

# MEETING OF CLYDE GATEWAY DEVELOPMENTS LIMITED

## Minutes of Meeting of 16 December 2022

**Present:** David Bankier  
Councillor Robert Brown (South Lanarkshire Council)  
John Gallacher (Chair)  
Councillor Greg Hepburn (Glasgow City Council)  
Stuart Heslop  
Ian Manson  
Derek Shaw (Scottish Enterprise)

**In attendance:** Alison Brown (Clyde Gateway)  
Graham Forsyth (Clyde Gateway)  
Barry Macintyre (Clyde Gateway)  
Louise McCormack (Clyde Gateway)  
Martin McKay (Clyde Gateway)  
Niki Spence (Clyde Gateway)  
Donna Brand (Minutes)

### 1. Welcome, introductions, apologies and declarations of interest

John Gallacher welcomed everyone to the meeting and thanked Councillor Brown and Derek Shaw's for becoming directors. He hoped they would enjoy being Board members and contributing to the work of Clyde Gateway Developments Limited.

There were no apologies or declarations of interest.

Ian Manson reported that Clyde Gateway Developments Limited's fourteenth AGM had been held earlier in the month. Under the Articles of Association the Chair is required to step down from this office at the AGM and then seek re-appointment to it. John had expressed a willingness to be considered for re-appointment as Chair and this matter was now put to the other directors for consideration. The Board approved John's re-appointment as Chair.

### 2. Minutes of the previous meeting and any matters arising

The Minutes of the previous Board meeting of Clyde Gateway Developments Limited, held on 28 October 2022, were submitted and approved. There were no matters arising.

### 3. Chief Executive's Report

Ian Manson advised that today would be the last Board meeting attended by Alison Brown and John Jackson before they move onto new posts with South Lanarkshire Council and Glasgow University respectively.

Alison was one of Clyde Gateway's very first employees and had delivered many of the biggest and boldest physical projects. Her capital programme update to every Board meeting was often breathtaking in its scale and complexity of the work being undertaken. She had also led on many grant applications and had secured millions of pounds worth of funds for regeneration. It was fitting that the final piece of infrastructure in South Dalmarnock had recently completed, where Clyde Gateway could trace Alison's leadership all the way back to the consultation meetings where she demonstrated early on how to win the support of local communities.

John had been a key part of Clyde Gateway's property successes and key disposals over many years and had in fact secured the lettings of the Red Tree Magenta building where today's meeting was taking place.

Both Alison and John were much admired and respected colleagues and Ian wished them well in their new jobs. Efforts to fill posts, vital to delivery of the Operating Plan, were underway.

The Deputy First Minister, John Swinney MSP, had issued the Scottish Government's budget yesterday and Ian was relieved to report that Clyde Gateway was once again identified for continuing support with the current revenue and capital levels maintained. Given the current public sector funding environment, where many bodies are facing large budgetary cuts, this was clearly a significant outcome.

Ian mentioned that the level of Gift Aid payment capable of being made by Clyde Gateway Developments Limited to Clyde Gateway URC before the calendar year end was close to finalisation. This was a complex exercise where a number of key considerations around distributable reserves, liquidity and tax had to be taken into account. However, it was further evidence of staff continuing to make the funding model, with its reliance on a pipeline of asset disposals, work in challenging circumstances.

The Chief Executive concluded his report by mentioning that Clyde Gateway and its development partner, Highbridge plc, had responded to a major office requirement currently on the market which, if successful, would bring 2,000 jobs to the Magenta business park in Shawfield. The details were bound by client confidentiality at this stage. Highbridge and its team had performed exceedingly well in meeting the tight timescales and addressing the financial options requested.

#### **4. Business**

For approval

##### **4.1 Dalmarnock South – Sale of Land (lots 1 and 2) CGDL22(DEC)01**

Martin McKay outlined the process undertaken to identify the preferred bidder and sought approval to progress the sale of the heritable interests in Lots 1 and 2 at Dalmarnock South. He explained that this asset disposal sought to secure private sector investment and delivery of new homes on key development sites within the wider South Dalmarnock Integrated Urban Infrastructure Framework. Subject to Board approval the target date for missives to be concluded was 28 February 2023 with a development completion date of 21 June 2024.

After consideration, the Board

- (1) approved the Heads of Terms agreed between the preferred bidder [REDACTED] for the sale of the heritable interests in Lots 1(0.66 Ha/1.63 acres) at Carstairs Street/Solway Street and Lot 2 (1.16 Ha/ 2.87 acres) at French Street / Colvend Street. 2 for [REDACTED] exclusive of VAT; and
- (2) noted:
  - (a) that the conclusion of the sales contract would be the subject of a further Board approval in February 2023;
  - (b) the marketing process and methodology applied to identify the preferred bidder; and
  - (c) the marketing, agency and legal fees estimated at £50,000 plus recoverable VAT against previously approved Asset Disposals professional fees budget.

##### **4.2 Clyde Gateway East Plots – Development of Plots 1, 2B and 3 CGDL22(DEC)02**

Alison Brown presented a report seeking budget approval to proceed with the speculative development of three industrial units on the company's remaining heritable interests at Clyde Gateway East business park whilst noting the tendering timetable as well as the confirmed and potential funding sources.

Alison advised that following Board approval of the strategic intent to directly develop all three plots at its meeting on 24 June 2022 (CGDL22(JUN)04), it was proposed to deliver three stand-alone industrial units specified to support manufacturing and engineering requirements as well as meeting modern environmental standards. Alison further advised that a procurement exercise was currently underway for the main works contract, with a return date of 20 January 2023.

Barry Macintyre then reported on the status of the overall funding package.

After consideration, the Board:

- (1) approved, net of recoverable VAT
  - (a) a total capital investment, based on pre-tender estimates, of [REDACTED] including the previously approved budget of [REDACTED] for technical design and other pre-construction professional fees;
  - (b) the appointment of a main contractor, based on the most economically advantageous tender submission, up to a value of [REDACTED]; and
  - (c) the estimated revenue holding costs from practical completion of the industrial units until letting of [REDACTED]; and
- (2) noted that construction of all three buildings was subject to the satisfactory appraisal of a grant funding bid aimed at targeting manufacturing occupiers and high value jobs, and that if the bid was unsuccessful and replacement funding sources could not be secured within the current procurement timescales efforts would be made to contract to deliver two of the three units from available financial resources.

#### 4.3 The Bothy, Tur and Hope Sculpture, Cuningar Woodland Park – Operational Revenue Costs CGDL22(DEC)03

Barry Macintyre presented a report seeking approval to increase the revenue budgets for The Bothy, Tur and Hope Sculpture following a review of the operational strategy and running costs.

Barry outlined the background to the project and advised that changes to the user strategy and operation of The Bothy and insurance obligations had resulted in a significant increase in operational costs. Barry further advised that following approval of the Hope Sculpture it was intimated that a future maintenance cost would be determined and a budget for the necessary works was included within this approval.

After consideration, the Board approved

- (1) an increased annual revenue operating costs for The Bothy, Tur and Hope Sculpture assets of [REDACTED] to [REDACTED] plus [REDACTED] irrecoverable VAT; and
- (2) the increased revenue operating costs for The Bothy, Tur and Hope Sculpture assets for the plan period of 2022/23–2025/26 of [REDACTED] to [REDACTED] plus [REDACTED] irrecoverable VAT.

For information

#### 4.4 Dalmarnock North – Sale of Land (Lot 1) CGDL22(DEC)04

Martin McKay provided an update report on the variations to conditions identified during legal negotiations following the Board's approval of the sale of Lot 1, the hybrid development site at Dalmarnock North to Colhoun Estates (Dalmarnock) Ltd at its meeting in October 2021 (CGDL21(OCT)02).

After consideration, the Board noted:

- (1) the variations of terms that arose during the legal negotiation for the disposal of this site;
- (2) the options considered to overcome the financial burden the buyer had encountered due to unanticipated abnormal ground conditions; and
- (3) the continuation of discussions around the overall planned development and potential grant applications to support it.

#### 4.5 Manscroft Place, Carntyne – Management of Surplus Material CGDL22(DEC)05

Alison Brown provided an update on the disposal of 4,090m<sup>3</sup> surplus contaminated material at Manscroft Place, Carntyne, following the Board's approval at its meeting on 26 August 2022 (CGDL22(AUG)).

After consideration, the Board noted

- (1) the report; and
- (2) that an investment decision for the disposal of the material would likely be sought in the coming weeks using written procedures.

#### 4.6 Inward Investment – Property Enquiries CGDL22(DEC)06

Martin McKay presented a report providing a six monthly review of the range of inward investment and property enquiries within the Clyde Gateway area up to the end of September 2022. He also highlighted the marketing activities aimed at improving property lettings.

After consideration, the Board noted the report.

#### 4.7 Capital Programme Update CGDL22(DEC)07

Alison Brown provided an update on the Capital Programme including those projects at the pre-development stage. She advised that several projects had been completed during 2022/23 and gave further detail on the ones still on site.

After consideration, the Board noted the report.

#### 4.8 Reserves Policy CGDL22(DEC)08

Barry Macintyre presented an information paper on the definitions of the reserves held by Clyde Gateway Developments Limited which underpinned the reserves policy reported in the annual consolidated Financial Statements for Clyde Gateway URC. He explained the impact these reserves have on the level of funds available for distribution as Gift Aid and to support the Funded Operating Plan.

After consideration, the Board noted the report.

#### 4.9 Financial Obligations CGDL22(DEC)09

Barry Macintyre presented an information paper explaining how different types of financial obligations were treated for both financial and management accounting purposes.

After consideration, the Board noted the report.

#### 4.10 Finance Report – Period Ended 30 November 2022 CGDL22(DEC)10

Louise McCormack presented November's Finance Report outlining the consolidated financial performance of both Clyde Gateway URC and Clyde Gateway Developments Limited.

After consideration, the Board noted the report.

#### **5. Date, time and venue of next meeting**

The Board noted the next meeting would be held on Friday 24 February 2023 at 1:00 pm, venue to be confirmed.

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