

MEETING OF CLYDE GATEWAY URC BOARD

Minute of Board Meeting of 19 June 2020

Present: Alison Thewliss MP – Chair
Ian Manson, Chief Executive
Councillor Greg Hepburn, Glasgow City Council (from Item 5.4)
Councillor Mandy Morgan, Glasgow City Council
Councillor John Anderson, South Lanarkshire Council
Allan McQuade, Scottish Enterprise
Jim Watson, Scottish Enterprise
Robert McLeary, South Lanarkshire Community Representative

Apologies: Councillor Carol Nugent, South Lanarkshire Council
Stuart Patrick, Glasgow Business Community Representative
Rosie Robertson, Glasgow Community Representative

In attendance: Alison Brown, Clyde Gateway
Lesley-Ann Logan, Clyde Gateway
Barry Macintyre, Clyde Gateway
Martin McKay, Clyde Gateway
Hugh Moore, Clyde Gateway
Angela Rowley, Clyde Gateway
Niki Spence, Clyde Gateway
Robert Young, Clyde Gateway
Louise McCormack, Clyde Gateway (Company Secretary)
Fiona Brittle, Scottish Government
Michael Kerr, Scottish Government
Patrick Flynn, Glasgow City Council

1. **Welcome, introductions, apologies and any declarations of interest**

Alison Thewliss MP welcomed everyone to the meeting and thanked everyone for their continued contribution.

Apologies were noted from Carol Nugent, Stuart Patrick and Rosie Robertson.

There were no declarations of interest.

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

The Minute of the previous Board Meeting of Clyde Gateway URC held on 1 May 2020 was submitted for approval. John Anderson asked that the Minute under agenda item 5.5 be amended which the Company Secretary undertook to do. Subject to this change the Minute was then approved.

3. **Chair's Report**

Alison Thewliss MP thanked the staff members and partners for maintaining activities through the pandemic.

Alison offered her condolences to the family and friends of Grace Donald after her sad passing.

4. **Chief Executive's Report**

Ian Manson referred to the contents of his report, which noted:

- (1) Clyde Gateway has continued to operate fully, due to the efforts of staff, Board members and our partners, which have been immense;
- (2) £99,000 received from the Scottish Government's Covid-19 Wellbeing Fund to cover crisis funding distributed to key Clyde Gateway community groups;
- (3) the list of £79m of shovel-ready capital projects, submitted to the Scottish Government;
- (4) The Scottish Government Advisory Group on Economic Recovery submission highlighting the wider applicability of the public and private sector partnership model developed in Clyde Gateway and its demonstration of altered investment patterns from both sectors to the benefit of excluded groups and places;
- (5) The two local authority Members and Scottish Enterprise continue to face unprecedented pressures from the pandemic and close contact is being maintained to engage in any form of financial or programme reviews they may seek to undertake.

Finally, Ian updated the position on the submission to the Scottish Government seeking bespoke financial support for Clyde Gateway to support the rental and asset disposal income lost so far through Covid-19 and to enable the regeneration programme to be sustained, which had resulted in a very welcome additional revenue support of up to £500k to be drawn down over the coming months.

5. Business

For Approval

5.1 Integrated Energy Strategy – Community Energy Project (CG20(JUN)01)

Martin McKay presented a report for the board which provides an update on the Integrated Energy Strategy – Community Energy Project in partnership with Scottish Water Horizons. It reviewed:

- The current status of the Scottish Power Energy Networks grant award
- Current programme and delay mitigations
- Further financial sensitivity analysis to consider the impact of COVID-19

After consideration, the Board:

- 1) Approved the implementation of the project in line with the December 2019 (CG19(DEC)03) approval and enter into the Heat Supply Agreement with Scottish Water Horizons on which the project is dependent;
- 2) Noted the issues log provided in Appendix 1 which considers remaining short, medium and longer term issues, contingent liabilities and mitigating actions;
- 3) Noted that the project remains subject to Members' approval to enter into the Heat Supply Agreement with Scottish Water Horizons and to establish a trading subsidiary of Clyde Gateway URC. South Lanarkshire Council's Community and Enterprise Resources Committee approved Clyde Gateway URC "to enter into a Heat Supply Agreement with Scottish Water Horizons and establish a trading subsidiary company to assist in the delivery of a community energy project within the Dalmarnock area" on 30 March 2020.

5.2 Accelerated Asset Disposal Programme (CG20(JUN)02)

Angela Rowley presented a report for the Board which sets out the programme for accelerating the disposal of investment property assets and seeks strategic approval to the programme. In January 2020 Ryden was instructed to provide a report setting out a disposal strategy in respect of Clyde Gateway Development Limited's investment properties. Ryden had previously acted as external valuer and, in that capacity, has a comprehensive knowledge of the subsidiary's property portfolio.

Ryden has recommended two distinct packages: Package 1 includes One Rutherglen Links and The Albus, which is proposed to be brought to the market in September 2020; Package 2 includes Red Tree Magenta, Red Tree Bridgeton and Red Tree Rutherglen, which is proposed to be brought to the market in 2021/22. Both are subject to review of tenant positions and any market pricing adjustments.

The paper was approved.

5.3 Risk Register (CG20(JUN)03)

Barry Macintyre presented a report for the Board to consider and approve the group Corporate Risk Register (CRR).

The number of red risks have increased from 8 to 12.

The COVID-19 pandemic emerged since the CRR was last reviewed and approved by the Board on 4 March 2020. This has seen the introduction of a new overarching risk, Risk Number 24 (Impact of the Coronavirus Pandemic on Clyde Gateway), with a score of 5 for both its probability and impact factors, thus making it the joint highest risk on the CRR alongside Risk 5 (Adequacy of Funding Support, including accumulated reserves, to continue further activities), which was already rated at a 'red' risk level and now has had its probability factor increased from 3 to 5.

Risk 6 (Private Sector does not invest in the Clyde Gateway area) has increased from 3 to 4, due to the pause on the sale of Unit 201, Clyde Gateway East.

Risk 11 (Disruption to business), Risk 12 (Demand for commercial properties fails to materialise) and Risk 20 (Construction contractors engaged on projects go into administration or liquidation during contract or defects liability period) were all amber risks but have now changed to red risks due to Covid-19.

The paper was approved.

For Information

5.4 COVID-19 Business Continuity – Risk Register and Recovery Plan (CG20(JUN)04)

Martin McKay presented a report and asked the Board to note the ongoing implementation of the Clyde Gateway Business Continuity Management Plan. Following the development and implementation of the Risk Register in response to COVID-19, efforts are now focused on short and longer term recovery planning.

As of 5 June 2020, the register had 19 open risks categorised as 3 red risks, 7 amber risks and 9 green risks. The red risks include Risk 6 (Tenants seek to break or alter financial items within licence or lease provisions), Risk 37 (Risks to capital income receipt as a result of uncertainty, including Unit 201 and land sales, Land Registry is also impacted) and Risk 16 (IT outages for CGURC system/hardware affecting operations).

The Board noted the content of this report.

5.5 COVID-19 Business Continuity – Capital Programme (CG20(JUN)05)

Alison Brown presented a report which provides the Board with an update of the Capital Programme, particularly in respect of COVID-19.

Rutherglen Links Office Pavilions and Bridgeton Civic Hub have both returned on site under a soft start approach. Clark Contracts raised Early Warning in respect of COVID-19 on both sites but they have proposed these additional costs are split 50/50 between them and Clyde Gateway Developments Limited.

The paper was noted.

5.6 Highbridge Magenta Phase 1 - Funding (CG20(JUN)06)

Martin McKay provided an update on proposals for a grant and debt funded model to secure development of Magenta Phase 1, a 5,574 sq m (60,000 sq ft) net office development by Clyde Gateway's development partners Highbridge Properties PLC.

After consideration, the Board noted that the proposal will require, subject to future approval and funding availability:

- 1) approval to dispose of 3 acres of Magenta Business Park with an estimated value of £0.6m for the development of the development Special Purpose Vehicle (SPV) established by Highbridge Properties PLC (Highbridge);
- 2) a capital grant from Clyde Gateway Developments Limited of £1.0m to the development SPV established by Highbridge; and
- 3) to grant a first legal charge over the balance of the Magenta site valued at £2.676m to the development funders.

5.7 Finance Report – Period Ended 31 May 2020 (CG20(JUN)07)

Lesley-Ann Logan asked the Board to note:

- 1) Income and expenditure accounts for both Clyde Gateway URC and Clyde Gateway Developments Limited for the period ended 31 May 2020
- 2) Movements on trade (rental and service charges) and grant debtors between 31 March 2020 and 31 May 2020
- 3) Update to the Funded Operating Plan approved in May to reflect new grant awards and correction to South Lanarkshire Council's Vacant and Derelict Land Fund award for 2020/21.

The Board noted the contents of this paper.

5.8 Key Performance Indicators – 2019/20 (CG20(JUN)08)

The Board noted the update on the progress made against the 9 Key Performance Indicators to 31 March 2020.

5.9 Delegated Authority Approvals – October 2019 to March 2020 (CG20(JUN)09)

The Board noted the budgets approved under delegated authority for the six months from 1 October 2019 to 31 March 2020.

5.10 Nominations & Remuneration Committee – Meeting of 30 April 2020 (CG20(JUN)10)

The Board noted the details of the most recent meeting of the Nominations & Remuneration Committee which took place by teleconference facility on Thursday 30 April 2020.

Ian Manson thanked Jim Watson for his efforts of chairing this committee.

5.11 Clyde Gateway Developments Limited – Meeting of 1 May 2020 (CG20(JUN)11)

The Board noted the details of the business conducted by the Board of Clyde Gateway Developments Limited at its meeting on 1 May 2020.

5.12 Health & Safety Committee – Meetings of 3 March and 2 June 2020 (CG20(JUN)12)

The Board noted the Agendas and Minutes of the Health & Safety Committee meetings of 3 March and 2 June 2020.

5.13 Audit & Evaluation Committee – Meeting of 8 June 2020 (CG20(JUN)13)

The Board noted the Agenda of the Audit & Evaluation Committee of 8 June 2020 and the minutes of the meeting held on 17 February 2020.

6. Any other business

There was no other business.

7. Date, time and venue of next meeting

The next scheduled meeting will be held on Friday 11 September 2020 at 14.30 hours and the venue is to be confirmed.
