

# MEETING OF CLYDE GATEWAY DEVELOPMENTS LIMITED

## Minutes of Meeting of 25 October 2024

**Present:** David Bankier (Chair)  
Councillor Robert Brown (South Lanarkshire Council)  
Councillor Greg Hepburn (Glasgow City Council)  
Stuart Heslop  
Martin McKay (Clyde Gateway)  
Derek Shaw (Scottish Enterprise)

**Apologies:** John Gallacher

**In attendance:** Michelle Barr (Clyde Gateway)  
Alison Brown (South Lanarkshire Council)  
Dougie Cameron (Clyde Gateway)  
Allan Drysdale (Clyde Gateway)  
Martin Joyce (Clyde Gateway) \*  
Bernadette Pollock (Clyde Gateway)  
Angela Rowley (Clyde Gateway)  
Jamie Shields (Clyde Gateway)  
Niki Spence (Clyde Gateway)  
Robert Young (Clyde Gateway)

\*attendance by video link

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

In the absence of John Gallacher, it was agreed that the meeting would be Chaired by David Bankier. David welcomed those present to the meeting and noted John Gallacher's apologies. There were no declarations of interest made.

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

The Minutes of the Board meeting held on 30 August 2024 were submitted and approved as a correct record.

### 3. Chief Executive's Report

Martin McKay gave a verbal report during which he:

- reflected on the Innovation Shawfield launch held on 11 October, noting that there had been good representation from politicians, board members and partners to view the remarkable progress on site. He also noted that the press and media coverage of the event had been excellent.
- mentioned hosting a visit of the SE Energy and wider innovation team on a tour of the area which had been well received, and similarly a visit of the Metro Glasgow Strategic Drainage partnership.
- highlighted the recent awards received for EastWorks from BCO, for Shawfield remediation from the Brownfield Awards, and the architects of New Olympia House winning the AJ award for best retrofit.

- drew attention to the two significant lettings on the agenda as well as the Energy centre disposal.

The Board noted the verbal update by the Chief Executive.

#### **4. Business**

##### **For Approval**

##### **4.1 Funded Operating Plan 2024/25 – 2026/27 – CGDL24(OCT)01**

Bernadette Pollock presented a paper which updated the three year Funded Operating Plan, previously approved by the Board in April (CGDL24(APR)01), to incorporate additional grant awards, budget amendments and the results of a re-forecasting exercise performed following the September period-end.

She highlighted some key funding awards during the year including the awarding of £3.8m from the Environmental Quality & Resilience (EQR) department of Scottish Government to continue the remediation of the Shawfield area, £105k from the Scottish Government to continue the work done through the Access to Childcare project, and an award from GCC of £741k Vacant and Derelict Land Fund (VDLF) monies for two eligible projects – Clyde Gateway East Green Regeneration Innovation District (£641k) and Clyde Gateway East High Value Manufacturing Industrial Units (£100k), however, the East Regeneration Innovation District project had now been scaled back to £100k.

It was noted that there was a small positive move of £8k in anticipated rental income which included increases at Olympia and Red Tree Magenta, however, these were offset by reductions in forecast rent at Red Tree EastWorks and Clyde Gateway East.

After consideration the Board approved the latest version of the Funded Operating Plan spanning the 2024/25 to 2026/27 financial years and noted its basis of preparation.

##### **4.2 Risk Register – CGDL24(OCT)02**

Allan Drysdale presented a report which asked the Board to consider and approve amendments to the group Risk Register (RR) as summarised in the paper.

It was reported that only one risk had increased in score following review which related to the delay in receiving grant payments (Risk 25) which has increased in probability from 2 to 4 with the impact remaining at 4, raising the overall score from 8 to 16 and taking the risk from amber to red category. It was advised that this was mainly as a result of the delay in receiving UK Government Funding for Shawfield via South Lanarkshire Council.

Two risks in relation to CG's work not being endorsed by local residents (Risk 21) and communities suffering from poor image/perception (Risk 16) were both recommended to reduce to overall scores of 4 and 1 respectively. It was also advised that two risks in the green category – Impact of the COVID pandemic (Risk 24) and demand for commercial properties failing to materialise, (Risk 12) were both recommended for closure as the associated risk was judged to be minimal.

After consideration the Board approved the proposed changes to the Risk Register.

#### 4.3 NBD Shawfield update including UKG Funding – CGDL24(OCT)03

Jamie Shields presented a report which provided a continuing update in respect of the three NBD Shawfield Phase 2 projects which are being supported by a UK Government (UKG) funding contribution of £14.6m, against total project costs of £20.7m, and noted current concerns around UKG funding.

In addition Martin Joyce provided a verbal update noting that he had met with officials from the UK Government, and while they weren't in a position to provide any confirmation ahead of a review by the incoming Government as part of budget setting, they did provide some useful information on current overall regeneration spend. They also requested information on future pipeline projects and this has been shared with them. Martin finished by highlighting that the officials advised that they expected to be able to confirm funding within a week of the budget announcement.

After consideration the Board noted the positive progress being achieved in delivering the three projects against an overall approved project budget of £20.7m, noted the current concerns regarding UKG funding, and approved the paper as part of the UKG governance process.

#### 4.4 Clyde Gateway East – Alternative Lease Agreement – CGDL24(OCT)04

Robert Young presented a paper which asked the Board to note Glacier Machining Solutions Limited's withdrawal from lease negotiations of Unit 101 at Clyde Gateway East and alternatively to approve the lease of Unit 301 to the company at an initial rental of [REDACTED] per annum for a term of 10 years.

After consideration the Board approved:

- (i) The lease of Unit 301 at 1 Colliery Street, Clyde Gateway East to Glacier Machining Solutions Limited at an initial annual rental of [REDACTED] for a lease term of 10 years;
- (ii) The grant of a rent-free period equivalent to 12 months, commencing from the date of entry;
- (iii) Provision of a reduced landlord's contribution of [REDACTED] (No VAT);
- (iv) Professional fees at an estimated cost of [REDACTED] plus recoverable VAT.

#### 4.5 EastWorks, Dalmarnock – Lease Unit 2 – CGDL24(OCT)05

Angela Rowley presented a paper which sought approval for the letting of Unit 2 (3 Gateway Court) EastWorks to Morris & Spottiswood Limited, an established Scottish Construction Company.

After consideration the Board approved the following in respect of Unit 2 at EastWorks:

- i) To lease Unit 2 at EastWorks (4,755 square feet / 442 square metres) and 3 parking spaces to Morris & Spottiswood Limited (MSL) for a period of ten years, with a tenant break option after 5 years, subject to at least 9 months prior notice;
- ii) Agreed a rent of [REDACTED] per square foot, which equates to a rental of [REDACTED] per annum net of VAT. The net effective rent (NER) after incentives is [REDACTED] per sq. ft over 5 years;
- iii) To provide an initial tenant's rent incentive of 6 months rent free followed by 18 months at half rent. If the break option is not triggered an additional incentive of 4 months at half rent in year 6 will be provided;
- iv) To provide a capital contribution of [REDACTED] inclusive of VAT towards the tenant's fit out works;
- v) Agreed a landlord's contribution of [REDACTED] inclusive of VAT to complete the landlord's Cat A fit out e.g. floor coverings, floor boxes and small power;

- vi) To incur associated professional fees of approximately [REDACTED] net of recoverable VAT.

#### 4.6 EastWorks, Dalmarnock – Lease Unit 3 – CGDL24(OCT)06

Angela Rowley presented a paper which sought Board approval for the letting of Unit 3 (5 Gateway Court) EastWorks to Clarity Services Ltd.

After consideration the Board approved the following in respect of Unit 3 at EastWorks:

- i) To lease Unit 3 at EastWorks (5,146 square feet / 478 square metres) and 3 parking spaces to Clarity Services Ltd (CEL) an associated entity of Community Health and Eyecare Limited (CHEC) for a period of ten years, with a tenant break option after 5 years, subject to at least 6 months prior notice;
- ii) Agreed a rent of [REDACTED] per square foot, which equates to a rental of [REDACTED] per annum net of VAT. The net effective rent (NER) after incentives is [REDACTED] per sq. ft over 5 years;
- iii) To provide an initial tenant's rent incentive of 6 months rent free followed by 12 months at half rent. If the tenant has not taken occupation by 1st February 2025, the rent-free period shall automatically commence. If the break option is not triggered an additional incentive of 12 months at half rent in year 6 will be provided;
- iv) That CHEC will act as a guarantor of the lease obligations undertaken by CEL;
- v) That no capital contribution to be made towards the tenant's fit out works;
- vi) Agreed landlord's expenditure of up to [REDACTED] inclusive of VAT to complete a landlord upgrade to the electrical supply to the unit;
- vii) To incur associated professional fees of approximately [REDACTED] net of recoverable VAT.

#### **For information**

#### 4.7 French Street, Dalmarnock – Site Disposal – CGDL24(OCT)07

Angela Rowley presented a paper which asked the Board to note the contents which provided an update on the disposal of a residential site in Dalmarnock to Keepmoat Homes Limited (KHL), the successful delivery of 48 residential units for sale and subsequent associated capital receipt.

After consideration the Board noted the content of the paper which provided an update on the disposal of a residential site in Dalmarnock to Keepmoat Homes Limited, the successful delivery of 48 residential units for sale and associated capital receipt of [REDACTED] and connection to the District Heating Network.

#### 4.8 SWH Dalmarnock Energy Centre Disposal – CGDL24(OCT)08

Dougie Cameron presented a paper which asked the Board to note the sale of the Dalmarnock energy centre by Scottish Water Horizons (SWH) to Noventa Helix Heat & Power II (NHH&P), a Special Purpose Vehicle (SPV).

It was noted that in August, a Board report for information (CGDL24(AUG)07) was tabled to advise of the potential sale of the energy centre at Dalmarnock Waste Water Treatment Works (WWTW). This informed of the intention by SWH to dispose of the energy centre to NHH&P.

After consideration the Board noted the sale of the Dalmarnock energy centre by SWH to Noventa.

#### 4.9 Capital Programme Update – CGDL24(OCT)09

Jamie Shields presented a paper which provided a progress report on the capital development programme, including projects at the pre-development stage.

Specific project updates were provided in relation to Clyde Gateway East, Shawfield Riverbank, D2 Grids, Manscroft Place Soil Relocation, and Plot 9 in Dalmarnock (Pocket Park).

After consideration the Board noted the contents of the report.

#### 4.10 Finance Report – Period Ended 30 September 2024 – CGDL24(OCT)10

Michelle Barr presented a paper which provided an overview of financial activity for the year to 30 September 2024.

After consideration the Board noted the contents of the report.

#### 4.11 Delegated Authority Approvals – 1 April to 30 September 2024 – CGDL24(OCT)11

Bernadette Pollock presented a paper which informed the Board of budgets approved under delegated authority for the six months from 1 April to 30 September 2024.

The Board noted the contents of the paper.

#### 4.12 Board Meeting Dates 2025 – CGDL24(OCT)12

The proposed Board meeting dates for 2025 were presented for information.

The Board noted the meeting calendar for 2025.

### 5. **Any Other Business**

No further items of business were raised.

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

The Board noted that the next meeting would be held on Friday 13 December 2024 at 1:00pm, in the Olympia, Bridgeton Cross.

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