

**CLYDE GATEWAY DEVELOPMENTS LIMITED**

**Minute of Board Meeting of 4 September 2019**

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

**In Attendance:** Barry Macintyre Martin McKay  
Alison Brown Angela Rowley  
Jim Clark Lesley-Ann Logan  
Bernadette Pollock John Jackson  
Billy Love

**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 Minute of the Board meeting held on 25 June 2019 was submitted and approved. There were no matters arising.

**3. Business – for approval**

**3.1 Financial statements – Year end 31 March 2019 (CGDL19(SEP)01)**

Lesley-Ann Logan presented a report seeking approval of the Clyde Gateway Developments Limited (CGDL) financial statements for 2018/19. She advised that the Audit & Evaluation Committee (AEC) had met on 12 August to review in detail CGDL's financial statements together with those of Clyde Gateway URC. The external auditors, Scott-Moncrieff, had attended the AEC meeting to present their management report and to confirm that they would be issuing an unqualified audit opinion.

After consideration, the Board approved CGDL's annual accounts for 2018/19 and congratulated the staff for their work and input to the process.

**3.2 Integrated Energy Strategy – Community Energy Project (CGDL19(SEP)02)**

Martin McKay presented a report updating the current status of the community energy project being undertaken with Scottish Water Horizons (SWH) and seeking approval to establish a new subsidiary company of Clyde Gateway URC, a proposal that would also require Members' approval.

The Board, in May 2019, had noted the details of the project which was for an energy centre at the existing Waste Water Treatment Works in Dalmarnock that would generate excess heat for use by a large scale district heating network across the masterplan area, and in doing so had approved a budget of £228,334 for a range of professional fees to maintain momentum. In June 2019, the Board had approved acceptance of a grant from Scottish Power Energy Networks (SPEN) towards the £5.7m total capital costs of the project.

Martin advised that the professional advisory team had modelled a number of connection scenarios to the planned system as part of extensive work on the options appraisal, details of which were provided, including financial sensitivities.

On the basis of the work carried out to this stage, it was being recommended that a wholly-owned subsidiary company of Clyde Gateway URC be established into which the delivery and operation of the project would be transferred from Clyde Gateway Developments Limited.

The project capital costs remained to be finalised leading to a position that the programme delivery within the SPEN timescales of September 2020 was under review. There would be a requirement to complete due diligence along with the completion of a Grant Contribution Agreement with SWH, following which discussions would take place with Clyde Gateway's three members over their preferred governance structure for the proposed subsidiary.

The reputational, operational, financial and external risks associated with the project were outlined, together with a proposed exit strategy.

After discussion, the Board:-

- (a) noted the progress with the Community Energy Project (CEP) being developed in partnership with Scottish Water Horizons at Dalmarnock;
- (b) approved, subject to the separate approval of Clyde Gateway URC, the establishment of a wholly owned subsidiary of Clyde Gateway URC into which delivery and operation of the CEP's district heating network will ultimately be assigned from Clyde Gateway Developments Limited: and
- (c) noted that this was a reserved matter which would also require Members' approval.

### 3.3 South Dalmarnock Integrated Urban Infrastructure Framework – Phase 4: Work Package F (CGDL19(SEP)03)

Alison Brown presented a report seeking approval for a capital investment to deliver Works Package F as part of Phase 4 of the South Dalmarnock Integrated Urban Infrastructure Framework (SDIUF).

The works would see an upgrade to the existing Clyde Gateway Road sustainable urban drainage basin. The project had been successful in attracting an award of £100,000, subject to concluding a legal agreement, from Vacant and Derelict Land Funding (VDLF) for 2019/20.

Alison provided a full project description and advised that the three tenders returned on 12 August 2019 had all been in excess of the available budget. A tender assessment was now ongoing in terms of price and quality, with the intention of omitting non-essential elements in an efforts to keep within the available budget, following which the tenderers would be asked to re-price on the reduced works and the Chief Executive be asked to use delegated authority to accept the most advantageous tender up to a total project value of £350,000.

The strategic rationale and the market, options and financial appraisals were outlined in the report.

After discussion the Board:

- (a) approved the capital investment up to £350,000 to support the delivery of Works Package F as part of the strategic investment required to support the SDIUF; and
- (b) approved delegated authority to the Chief Executive to appoint a contractor.

### 3.4 National Business District, Shawfield (Phase 2) – 15 Southcroft Road - enabling works (CGDL19(SEP)04)

Alison Brown presented a report seeking approval to undertake enabling works at 15 Southcroft Road, Shawfield.

The Board had previously approved, by written procedure, the acquisition of the heritable interests at the property, which consisted of a single storey industrial unit with linked office block on a 0.15 hectare (0.37 acres) plot immediately adjacent to where Clyde Gateway Developments Limited owned land was currently the subject of remediation works.

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 £163,405, net of recoverable VAT, for a package of enabling works, including demolition and site investigations, professional fees and a contingency amount, at 15 Southcroft Road, Rutherglen.

### 3.5 Clyde Gateway East – Marketing of Land and Investment Property (CGDL19(SEP)05)

Barry Macintyre presented a report seeking approval to market actively the remaining land at Clyde Gateway East (CGE) Business Park, together with the industrial investment property at Unit 201, the lease of which to Torishima Service Solutions Europe Limited was expected to conclude shortly.

CGE was Clyde Gateway's flagship industrial location. It had, from the outset in 2009, benefited from considerable private sector investment and development, now being viewed by property agents as one of the prime industrial sites across central Scotland.

A joint Board meeting in August 2018 had noted a number of strategic scenarios for CGE that which could offer the opportunity to attract private sector investment into the remaining development plots, together with a possible exit strategy. In October 2018, the Clyde Gateway Developments Limited Board had noted the various scenarios had been distilled down to either a full or phased exit from CGE.

Barry advised that marketing material was now being prepared for issue in September 2019 that was aimed at achieving full disposal within twelve months.

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

After discussion the Board:

- (a) approved the marketing to dispose of the remaining interests at Clyde Gateway East Business Park
- (b) approved professional fees totalling £35,000 exclusive of recoverable VAT; and
- (c) noted that any offers received would be appraised and brought back to the Board at a later date for approval.

### 3.6 471 London Road, Calton – Sale of Land (CGDL19(SEP)06)

Angela Rowley presented a report seeking approval to progress the sale of a corner plot of land at 471 London Road, Calton, extending to 142 sq. m (0.035 acres).

The sale was to the G.J.P. Retirement Benefit Scheme Trust (the Trustees of Forsyth Glazing Limited) and would facilitate site improvements along the full length of the London Road frontage of the company's property. A full project description, together with the strategic rationale, and the options and financial appraisals were outlined in the report.

After discussion the Board approved the sale of land, extending to 142 sq.m, at 471 London Road to the G.J.P. Retirement Benefit Scheme Trust for £35,000 plus VAT.

### 3.7 The Albus, Mile End – Lease of Suites 3 and 4 (CGDL19(SEP)07)

Angela Rowley presented a report seeking approval to lease Suites 3 and 4, comprising the entire first floor, of The Albus office development to Made Brave Ltd.

Made Brave Ltd, founded in 2012, was a high profile graphic design, digital branding and photography company that had relocated to Suite 6 at The Albus in April 2015 with 19 employees. It had enjoyed a period of growth over the past four years and now employed 34.5 Full Time Equivalent staff. The company now wished to vacate Suite 6 and take a ten year lease over Suites 3 and 4, which extended to 609 sq. m (6,556 sq. ft.) with 8 dedicated spaces within the car park of the building.

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 the lease of Suites 3 and 4, together with 8 dedicated car parking spaces, to Made Brave Limited on the basis of a ten year lease, with a tenant break on the fifth anniversary, at the market rent and other applicable details as outlined in the report.

### 3.8 The Albus, Mile End – Lease of Suites 5 and 6 (CGDL19(SEP)08)

Angela Rowley presented a report seeking approval to lease Suites 5 and 6 of The Albus office development to Cloud Cover IT Services Limited (CCIT).

CCIT provides businesses with IT infrastructure solutions and software development. It had relocated to Suite 5 at The Albus in February 2017 with 12 employees since when it had continued to grow to now have 26 employees. The company now wished to expand by taking a five year lease over its existing suite and that of Suite 6 which would be vacated by Made Brave when it moved into Suites 3 and 4 at The Albus. CCIT would now occupy 507 sq. m (5,467 sq. ft.) with 10 dedicated spaces within the car park of the building. 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 the lease of Suites 5 and 6, together with 10 dedicated car parking spaces, to Cloud Cover IT Services Limited on the basis of a five year lease, with a tenant break on the third anniversary, at the market rent and other applicable details as outlined in the report.

## 4. **Business – for information**

### 4.1 Integrated Energy Strategy - British Geological Survey – UK Geoenergy Observatory for Glasgow: CGDL19(SEP)09

Martin McKay presented a report outlining the progress in respect of the UK Geoenergy Observatory for Glasgow, a project being managed and delivered by the British Geological Survey (BGS) at locations in Dalrnarnock and Cuningar Loop.

The on-site team were expected to complete all borehole activities by March 2020 which would be followed by monthly visits to continue sampling and testing water quality, among a range of other scientific testing over the 20-year lease period.

The project was also set to deliver a number of specific community benefits including site visits for Clyde Gateway school pupils and it would also be captured within the 'Gateway to Engineering' project under which young people can participate in a 10-week programme that is recognised by a Level 5 qualification from the Scottish Credit and Qualifications Framework.

The Board noted the contents of the report.

4.2 National Business District, Shawfield (Phase 2): CGDL19(SEP)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.

4.3 Capital Programme Update: CGDL19(SEP)11

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

4.4 Treasury Management – Bank Deposit Account: CGDL19(SEP)12

Lesley-Ann Logan presented a report advising that, at a later meeting, the board of Clyde URC would be asked to give its approval to the opening of an additional bank deposit account, with a 35 day notice period, for Clyde Gateway Developments Limited that would increase bank interest received while maintaining timely access to funds.

The Board noted the contents of the report.

4.5 Finance Report to period ended 31 July 2019: CGDL19(SEP)13

The Board noted a report, presented by Lesley-Ann Logan, detailing the consolidated financial performance of Clyde Gateway URC and Clyde Gateway Developments Limited for the period ended 31 July 2019, together with the updates to the Funded Operating Plan to reflect budget approvals since the Plan had received Board approval in March 2019.

4.6 Audit & Evaluation Committee – Meeting of 12 August 2019: CG19(SEP)14

The Board noted a report, submitted by Bernadette Pollock, detailing the business discussed at the meeting of the Audit & Evaluation Committee held on 12 August 2018.

4.7 Audit & Evaluation Committee – 2018/19 Annual Report: CGDL19(SEP)15

The Board noted the 2018/19 Annual Report of the Audit & Evaluation Committee.

4.8 Health & Safety Committee – 2018/19 Annual Report: CGDL19(SEP)16

The Board noted the 2018/19 Annual Report of the Health & Safety Committee.

4.9 Manscroft Place, Shettleston – Sale of Land

Angela Rowley provided a verbal update advising that a proposed sale of land at Manscroft Place, Shettleston, as previously approved by the Board in December 2018 (CGDL18(DEC)05), was no longer proceeding and that site would now be the subject of a further marketing exercise.

4.10 99 Carstairs Street, Dalmarnock – site acquisition and voluntary business extinguishment

Barry Macintyre provided a verbal update advising that a proposed site acquisition and voluntary business extinguishment at 99 Carstairs Street, Dalmarnock, as previously approved by the Board in August 2018 (CGDL18(AUG)04), was no longer proceeding as the vendor had not accepted the offer.

**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 30 October 2019 at Rutherglen Town Hall.

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