

CLYDE GATEWAY DEVELOPMENTS LIMITED

Minute of Board Meeting of 8 May 2019

<b>Present:</b>	John Gallacher (Chair) David Bankier Carol Nugent Ian Manson	Stuart Heslop Greg Hepburn Allan McQuade
<b>In Attendance:</b>	Barry Macintyre Alison Brown Jim Clark Angela McGraw	Martin McKay Angela Rowley Lesley-Ann Logan John Jackson

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

The Chair welcomed everyone to the meeting and indicated that he had interest in an item on the agenda, in respect of a proposed site disposal at Prospecthill Circus, Toryglen.

**2. Minute of previous meeting and matters arising**

The Minute of the Board meeting held on 6 March 2019 was submitted and approved. There were no matters arising.

**3. Business – for approval**

**3.1 Integrated Energy Strategy – Community Energy Project: CGDL19(MAY)01**

Martin McKay presented a report seeking approval for additional fees to further progress a project to deliver an energy centre in Dalmarnock to enable an investment decision to be taken by the board in June 2019.

The Community Energy Project was a collaboration with Scottish Water Horizons (SWH) for an energy centre at the existing Waste Water Treatment Works in Dalmarnock which would generate excess heat for use by a large scale district heating network across the masterplan area.

The overall budget for the initiative was an estimated £5.7m, of which SWH would be investing £3.8m with the £1.9m balance coming from Clyde Gateway Developments Ltd. The project had secured a £2.1m grant from the Scottish Power Energy Networks (SPEN) Green Economy Fund, of which £1.2m would enable SWH to make the investment in the energy centre, with £0.9m going towards CGDL's commitment towards the distribution network.

SWH was intending making its investment decision by August 2019 in order to meet a revised and extended grant project completion date of September 2020. CGDL, to support these timescales had approved, under delegated authority, an initial project budget of £49,434 for feasibility funding towards RIBA Stage 3 – Developed Design. Further budget approval of £178,900 (comprising project management and design fees of £153,300 procured through a tendering exercise, together with the development of the Construction Phase at a cost of £25,600 procured through the SCAPE Procurement Framework) was now required to maintain momentum with the project and assist with the final investment decision to be taken by CGDL in June 2019.

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

After detailed discussion, the Board:-

- (a) noted the progress being made with the Community Energy Project at Dalmarnock, in partnership with Scottish Water Horizons, pending an investment decision on the overall costs of this combined heat and power scheme, scheduled for approval on 25 June 2019; and
- (b) approved a total project budget cost, in order to maintain project momentum, of £228,334 (net of recoverable VAT) comprising:-
  - (i) project management and design fees to RIBA Stage 3 – Developed Design, amounting to £153,300 (net of recoverable VAT)
  - (ii) development of the Construction Phase via the SCAPE Procurement Framework at a cost of £25,600; and
  - (iii) delegated approval of £49,434 for feasibility funding.

### 3.2 Regeneration Capital Grant 2019/20 Bid Outcomes: CGDL19(MAY)02

Alison Brown presented a report with details of the outcomes of bids made by Clyde Gateway to the 2019/20 Regeneration Capital Grant Funding (RCGF) and seeking approval to accept the award for the Dalmarnock Purifier Studios.

Clyde Gateway had submitted six bids to the 2019/20 round of RCGF, with total project costs of £17.79m that sought grant support of £9.88m. Three of the bids - The Bothy and Tur @Cuningar, Red Tree Business Workshops and Dalmarnock Purifier Sheds had been successful in progressing to Stage Two of the process while another, for the development of the Bridgeton Civic Campus, was awarded separate funding of £730,000 by the Scottish Government and had subsequently been withdrawn from the RCGF process.

The Bothy and Tur @ Cuningar was separately awarded support of £950,000 from monies that had become available from the 2018/19 RCGF process and thus it was also withdrawn from the 2019/20 bidding process.

Notification had now been received that the Dalmarnock Purifier Sheds had been successful in securing £2m of funding from the 2019/20 bidding process and that the Red Tree Business Workshops had been placed on a reserve list.

A full project description for the Purifier Sheds was provided, together with the strategic rationale and the market, options and financial appraisals.

After discussion, the Board:-

- (a) noted the outcome of the Scottish Government's Regeneration Capital Grant Fund for 2019/20: and
- (b) approved acceptance of the £2m grant award for the Dalmarnock Purifier Studios.

### 3.3 One Rutherglen Links: Lease Agreement: CGDL19(MAY)03

Angela Rowley presented a report recommending the lease of the ground and first floors of the One Rutherglen Links office development.

The proposal was for Verastar Limited (VL), one of the UK's leading providers of essential business services across telecoms, water and energy to SMEs, to take a ten year lease over the 1,463 sq. m. of space on the ground and first floor of One Rutherglen Links, with a tenant break option on the fifth anniversary, subject to provision of nine months' notice.

VL would be the tenant covenanted under the lease but it would be a subsidiary company, Clear Business Water Limited, who would occupy and conduct business from the premises.

The letting of this space would bring the building to full occupancy.

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

The approval being sought also included a tenant incentive package in respect of a rent-free period, a capped contribution towards fitting-out costs, a conditional cap on service charge over the first 5 year term, and a community benefits package incorporating a contribution to support the recruitment and training of 25 new staff from the Clyde Gateway area, and a travel fund to compensate qualifying staff for changes to travel arrangements from the current business location in Hamilton. Full details of all of these elements were contained within the report

After discussion, the Board approved, in full, the rent levels, incentive package and community benefits package for the letting of the ground and first floors of One Rutherglen Links to Verastar Limited.

#### **3.4 Investment and Residual Property Portfolio Budgets 2019/20 – 2021/22: CGDL19(MAY)05**

Alison Brown presented a report with details of the outcomes of bids made by Clyde Gateway to the 2019/20 Regeneration Capital Grant Funding (RCGF) and seeking approval to accept the award for the Dalmarnock Purifier Studios.

Angela Rowley presented a report updating the year end 2018/19 Operating Budget performance against targets and seeking approval for the next four years Investment and Residual Property Estate Portfolios Operating Budgets.

After consideration, the Board

- (a) noted the improved performance of the CGDL Investment and Residual Property Portfolio for the 12 months to March 2019 against previous years targets approved in by the joint Board in April 2018;
- (b) approved an amended 3 year Operating Budget required to manage the Investment and Residual Property Portfolio at a deficit cost of £1,592,000; and
- (c) approved net operating revenue expenditure of £4,966,000 net of VAT for financial years 2019/20 until 2021/22.

#### **4. Business – for information**

##### **4.1 Bridgeton Civic Hub – STUC Office, Landressy Street, Bridgeton: CGDL19(MAY)04**

Martin McKay presented a report outlining the progress on the delivery of the Bridgeton Civic Hub office at Landressy Street, detailing core issues surrounding the project, including contractor procurement and funding. A full project description, together with the market, options and financial appraisals, were outlined in the report.

After discussion, the Board noted:-

- (a) the design had progressed to RIBA Stage 4;
- (b) planning consent had been received;
- (c) a preferred bidder had been identified, following a procurement exercise; and
- (d) the current funding constraints which were required to be resolved prior to any investment decision.

#### 4.2 Arcadia Street, Calton - Discharge of Standard Security: CGDL19(MAY)06

Angela Rowley presented a report outlining a change in circumstances around a previously approved discharge (CGDL18(AUG)05) of a standard security over a property in favour of Clyde Gateway Developments Limited tied to the letting of the new industrial unit at 27 Arcadia Street, Calton.

The Board noted the position and that the discharge of the standard security could now progress as otherwise approved in August 2018.

#### 4.3 Clyde Gateway East – Lease Agreement: CGDL19(MAY)07

Angela Rowley presented a report outlining two changes in circumstances around a previously approved lease (CGDL18(OCT)04) of Unit 201 at Clyde Gateway East.

The lease had been to Torishima Europe Limited but would now be to Torishima Service Solutions Europe Limited.

There was also a change whereby the previous agreement to approve landlord adaptations to the drainage system, to permit trade effluent disposal and the unit's fitting out at a total capped cost of £70,000, would now see the drainage adaptations be retained within the landlord's control with the works being carried out by Clyde Gateway Developments Limited at a cost not exceeding £20,000, with the remaining £50,000 contribution payable as a capped sum towards the tenant's fitting out works.

The Board noted the position and that the letting would now progress as otherwise approved in October 2018.

#### 4.4 Prospecthill Circus, Toryglen – site disposal update: CGDL19(MAY)08

John Gallacher declared a potential conflict of interest in this item of business and took leave of the meeting. The chair was assumed by David Bankier.

Angela Rowley presented a report outlining changes in circumstances around a previously approved disposal (CGDL18(APR)02) of part of a site at Prospecthill Circus, Toryglen to Cruden Estates Limited.

The approval had contained a 2 year longstop period to commence upon agreement of the missive and it was targeted that Cruden would be in a position to conclude the purchase by July 2020.

Local negotiations had been protracted and it was now proposed that a new longstop period be agreed to set a target date of 31 October 2020 for conclusion of the purchase.

After discussion, the Board noted the proposal to extend the longstop to 31 October 2020 and that the sale would progress as otherwise approved in April 2018.

Following this decision, John Gallacher returned to the room and reassumed the chair for the remainder of the meeting.

#### 4.5 Inward Investment – Property Enquiries: CGDL19(MAY)09

The Board noted a report, submitted by Angela Rowley, providing an overview of inward investment and property enquiries received in 2018/19 and which highlighted the associated marketing activities aimed at improving the performance of the Investment and Residual Property Portfolio by achieving property lettings.

4.6 National Business District, Shawfield (Phase 2): CGDL19(MAY)10

The Board noted a report, submitted by Alison Brown, providing an overview of the progress with various work packages at Shawfield Phase 2 and which set out further actions required and the associated risks to Clyde Gateway.

4.7 Capital Programme Update: CGDL19(MAY)11

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

4.8 Finance Report to period ended 31 March 2019: CGDL19(MAY)12

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 year ended 31 March 2019.

4.9 Delegated Authority Approvals to 31 March 2019: CGDL19(MAY)13

The Board noted a report submitted by Lesley-Ann Logan detailing the project budget allocations approved under delegated authority for the six months ended 31 March 2019.

**5. Any other Business**

Barry Macintyre thanked the Board for their advice and support when approving under written procedures in March the proposed loan of £2.0m from Scottish Enterprise which would be applied against the £4.4m budget for the Rutherglen Links Office Pavilions project. The legal agreements had been concluded and the sum received before the financial year-end. An information had been prepared for the CGURC Board meeting in May which advised them of the details agreed between CGDL and Scottish Enterprise.

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

John Gallacher advised that the next Board Meeting would be held on Tuesday 25 June 2019 at Rutherglen Town Hall.

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