

CLYDE GATEWAY DEVELOPMENTS LIMITED

Minute of Board Meeting of 17 December 2018

Present: John Gallacher (Chair) Stuart Heslop
David Bankier Allan McQuade
Carol Nugent Ian Manson
Greg Hepburn

Apologies: None

In Attendance: Barry Macintyre Martin McKay
Alison Brown Angela Rowley
Jim Clark Lesley-Ann Logan
Lynn Valentine Mandy Watson

1. Welcome, Introductions, Apologies, Declarations of Interest and updates

The Chair welcomed everyone to the meeting. .

2. Minute of previous meeting and matters arising

The minutes of the Board meeting held on 29 October 2018 were submitted and approved. There were no matters arising.

3. Business - For Approval

3.1 Full Operating Plan – 2018/19 to 2021/22: CGDL17(DEC)01

Barry Macintyre presented a report setting out the operating plan objectives for the four year period until 2021/22 on the assumption that existing grant funding levels were maintained. The report set out the basis of preparation and the assumptions used and advised that the Plan now incorporated two recent green energy awards.

After detailed consideration, the Board approved the contents of the Full Operating Plan for the four year period up to 2021/22.

3.2 Green Infrastructure Fund: CGDL18(DEC)02

Alison Brown presented a report updating the development of two greening initiatives at Cuningar Loop Phase 2 and Toryglen Park and seeking approval to submit both projects to the Green Infrastructure Fund (GIF).

GIF was administered by Scottish Natural Heritage on behalf of the Scottish Government. It had launched in 2016 and to date had comprised two funding rounds for seven large scale capital projects totalling £7.3m, but Clyde Gateway had been unsuccessful, due to the rules applied by SNH, with bids for Shawfield Phase 2 and Central Dalmarnock Riverside.

The fresh applications for Cuningar and Toryglen Park were in respect of significant sites which remained on the Vacant/Derelict Land Register. These had been worked up following involvement in a seminar hosted by SNH in October 2018 and further consideration of the GIF criteria.

A full project description, together with the strategic rationale and the market, options and financial appraisals were outlined in the report.

After discussion, the Board:-

- (i) noted the development of the initiatives at Cuningar Loop and Toryglen Park; and
- (ii) approved the submission of both projects to the Green Infrastructure Fund.

3.3 Integrated Energy Strategy - Low Carbon and Renewable Energy: CGDL18(DEC)03

Martin McKay reported on the progress with the Clyde Gateway Integrated Energy Strategy (CGIES), with specific reference to the Community Energy Project, which was being developed in collaboration with Scottish Water Horizons (SWH) and an INTERREG North West Europe programme for the delivery of low carbon and renewable energy projects.

The collaborative partnership with SWH was for the promotion of a community based district heating system for Central Dalmarnock to supply low cost heat to the masterplan area linked to the adjacent waste water treatment works. A full business case had been developed with a total investment estimated at £5.7m for which a number of funding applications had been made, including a successful bid by Clyde Gateway for £2.1m from the Scottish Power Energy Networks Green Economy Fund.

The INTERREG North West Europe programme was a cross border European project involving partners from Holland, Germany, France and Belgium for a proposal around 5th generation energy systems which focussed on low temperature closed loop systems with heat pump technology linked to individual building developments, an approach which linked well with the Shawfield energy demands and offered the possibility of integrating with other energy projects in Dalmarnock via the SMART bridge. The overall budget was €20.1m with ERDF grant funding of €11.6m (60%) available and the Clyde Gateway Project had been estimated at €3.46m with ERDF grant funding of €2.08m.

After discussion, the Board:-

- (i) noted the significant progress with the two projects outlined in the report; and
- (ii) approved the strategic intent for the continued development of the projects with a view to formally accepting the grants in due course, subject to funding availability within the approved Operating Plan.

3.4 Magenta @ Clyde Gateway – Office Development Funding: CGDL18(DEC)04

Martin McKay presented a report in respect of Magenta Phase 1, consisting of an office development by Highbridge plc, and recommending approval to participate in a rental guarantee scheme.

Magenta Phase 1 comprised a 5,574 sq. m (60,000 sq. ft.) speculative Grade A space over four floors as part of a broader proposal to develop 9,290 sq. m (100,000 sq. ft.) as the anchor to the Highbridge Magenta development. The project was well positioned to secure funding and market interest but was dependent on Clyde Gateway's participation and the provision of a rental guarantee, the structure of which and its value were provided.

A full project description, together with the strategic rationale and the market, options and financial appraisals were outlined in the report.

After discussion, the Board approved, in principle, the participation in a rental guarantee structure at the value indicated in the report to support the development of Magenta Phase 1 by Highbridge plc.

3.5 Manscroft Place, Shettleston – Site Disposal: CGDL18(DEC)05

Angela Rowley presented a report recommending the disposal of a vacant industrial site at Manscroft Place, Shettleston.

The Board, in December 2014, had approved the sale of the site to Dalton Group Limited for £196,000 plus VAT but the sale had been paused due to Glasgow City Council requiring the site to undertake works to the Camlachie Burn.

The initial bid had been based on the purchaser implementing an immediate development with a series of pre-lets in place. The purchaser was now seeking a reduction of £11,000 to reflect abortive costs incurred in some subsequent work for a potentially smaller scheme which hadn't progressed and to reflect they would now be undertaking the development speculatively with no pre-lets in place. The proposed purchase price was in line with an independent valuation obtained by Clyde Gateway.

A full project description, together with the strategic rationale and the market, options and financial appraisals were outlined in the report.

After discussion, the Board approved:-

- (i) the off-site disposal of the 0.5 ha (1.24 acres) vacant industrial site at Manscroft Place to Dalton Group Limited for £185,000 plus VAT; and
- (ii) costs of £6,000 for professional fees, including a net contribution of up to £2,000 towards the legal costs of the purchaser.

3.6 Dora Street to Reid Street, Dalmarnock – Site Disposal: CGDL18(DEC)06

Angela Rowley presented a report recommending the disposal of a development site at Dora to Reid Street, Dalmarnock.

The site extended to 0.662ha (1.636 acres), bounded to the north by the Clyde Gateway road and to the south by French Street. It formed part of the larger surplus land from a road development and was due to transfer to Clyde Gateway Developments Limited from Glasgow City Council, the purchase costs of which had been approved by the Board in April 2017.

The proposed disposal was to Spectrum Properties (Scotland) Ltd, a locally based private sector investor who already had substantial land holdings in the vicinity as the sale would create a viable site for a mixed use business development.

A full project description, together with the strategic rationale and the market, options and financial appraisals were outlined in the report.

After discussion, the Board approved:-

- (i) the off-site disposal of the site at Dora to Reid Street to Spectrum Properties (Scotland) Ltd for £245,000 plus VAT; and
- (ii) professional fees of £6,000 plus VAT.

3.7 Anson Street, Bridgeton – Site Exclusivity Agreement: CGDL18(DEC)07

Martin McKay presented a report recommending approval of a six month exclusivity period, in respect of Clyde Gateway's land interest at Anson Street, Bridgeton, to a Registered Charity that was intending to undertake development of the site and an adjacent property to provide suitable premises to operate its charitable aims.

A full project description, together with the strategic rationale and the market, options and financial appraisals were outlined in the report.

After discussion, the Board a 6 month exclusivity period in respect of Clyde Gateway's land interest at Anson Street, Bridgeton, to the charitable organisation named in the report

3.8 REDACTED IN FULL : ITEM OF BUSINESS CONTAINS COMMERCIALY SENSITIVE INFORMATION IN RESPECT OF A PROPOSED PURCHASE OF A PROPERTY, BY CLYDE GATEWAY, THAT HAS NOT MATERIALISED

3.9 Shawfield Phase 2 – Projects Update: CGDL18(DEC)09

Alison Brown presented a report with a strategic update on the remediation and construction projects for the Shawfield Phase 2 project, and in doing so drew attention to investment decisions requiring consideration elsewhere on the agenda.

The Board, in October 2015, had approved the appointment of a Project Management and Design Team, led by Turner & Townsend and supported by Aecom to progress the development and implementation of a range of activities across three workstreams, details of which were given in the report. The sum approved at this time had been £1,033,452 (inclusive of VAT) but the need for a number of actions associated with revised criteria asked for by the regulator had led to an increase in costs of £131,774.

A full project description, together with the strategic rationale and the market, options and financial appraisals were outlined in the report

After discussion the Board noted the progress of the various works packages and approved an increase of £131,774 (partly inclusive of recoverable VAT) in Project Management and Design Team and Legal fees to a revised sum of £1,295,924.

3.10 Shawfield Phase 2 – Development Link Road – Stage 1R site acquisitions: CGDL18(DEC)09

Angela Rowley presented a report outlining the agreements in principle that had been reached with landowners and sought approval to progress land acquisitions to facilitate the enabling works and construction of Stage 1R of the proposed Shawfield Development Link Road.

Three of the transactions involved the acquisitions ranging in size from 52 sq m to 385 sq. m at a cost of £25,700 plus VAT of £5,140. A further transaction involved excambions between Clyde Gateway and the owner of the site required for the road construction and while the price being paid was nil, VAT of £48,000 would be payable.

The opportunity was also taken to provide the board with a verbal report on a possible further acquisition of a substantial site associated the development work at Shawfield, the details of which were, at this stage commercially sensitive. There would be an ongoing dialogue in the coming weeks and months and the Chief Executive advised there may be a need to call an additional Board meeting, or rely on written procedures, to obtain approval at short notice.

A full project description, together with the strategic rationale and the market, options and financial appraisals were outlined in the report.

After discussion the Board approved expenditure of £25,700 plus VAT of £5,140 in respect of various land acquisitions to facilitate the enabling works and construction of Stage 1R of the proposed Shawfield Development Link Road together with professional fees of £12,000 plus VAT.

3.11 Shawfield Phase 2 – Development Link Road – Stage 1R works: CGDL18(DEC)11

Alison Brown presented a report recommending the award of contracts to facilitate the construction of Stage 1R of the proposed Shawfield Development Link Road.

The contract for the main works contract had been progressed through the Public Contracts Scotland portal and involved a two-stage process, the outcome of which had led to RJ McLeod submitting the lowest tender.

The Board, in December 2017, had previously approved the contract for the first stage for the utility works associated with the road. The awarding of the second stage would allow enable the supplier, FES Support Services Limited, to undertake the physical works in support of, and coordinating with, the main roads contractor.

A full project description, together with the strategic rationale and the market, options and financial appraisals were outlined in the report.

After discussion, the Board approved:-

- (i) the award of the main construction contract to RJ MacLeod Contractors Limited at a value of £1,039,120, including irrecoverable VAT;
- (ii) the award of Stage 2 utility installation works at a cost of £319,388; and
- (iii) the 10% contingency sum of £135,851, including irrecoverable VAT.

3.12 Shawfield Phase 2 – Remediation Main Works Contract: CGDL18(DEC)12

Alison Brown presented a report recommending the award of the remediation and earthworks contract for the remediation of Clyde Gateway owned land at Shawfield Phase 2.

The procurement had been administered as a two stage tender, European Single Procurement Document (ESPD) and Invitation to Tender (ITT). Four compliant tenders had been returned and assessed, the outcome of which had led to VHE, who had delivered the contract for Shawfield Phase 1, being the recommendation of the project team.

A full project description, together with the strategic rationale and the market, options and financial appraisals were outlined in the report.

After discussion, the Board approved:-

- (i) the award of the contract to VHE at a value of £1,733,103, excluding recoverable VAT;
- (ii) the award of Stage 2 utility installation works at a cost of £319,388; and
- (iii) the 20% contingency sum of £346,621, excluding recoverable VAT.

4 Business – For Information

4.1 Strathclyde Street/Dalmarnock Road/Davidson Street – site disposal: CGDL18(DEC)13

Angela Rowley presented a report in respect of the sale of a development site at Strathclyde Street/Dalmarnock Road/Davidson Street to Braidcrest, a local private sector developer, for £167,500 plus VAT.

The Board, in December 2014, had previously approved the sale as part of the Community Relocations Programme strategy but the land transfer from Glasgow City Council to Clyde Gateway had been delayed until July 2018. A satisfactory solution had been found in respect of the showpeople families concerned but it was still the intention of the developer to acquire the site with a view to creating a larger development opportunity in respect of residential use. The sale agreement included a condition that Clyde Gateway retained the

right to buy back the land should development for residential use not take place within a seven year period.

The Board noted the report.

4.2 Capital Programmes – projects update: CGDL18(DEC)14

The Board noted a report submitted by Alison Brown providing an update on the delivery of the 2018/19 Capital Programme.

4.3 Finance Report – Eight Months Ended 30 November 2018: CGDL18(DEC)15

The Board noted a report submitted by Lesley-Ann Logan detailing the consolidated financial performance of Clyde Gateway URC and Clyde Gateway Developments Limited for the eight months ended 30 November 2018.

4.4 Health & Safety Committee – Meeting of 11 December 2018: CGDL18(DEC)16

The Board noted a report submitted by Barry Macintyre detailing the business discussed at the meeting of the Health & Safety Committee held on 11 December 2018.

4.5 2019 Board Meetings: CGDL18(DEC)17

The Board noted a report advising of the proposed dates for its meetings in 2018 as follows:-

- 6 March
- 8 May
- 25 June
- 4 September
- 30 October
- 18 December

5. **Any other Business.**

There were no other items of business raised.

6. **Date and time of next Meeting.**

John Gallacher advised that the next Board Meeting would be held on Wednesday 6 March 2019 at Rutherglen Town Hall.
