

**CLYDE GATEWAY DEVELOPMENTS LIMITED**

**Minute of Board Meeting of 30 October 2019**

<b>Present:</b>	John Gallacher (Chair) David Bankier Ian Manson	Stuart Heslop Carol Nugent
<b>Apologies</b>	Greg Hepburn	Allan McQuade
<b>In Attendance:</b>	Alison Brown Jim Clark Lesley-Ann Logan Barry Macintyre	Martin McKay Angela Rowley Lynne Valentine Pauline Elliott (South Lanarkshire Council)

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

The Chair welcomed everyone to the meeting and indicated that he had interest in agenda item 3.3 a proposed site disposal at Prospecthill Circus, Toryglen.

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

The Minute of the Board meeting held on 4 September 2019 was submitted and approved. There were no matters arising.

**3. Business**

For approval

**3.1 Funded Operating Plan – 2019/20 to 2021/22 (CGDL19(OCT)01)**

Barry Macintyre presented a report on the latest version of the rolling three year Funded Operating Plan which now incorporated the results of the six month re-forecasting exercise.

After consideration, the Board:

- (i) approved the re-forecasting results performed at the end of September; and
- (ii) noted that a Full Operating Plan would come forward for approval in December.

**3.2 French Street, Dalmarnock – Site Disposal (CGDL19(OCT)02)**

Angela Rowley sought approval to sell a residential site at French Street, Dalmarnock, to facilitate the development of approximately 48 residential units, at nil consideration after abnormal costs.

The Board had previously approved the marketing of three sites at Dalmarnock Cross (A, B and C), two of which were located within remediated areas of the former gasworks, with the other on an adjacent area of vacant and derelict land that had last been in use in the 1970s.

There had always been an acknowledgment that further expenditure would require to be incurred to support residential development, failing which any price to be paid by a developer would involve deductions for abnormal costs.

After a lengthy negotiation process, in which the developer, Keepmoat Homes Limited (KHL), had undertaken community consultations and presented proposals to Glasgow City Council, a position had been agreed in respect of site C, which extended to 1.18 hectares and was bounded by French Street/Swanston Street/Webster Street/Carstairs Street in Dalmarnock.

A joint review of the development proposal, undertaken by KHL and Clyde Gateway, had agreed total costs of £8.2m, which were made up of £6.29m build costs, abnormal costs of £380,000 plus overheads of £1.54m, the outcome of which would result in a net purchase price of nil for the site.

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

After consideration, the Board:-

- (i) approved the disposal, for residential development, of the 1.18 hectare site C, at French Street/Swanston Street/Webster Street/Carstairs Street in Dalrnarnock, to Keepmoat Homes Limited for the sum of £392,000 per acre, plus VAT before the deduction of abnormal/enhancement costs; and
- (ii) noted that the abnormal and other costs, including enhancement costs, was likely to result in a sale at nil consideration.

### 3.3 Prospecthill Circus, Toryglen – Site Disposal (CGDL19(OCT)03)

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 (CGDL19(MAY)08) of part of a site at Prospecthill Circus, Toryglen to Cruden Estates Limited, to support a residential development. The approval had contained an 18 month longstop period to satisfy all suspensive conditions and it was intended that Cruden would be in a position to conclude the purchase by 31 October 2020.

Protracted planning discussion had resulted in a delay to the full development and it was now proposed that a new longstop period be agreed to set a target date of 31 March 2021 for conclusion of the purchase, with an ultimate longstop date of 20 September 2021.

The delay had also resulted in a six month lapse since the valuation exercise had been undertaken to support the headline price. Fresh independent advice had now been received with confirmation that value remained the same at £1.375m less abnormals.

After discussion, the Board approved the extension of the longstop date to 31 March 2021, with an ultimate longstop date of 30 September 2021.

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

### 3.4 National Business District, Shawfield (Phase 2) – Strategic Overview (CGDL19(OCT)04)

Martin McKay presented a report offering a background narrative that reflected the contents of three reports coming before the Board in a sequential basis, in respect of the current redevelopment of the Shawfield Phase 2 site.

After discussion, the Board approved the proposed sequence of considerations.

### 3.5 National Business District, Shawfield (Phase 2) – Shawfield Development Link Road (Stage 1R) – Acquisitions (CGDL19(OCT)05)

Angela Rowley sought approval for further amended arrangements to acquire the land necessary to facilitate enabling works and the construction of Stage 1R of the proposed Shawfield Development Link Road (SDLR).

The Board had been provided with regular updates on the SDLR, and had previously approved proposed terms and expenditure for land acquisitions with a significant strategic landowner at Shawfield (CGDL19(JUN)09).

There had been further engagement with this landowner and agreement now reached on a revised final proposal, full details of which were outlined in the report, alongside the strategic rationale and the market, options and financial appraisals.

After detailed consideration, the Board:-

- (i) approved, in principle, the further amended arrangements that had been negotiated to acquire, by excambion, land required for the enabling works and construction of the SDLR;
- (ii) noted the additional costs involved; and
- (iii) requested that until clarity on funding emerges the time now available be used to agree suitable land acquisition terms, including through excambion or by option arrangements, with the main affected parties on Stages 2 and 3 of the SDLR.

### 3.6 National Business District, Shawfield (Phase 2) – SDLR (Stage 1R) – Additional Expenditure (CGDL19(OCT)06)

Alison Brown presented a report seeking approval of additional costs related to the construction of Stage 1R of the proposed SDLR.

The Board had been provided with regular updates on the SDLR, and in terms of the construction contract had approved a project cost of £1,494,359 for the main contract, the award of Stage 2 utility installation works and a 10% contingency sum (CGDL18(DEC)11).

Extended negotiations to acquire the land for the project, and the subsequent delay to award the contract since the original tender submission date in November 2018, had resulted in a confirmed inflationary increase of £56,235, based on the mobilisation of the contractor in January 2020 and a site start in February 2020. There were also now further additional costs of £44,859 in respect of associated design amendments and contingency, resulting in an overall revised project cost of £1,688,911. The revised Operating Plan approved earlier in the meeting (GCDL19(OCT)01) provided for the previously approved sum but contained no additional budget in respect of these additional costs.

A full project description, along with the strategic rationale and the market, options and financial appraisals were outlined in the report. The Board also took into consideration, during its deliberations, the position outlined earlier in relation to the land acquisitions required for the construction of the road (CGDL19(OCT)05).

After deliberation, the Board agreed, in principle and pending clarity on funding the approval of additional costs of £101,095 for the construction of Stage 1R of the proposed SDLR.

### 3.7 Inward Investment and Disposals Strategy – Disposal Costs (CGDL19(OCT)07)

Angela Rowley presented a report seeking approval for expenditure on costs, including marketing collateral and associated professional fees, associated with the disposal of land.

The Board had previously noted a report that had updated guidance and protocols for the disposal of assets, by way of sale, lease or license, and the protocols under which such transactions are progressed (CGDL18(FEB)10), under which any support from external marketing consultants and any required additional property or legal consultancy support was achieved through tendered appointments or through the Clyde Gateway property and legal services frameworks.

It had been estimated that £207,000 would be required to support the strategy until March 2023, with a year-by-year breakdown provided. The sum had been included within the revised Operating Plan approved earlier in the meeting (CGDL19(OCT)01).

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

After deliberation, the Board approved the estimated expenditure of £207,000.

### 3.8 Risk Register (CGDL19(OCT)08)

Jim Clark presented a report on the most recent Risk Register which was a working document regularly reviewed for relevance by the Clyde Gateway Executive Team.

The Risk Register had been discussed in detail by the Senior Management Team on 25 September 2019 and by the Audit & Evaluation Committee on 10 June 2019 with the view being reached that three of the scores attached to the existing risks should be adjusted.

After discussion, the Board approved the adjustments to numbers 3,7 and 9 on the Corporate Risk Register and agreed the updated Risk Register containing the adjustments as set out in Appendix 1 to the report.

### 3.9 Provision of External Audit & Corporation Tax Services (CGDL19(OCT)09)

Lesley-Ann Logan presented a report seeking approval for a two-year extension to the existing appointment of Scott-Moncrieff for the provision of external audit and corporation tax services to Clyde Gateway Developments Limited.

The services had been subject to a tendering exercise in 2016/17, with the Board appointing Scott-Moncrieff for a three year period with an optional extension of two more years. The Audit Committee, in August 2019, had recommended approval of the contract extension but had sought assurance on fees and clarity over the new ownership and operating structure of Scott-Moncrieff.

The report set out the proposed fees for the next two years and in providing the details of the new ownership and structure, advised that the current existing engagement partners for external audit and taxation remained in place at present, as did the audit senior manager.

After discussion, the Board approved the two year extension to the current appointment of Scott-Moncrieff and noted the change in ownership of the firm.

#### For information

### 3.10 National Business District, Shawfield (Phase 2) – remediation strategy: CGDL19(OCT)10

The Board noted a report by Alison Brown giving an overview of the progress with the remediation contract currently on site at Shawfield (Phase 2), and, in doing so, noted the financial pressures on the project which will result in a paper being brought to the Board in December 2019 seeking approval to increase the budget.

### 3.11 Regeneration Capital Grant Fund 2019/20 (CGDL19(OCT)11)

The Board noted a report submitted by Alison Brown advising that three of the five applications to the Scottish Government's 2020/21 Regeneration Capital Grant Fund (RCGF) had been selected to progress to the second stage application process but that a change in circumstances had led to Clyde Gateway submitting only two of the projects.

3.12 Inward Investment – Property Enquiries (CGDL19(OCT)12)

The Board noted a report submitted by Angela Rowley providing the six-monthly update of inward investment and property enquiries within the Clyde Gateway area, together with associated marketing activities.

3.13 South Dalmarnock Integrated Urban Infrastructure Framework – Phase 4: Work Package F (CGDL19(OCT)13)

The Board noted a report submitted by Alison Brown advising that, in order to meet the available budget, several items of work to upgrade the existing Clyde Gateway Road sustainable urban drainage basin were being omitted, in keeping with the approval decision taken previously (CGDL19(SEP)03).

3.14 One Rutherglen Links - Lease Agreement Update (CGDL19(OCT)14)

The Board noted a report submitted by Barry Macintyre providing the terms of the employment support contribution concluded with the company which had now entered into a lease for the remaining space at One Rutherglen Links.

3.15 Finance Report – Six Months Ended 30 September 2019 (CGDL19(OCT)15)

The Board noted a report submitted by Lesley-Anne Logan detailing the consolidated financial performance of Clyde Gateway URC and Clyde Gateway Developments Limited for the six months ended 30 September 2019.

3.16 Delegated Authority – Six Months Ended 30 September 2019 (CGDL19(OCT)16)

The Board noted a report submitted by Lesley-Ann Logan detailing the project budget allocations approved under delegated authority for the six months ended 30 September 2019.

3.17 Audit & Evaluation Committee – Meeting of 21 October 2019 (CGDL19(OCT)17)

The Board noted a report, submitted by Barry Macintyre, detailing the business discussed at the meeting of the Audit & Evaluation Committee held on 21 October 2019.

3.18 Health & Safety Committee – Meeting of 17 September 2019 (CGDL19(OCT)18)

The Board noted a report, submitted by Barry Macintyre, detailing the business discussed at the meeting of the Health and Safety Committee held on 17 September 2019.

3.19 Board Meeting Dates 2020 (CGDL19(OCT)19)

The Board noted the proposed meeting dates for 2020.

**4. Any other Business**

There were no other items of business raised.

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

John Gallacher advised that the next Board Meeting would be held on Wednesday 18 December 2019 at Red Tree Magenta.