

MEETING OF CLYDE GATEWAY DEVELOPMENTS LIMITED

Minutes of meeting of 25th February 2022, by video conference.

- Present:** Gillian Adam (Scottish Enterprise)
David Bankier
John Gallacher (Chair)
Councillor Greg Hepburn (Glasgow City Council)
Stuart Heslop
Ian Manson
- Apologies:** Councillor Carol Nugent (South Lanarkshire Council)
- In attendance:** Alison Brown (Clyde Gateway)
Douglas Cameron (Clyde Gateway)
Michael Gray (Glasgow City Council)
Lesley-Ann Logan (Clyde Gateway)
Barry Macintyre (Clyde Gateway)
Martin McKay (Clyde Gateway)
Ken Meek (South Lanarkshire Council)
Hugh Moore (Clyde Gateway)
Michelle Mundie (Glasgow City Council)
Craig Ritchie (Clyde Gateway)
Angela Rowley (Clyde Gateway)
Nicki Spence (Clyde Gateway)
Robert Young (Clyde Gateway)
Donna Brand (Minutes)

1. Welcome, introductions, apologies and declarations of interest

John Gallacher welcomed everyone to the meeting, and apologies were noted from Councillor Carol Nugent. There were no declarations of interest.

2. Minutes of previous meeting approved

The minutes of the previous Board meeting of Clyde Gateway Developments Limited held on 17 December 2021 were submitted and approved, noting that the date of the next meeting was 25 February and not 22 April 2022.

Angela Rowley provided an update on the acquisition of Anson House from Robinbrook Limited which had been approved by the Board at its meeting on 17 December 2021 (CGDL21(DEC)01). Angela asked the Board to note the increased purchase price of Anson House by £15,000 for furniture and fittings plus a potential increase in demolition costs from those previously approved. Should the acquisition successfully conclude, Clyde Gateway would be working with City Property to develop a programme of demolitions and a further report would be brought back to the Board.

3. Chief Executive's Report

Ian stated that the investment sale of the Albus and One RL office buildings at the end of 2021 had demonstrated once again the area was more than capable of hosting modern jobs and growing businesses and that it was entirely possible to take long-term vacant and derelict sites and create vibrant business locations and secure long-term private security investment. This was further evidence that Clyde Gateway's investment of the funding trusted to it was well-considered and it augers well for the many more sites and developments to come.

Ian also welcomed the commitment from Glasgow City Council in its budget, to continue its core capital contribution of £800k per annum to Clyde Gateway for a further 3 years. This long-term commitment sat well with the Scottish Government's 5-year support and hopefully supported the case for the other Members to find ways of providing as much core financial certainty for Clyde Gateway as possible, to enable it to continue to lever-in significant public and private sector funding.

Clyde Gateway continued to make the case for Shawfield completion at the same time as progressing, as best it could, the immediate plans. The demolition of the Arnold Clark building was well underway and a visible demonstration of Clyde Gateway's commitment. The Scottish Government had now reported twice in recent months on the impact the site was having through the wide spread of contaminants into the local and wider marine environment. Efforts were therefore focused on ensuring this information was included and considered as part of the case made to resource and complete the intervention over a reasonable timescale.

For approval

4.1 Funded Operating Plan 2021/22 – 2025/26 CGDL22(FEB)01

Barry Macintyre sought approval of latest version of the Funded Operating Plan which incorporated the results of the nine month re-forecasting exercise performed during January.

After consideration, the Board approved the Funded Operating Plan spanning the 2021/22 to 2025/26 financial years and noted its basis of preparation.

4.2 Integrated Energy Strategy: D2 Grids Renewable Energy Project CGDL22(FEB)02

Martin McKay presented a report seeking approval for the capital investment to support delivery of the D2 Grids Renewable Energy project of [REDACTED] including investment as match funding from Scottish Water Horizons (SWH) of [REDACTED] and supported by a maximum match funding investment by Clyde Gateway Developments Limited of [REDACTED], and for approval to enter into a secondment arrangement with SWH to provide additional resourcing in order to support delivery of the project.

Following the update which had been presented to the Board on 17 December 2021 (CGDL21(DEC)04) on the progress with the development of the Full Business Case (FBC) for delivery of the project, Martin outlined the three key elements to the project development and FBC namely technical case, procurement and delivery and financial case. Martin further advised that a cost planning exercise had been carried out ahead of procurement and that tenders for the Distribution Network were due to be returned by 18 March 2022.

After consideration, the Board

(1) approved

- (a) the FBC for the D2 Grids Project, a fifth Generation District Heating and Cooling system with a Gross Project Cost of [REDACTED] and a Net Project Cost comprising capital expenditure of [REDACTED] (net of recoverable VAT) including £305,706 approved to date (CGDL21(MAY)02);
- (b) the remaining match funding up to a maximum of [REDACTED] to enable the project to be fully delivered; and
- (c) Clyde Gateway entering into a secondment agreement with SWH to support resourcing of the demonstrator and wider works packages up to a maximum cost of [REDACTED] (net of recoverable VAT) and for SWH to provide capital investment for the project [REDACTED] against European Regional Development Fund eligible expenditure which was 60% of capital costs; and

- (2) noted the Capital sum for approval was [REDACTED] and the net sum was [REDACTED] (net of recoverable VAT).

4.3 New Olympia House – Investment Decision CGDL22(FEB)03

Alison Brown presented a report seeking approval for the investment decision to undertake the works and operating a deficit until the development was let, following the procurement for a main works contractor which had taken place for the transformation of Olympia House into a modern and flexible commercial space.

Alison provided background information following Clyde Gateway Developments Limited's (CGDL) acquisition of the property in December 2020, and that the project had been successful in securing a grant award of £650,000 from the 2022/23 Regeneration Capital Grant Fund. Alison outlined the work that would be needed in order to transform the building, which would be called the New Olympia House, and the results of the procurement exercise which had been carried out for the main works contract.

After consideration the Board approved

- (1) the total capital investment up to a value of [REDACTED] (excluding recoverable VAT) for the refurbishment of Olympia House, Bridgeton to create 350sqm gross of commercial space, and that the sum included previous approvals of £95,275 (excluding recoverable VAT);
- (2) the appointment of Redpath Construction Ltd as the main works contractor up to a value of £1,284,070 (excluding recoverable VAT); and
- (3) an operating deficit until the development was let of [REDACTED] (excluding recoverable VAT).

4.4 NBD Shawfield (Phase 1) – Magenta Technology Hub – Professional Fees and Site Investigations CGDL22(FEB)04

Alison Brown presented a report seeking approval for additional design fees and associated expenditure in order to progress the design and move towards procurement of the Magenta Technology Hub, following its success in securing a £4m grant from the Scottish Government's Regeneration Capital Grant Fund (RCGF) 2022/23.

Alison advised of the background of the development of the Magenta Business Park project following the remediation and infrastructure works which had been carried out, resulting in the completion of Red Tree Magenta, and the design of Red Tree Central, and that following the feasibility study which had been carried out to diversify the offer of Magenta Business Park and to respond to market demand, had resulted in the project securing the RCGF grant. Alison outlined the description of the Magenta Technology Hub, and that in order to comply with the conditions of the RCGF award that the project required to be legally committed by March 2023, and design had to be finalised including consideration to the procurement strategy for the main works contractor.

After consideration, the Board approved additional fees of £207,031 (excluding recoverable VAT) associated with design development, site investigations and contingency which would take the total approval to date to £306,790 (excluding recoverable VAT) in order to progress Magenta Technology Hub to Royal Institute of British Architects Stage 4 – Technical Design.

4.5 NBD Shawfield Phase 1 – Red Tree Magenta – Wind Mitigation Works CGDL22(FEB)05

Douglas Cameron presented a report seeking approval of additional landscaping works to the west of the Red Tree Magenta office building at a total project cost of £138,630 (excluding recoverable VAT) including both the capital works and associated design and professional fees, which was an increase from the previous approval of £38,630 (excluding recoverable VAT).

Douglas provided background information relating to the issues encountered at the Red Tree Magenta building which had resulted in several repairs and doors being out of use for periods of time, and that a budget of £38,630 had been approved under delegated authority which allowed specialist wind modelling to be undertaken and for advice on mitigation measures to be provided. Douglas outlined the works that would be required to mitigate the funnelling and corner wind effects following the specialist advice.

After consideration, the Board approved additional landscaping works to the west of the Red Tree Magenta office building at a total project cost of £138,630 (excluding recoverable VAT) including both the capital works and associated design and professional fees, noting that this was an increase from the previous approval of £38,630 (excluding recoverable VAT).

4.6 NBD Shawfield (Phase 2) – Land & Property Acquisition CGDL22(FEB)06

Barry Macintyre presented a report seeking approval to progress the purchase of land and buildings [REDACTED], thereby facilitating site investigations and decontamination of this key area.

Barry advised that authorisation from both CGDL and CGURC Boards on 1 May 2020 (CGDL20(MAY)06) and (CG20(MAY)05) for the strategic acquisition of the heritable interest at 241 Glasgow Road, considered to be the epicentre of chromium contamination, opened up opportunities to progress the acquisitions of [REDACTED] sites thereby extending the land area potentially available for future remediation and development.

After consideration, the Board

- (1) approved a total budget of up to [REDACTED] net of recoverable VAT to voluntarily acquire [REDACTED] key remediation targets at Shawfield (Phase 2) at: -

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

4.7 Summerfield Street/Baltic Street – Land & Property Acquisition CGDL22(FEB)07

Angela Rowley presented a report seeking approval to acquire two adjoining Dalmarnock commercial/industrial properties that had fallen into serious disrepair and were not presently part of the significant and ongoing regeneration proposals for the area.

Angela provided background information regarding the Legacy Masterplan which was prepared at the same time as the Commonwealth Games Village Masterplan, and that Clyde Gateway Developments Limited was keen to complete the regeneration of the Dalmarnock area, including the acquisition to 2 adjoining vacant industrial sites at 544-556 Baltic Street and 13 Summerfield Street.

[REDACTED]

[REDACTED]

[REDACTED]

4.8 Land and Property Disposals – Professional Fees CGDL22(FEB)08

Angela Rowley presented a report seeking approval of updated costs for the disposal of land and property including market collateral and associated professional fees for the period from 2019/20 – 2025/26.

Angela provided background information in relation to the Inward Investment and Disposal Strategy (IIDS) which focused on the active marketing, development and disposal of key opportunities and properties to occupiers, developers and investors. Angela also outlined a range of disposal projects within the 5-year Operating Plan 2020/21–2025/26, along with a breakdown of actual spend against approved forecast in respect of disposal costs for the period from 2019/20–2025/26 thus resulting in an increase of £439,000.

After consideration, the Board approved the increased expenditure on disposal costs of £439,000 (excluding recoverable VAT) including the marketing collateral and professional fees necessary to support the ongoing Inward Investment and Disposals Strategy.

4.9 The Bothy & Tur @ Cuningar Loop Woodlands Park – Additional Works CGDL22(FEB)09

Alison Brown presented a report seeking approval to increase the total project capital budget by £200,000 to £2.81m, following an increased award from the Scottish Government's Regeneration Capital Grant Fund.

Alison provided background details of the project and its benefits to the local communities. Following a successful tender exercise to identify a contractor for the project, the construction contract between CGDL and Linear Design and Construct was executed on 24 March 2021. Alison further advised that due to pressure on the project budget, the Scottish Government had offered a further uplift in the Regeneration Capital Grant Fund award by £200,000 to £1.52m subject to the contract being legally committed by 2020/21.

After consideration, the Board

- (1) approved an increase to the total project capital budget from £2.61m to £2.81m (including irrecoverable VAT) of £55,000 to incorporate additional works at the Bothy & Tur at Cuningar Loop Woodland Park; and
- (2) noted the increased funding provided by Scottish Government through an RCGF grant of £200,000, increasing the total RCGF funding to £1.52m.

4.10 Risk Register CGDL22(FEB)10

Lesley-Ann Logan presented a report on the most recent Risk Register, a working document regularly reviewed for relevance by Clyde Gateway's Management Group and by the Audit & Evaluation Committee.

After consideration, the Board approved the updated Risk Register as set out in the Appendix.

For information

4.11 Funding Bids – Update CGDL22(FEB)11

Alison Brown presented a report providing an overview of funding bids which had recently been submitted to 3 separate funding programmes.

After consideration, the Board noted the report.

4.12 Capital Programme CGDL22(FEB)12

Alison Brown provided an update of the Capital Programme and of projects at the pre-development stage. She advised that there were several projects which had been completed in 2021/22 and provided further information on projects which were still on site.

After consideration, the Board noted the report.

4.13 Finance Report – Period Ended 31st January 2022 CGDL22(FEB)13

The Board noted the financial report by Lesley-Ann Logan on the consolidated performance of both Clyde Gateway URC and Clyde Gateway Developments Limited at 31 January 2022.

4.14 Health & Safety Committee – Meetings of 7 September and 7 December 2021 CGDL22(FEB)14

The Boards noted that two meetings of the Health & Safety Committee had been held during 2021 on 7 September and 7 December and that the minutes of both meetings were available on request.

4.15 Audit & Evaluation Committee – Meeting of 11th February 2022 CGDL22(FEB)15

The Board noted the agenda of the Audit & Evaluation Committee of 11 February 2022, and the approved minutes of the previous meeting of 15 October 2021.

5. Date, time and venue of next meeting

The Board noted the next meeting would be held on Friday, 22 April 2022 at 1.00pm by video conference.