

MEETING OF CLYDE GATEWAY DEVELOPMENTS LIMITED

Minutes of Meeting of 24 June 2022

- Present:** Gillian Adam
John Gallacher (Chair)
Stuart Heslop (by telecom)
Ian Manson
- Apology:** David Bankier
- In attendance:** Alison Brown (Clyde Gateway)
John Jackson (Clyde Gateway)
Lesley-Ann Logan (Clyde Gateway)
Barry Macintyre (Clyde Gateway)
Martin McKay (Clyde Gateway)
Hugh Moore (Clyde Gateway)
Bernadette Pollock (Clyde Gateway)
Craig Ritchie (Clyde Gateway)
Angela Rowley (Clyde Gateway)
Niki Spence (Clyde Gateway)
Lynne Valentine (Clyde Gateway)
Donna Brand (Minutes)

1. Welcome, introductions, apologies and declarations of interest

John Gallacher welcomed everyone to the meeting and advised that South Lanarkshire Council had not submitted their nomination for the Board yet, and thanked Councillor Carol Nugent for her contributions to the Board meetings. Apologies were noted from David Bankier. 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 22 April 2022 were submitted and approved.

3. Chief Executive's Report

Ian advised that, following the Scottish Government's recent announcement of its spending and targeted capital reviews, Clyde Gateway remained within the Capital Programme. However, there had been no advance in providing a longer-term profile on the revenue grant as this continues to be subject to annual budget considerations.

He updated on the impending closure of the Pladis factory and outlined proposals for mitigation, which had been developed with colleagues from Glasgow City Council and Scottish Enterprise and submitted to the latest Pladis Working Group. The proposals involved the creation of a substantial fund to address the lack of land suitable for industrial development across the East End and to develop new industrial assets with the proceeds reinvested in the area, following the Clyde Gateway model. The Group had requested the proposals be further developed.

Finally, Ian noted the development of a number of significant project bids for the various regeneration funds and thanked the staff involved for their hard work and for meeting the deadlines.

4. For approval

4.1 Funded Operating Plan – 2022/23 CGDL22(JUN)01

Lesley-Ann Logan sought approval of the latest version of the rolling Funded Operating Plan which now spanned the 2022/23 to 2025/26 financial years.

After consideration, the Board approved the latest version of the rolling Funded Operating Plan spanning the 2022/23 to 2025/26 financial years and noted its basis of preparation. The chair asked that a paper on the reserves position be brought to a future Board meeting.

4.2 Integrated Energy Strategy – D2 Grids Renewable Energy CGDL22(JUN)02

Martin McKay presented a report seeking approval to deliver the D2 grids demonstrator project based on a final project cost of [REDACTED] which reflected increased costs and the successful application for Vacant and Derelict Land Investment Programme of £0.664m, confirming the outcome of the procurement process and recommending the appointment of the main contractor for the works based on a revised scope of work.

Martin provided an overview of the project following the Board's approval of the Full Business Case on 24 February 2022 (CGDL22(FEB)02), including an itemised breakdown of the net project cost.

After consideration the Board

- (1) noted that the project had been successful in securing a further £664,000 to support the project delivery from the Low Carbon: Vacant & Derelict Land Investment Programme (VDLIP) for 2022/23; and
- (2) approved
 - (a) the increase in the Gross Project Cost of [REDACTED] to [REDACTED] and an increased Net Project Cost comprising capital expenditure of [REDACTED] (net of recoverable VAT) including [REDACTED] approved to date (CGDL21(MAY)02);
 - (b) the increase in Net Project cost to Clyde Gateway Developments Limited of £200,000 increasing the sum for approval to £814,000; and
 - (c) the appointment of Forth Electrical Services (FES) based on the amended tender price of [REDACTED] including contingency but excluding recoverable VAT.

4.3 Site Remediation – Surplus Material Management CGDL22(JUN)03

Alison Brown presented a report seeking approval of the strategic intent to dispose of surplus contaminated material from three development sites in order to support development in Dalmarnock and Shettleston.

Alison advised that following the Board's approval on 30 April 2021 (CGDL(APR)21) to dispose the site at Yard 1, Manscroft Place to the Smith family, when it was noted that as a suspensive condition of the sale, the purchaser was required to move at their own cost, partially contaminated soil stored on site in accordance with statutory requirements, that an assessment of the material had been undertaken together with an options appraisal which identified the disposal of the material to a third-party site was the preferred option.

After consideration, the Board:

- (a) approved
 - (i) the strategic intent to dispose of 24,092m³ of surplus contaminated material from development sites in Dalmarnock and a site at Manscroft Place at an estimated cost of [REDACTED]; and
 - (ii) professional fees, testing costs and contingency of £80,000 (excluding recoverable VAT) to support the development of the project; and
- (b) noted that a further paper seeking approval for expenditure in respect of the disposal of the material would be brought back in due course following detailed design and a procurement exercise.

4.4 Clyde Gateway East – Development of Plots 1, 2B and 3 CGDL22(JUN)04

Barry Macintyre presented a report seeking endorsement of a revised development strategy for the remaining interests at Clyde Gateway East business park and budget approval for £770k of fees.

Barry provided background information following the Board's approval of the disposal of plots 1, 2B and 3 on 18 December 2018 (CGDL(DEC)01) to Hermiston Securities Limited, together with a full project description, the strategic rationale along with the market options and financial appraisals.

After consideration the Board approved

- (1) approved
 - (i) the strategic intent for CGCL to directly develop its remaining heritable interests at CGE business park comprising plots 1, 2B and 3 at a forecast cost of £12,933,742 excluding recoverable VAT; and
 - (ii) a budget of £769,758 excluding recoverable VAT to progress this initiative up to RIBA Stage 4 – Technical Design together with surveys, legal and other pre-construction fees; and
- (2) noted that the final investment decision, including funding sources would be brought back to the Board for consideration later this financial year.

4.5 Eastworks Investment Property – Operating Budget CGDL22(JUN)05

Angela Rowley presented a report seeking approval to increase the cumulative peak operating deficit for the EastWorks Investment Property, following a review of the letting strategy and revenue costs, which included the revenue expenditure for RedTree@EastWorks.

Angela provided background information relating to the project following the Board's approval of the strategic intent to deliver a Red Tree offer within Unit 5 at EastWorks on 27 August 2021 (CG21(AUG)03), and approval of the investment decision on 22 April 2022 (CGDL22(APR)02) and estimated net cumulative operating deficit of £192,500. Angela further advised that the letting strategy assumptions and operating costs from December 2020 had been subject to further review following a period of pre-completion marketing, specification development and noted cost increases.

After consideration, the Board

- (1) approved to increase the cumulative peak operating deficit for the EastWorks development by [REDACTED] to [REDACTED], excluding recoverable VAT; and

- (2) noted this revised cumulative peak deficit budget included the [REDACTED] previously approved in December 2020 (CGDL20(DEC)04) when the investment decision to complete all five units had been taken and the cumulative revenue operating deficit of [REDACTED] approved in April 2022 for RedTree@EastWorks within Unit 5.

4.6 Investment Properties and Residual Assets – Operating Budgets 2022/23 – 2025/26 CGDL22(JUN)06

Angela Rowley presented a report updating the Board on the 2021/22 Operating Budget performance against targets and seeking approval for the Operating Budgets for the next four years for the Investment Properties and Residual Assets (IPRA).

After consideration the Board:

- (1) approved
- (i) the rolling operating budget required to manage the IPRA at a forecast deficit cost of £3,821,472; and
 - (ii) an operating expenditure budget of £6,781,090 net of VAT for financial years 2022/23 to 2025/26; and
- (2) noted the actual performance for the 12 months to March 2022 against previous year's targets approved at the Board meeting in April 2021 (CGDL21(APR)07).

4.7 Risk Register CGDL22(JUN)07

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 risk register as set out in the Appendix.

For information

4.8 National Business District, Shawfield Phase 1 – Riverbank Infrastructure Works CGDL22(JUN)08

Martin McKay presented a report advising that the Stage 3 works for the Riverbank Infrastructure Works at Shawfield Phase 1 would be re-tendered, following confirmation from the main contractor of its revised target price following completion of site investigation works which was out-with the current Board approval, and was reflective of the contractor's intention to leave the Scottish construction market.

After consideration, the Board noted the report.

4.9 National Business District – Shawfield Phase 2 – Polmadie Burn Feasibility Study Update CGDL22(JUN)09

Lynne Valentine presented a report following completion of the Polmadie Burn Feasibility study. Lynne advised that the Polmadie Working Group members had been asked to review the 11 short term solutions proposed by the Design Team, and that this report focused on the top 3 solutions.

After consideration, the Board noted the report.

4.10 Capital Programme Update CGDL22(JUN)10

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 2022/23 and provided further information on projects which were still on site.

After consideration, the Board noted the report.

4.11 Grant Funding Submissions CGDL22(JUN)11

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

After consideration, the Board noted the report.

4.12 Inward Investment and Property Enquiries CGDL22(JUN)12

John Jackson presented a report providing an overview of the range of inward investment and property enquiries received within the Clyde Gateway area up to the end of 2021/22 financial year and highlighted the associated marketing activities aimed at improving the performance of the Clyde Gateway Developments Limited and Residual Property Portfolio by achieving property lettings.

After consideration, the Board noted the report.

4.13 Key Performance Indicators – 2021/22 CGDL22(JUN)13

The Board noted a report by Niki Spence detailing the progress made on the 9 core Key Performance Indicators over the past 12 months to 31 March 2022 as outlined in the appendix to the report.

4.14 Finance Report – Period Ended 31 May 2022 CGDL22(JUN)14

Bernadette Pollock presented a report outlining the consolidated financial performance of both Clyde Gateway URC and Clyde Gateway Developments Limited at 31 May 2022.

After consideration, the Board noted the report.

4.15 Health & Safety Committee – Meetings of 14 April and 30 May 2022 CGDL22(JUN)15

The Board noted that 2 meetings of the Health & Safety Committee had been held during 2022 on 14 April and 30 May and that the minutes of both meetings were available on request.

4.16 Audit & Evaluation Committee – Meeting of 10 June 2022 CGDL22(JUN)16

The Board noted the agenda of the Audit & Evaluation Committee of 10 June 2022 and the approved minutes of the previous meeting of 11 February 2022.

5. Date, time and venue of next meeting

The Board noted the next meeting would be held on Friday 26 August 2022 at 1.00pm and that the venue would be confirmed nearer the time.