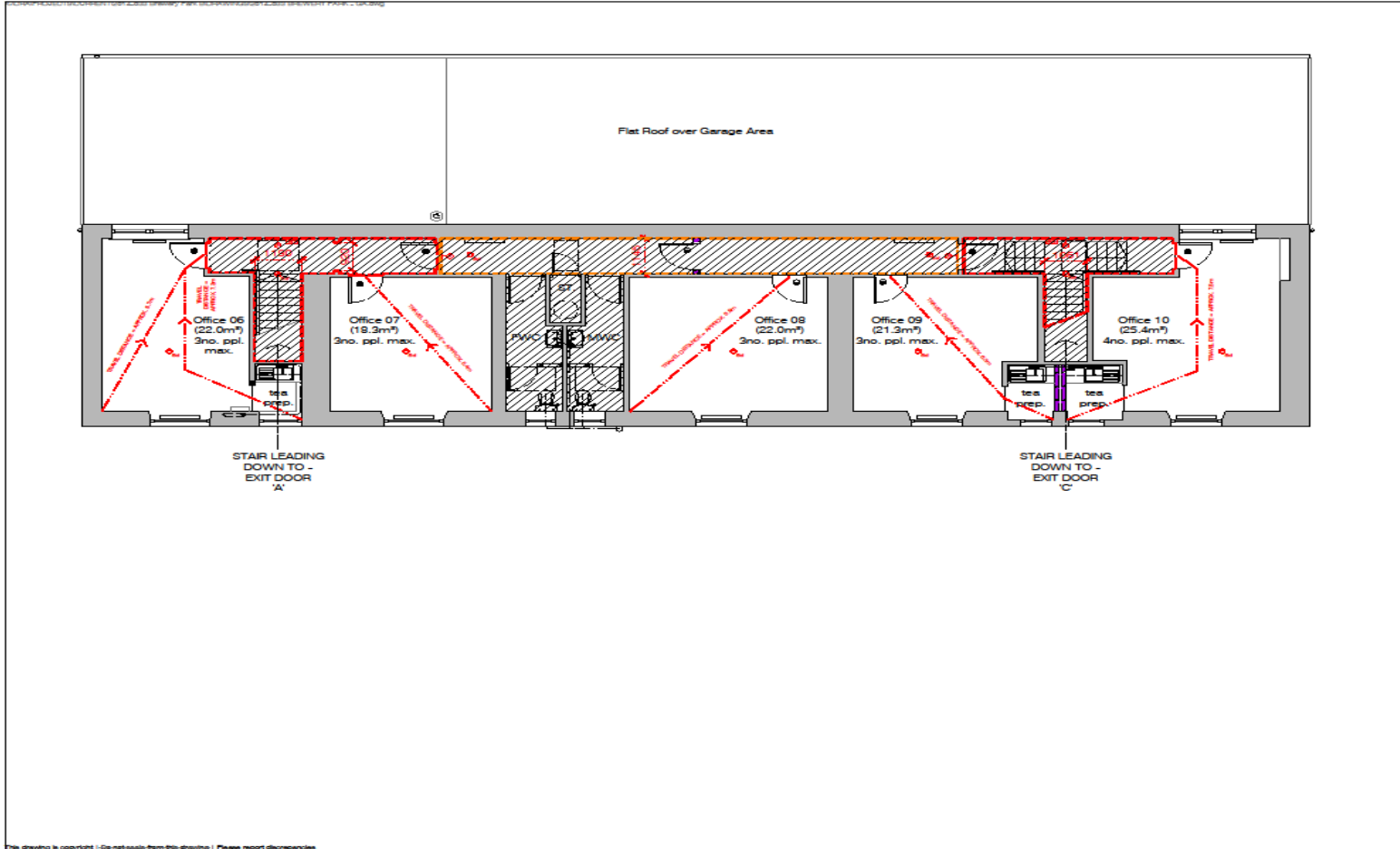
7.1 None.

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<b>DATE</b>	8 February 2018

# Appendix 1 –Floor plans Brewery Park



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Detailing input information taken from GLO Property Dept drawings 15en 135a\_0n\_040en + 05.

- SELF-CLOSING FIRE DOOR MEDIUM DURATION
- SELF-CLOSING FIRE DOOR LONG DURATION
- EMERGENCY LIGHTING
- SMOKE DETECTOR
- BREAK GLASS POINT
- TRAVEL DISTANCE TO PLACE OF SAFETY
- PROTECTED ZONE MEDIUM DURATION
- PROTECTED ZONE LONG DURATION
- COMMON PARTS

- D OFFICE AND DOOR NUMBERS ADDED 15.09.09
- B COMMON PARTS CLEARLY IDENTIFIED 15.09.09
- A BRIDGE STAIR CONDITIONS REVISED 15.09.09 TO MATCH ENCLOSURES

Rev.	Description	Date
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**chrishodessarchitect**  
**TENDER**

Project:  
**BRIDGE PAVE**  
 PROVISION STAY 3FA  
 Client:  
**EAST LOTHIAN LAND LTD.**

FILE DIRECTORY - LEVEL 01

Drawing No.	Scale	Date	Status
2014/05/010	1:100 @ A3	15/11/15	05

This drawing is unapproved. Do not construct from this drawing. Please report discrepancies.  
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