

# Report

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Report to:	<b>Enterprise Resources Committee</b>
Date of Meeting:	<b>15 June 2011</b>
Report by:	<b>Executive Director (Enterprise Resources)</b>

Subject:	<b>Approval of Clyde Gateway Urban Regeneration Company (URC) Proposals</b>
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## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ Seek approval from the Committee to a range of proposals within the Clyde Gateway area as a member of the Clyde Gateway Urban Regeneration Company (URC)

## 2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the Council, as a member in the Clyde Gateway (URC), gives approval to the URC to:
  - a) Dispose of a 1.71 acre (0.69 ha) site, at less than market value, at Main Street, Dunn Street, Bridgeton to The new Housing Association for £77,500 for the development of 31 Housing Units
  - b) Enter into a standard security arrangement with the Heritage Lottery Fund in relation to grant funding being provided for the re-development of the Olympian Building at Bridgeton Cross
  - c) Becoming a member of the Dalmarnock Community Development Trust
  - d) Enter into a standard security arrangement with Scottish Gas Networks in relation to overage arrangements affecting the acquisition of a 0.8 acre (0.32 ha) site at French Street, Swanson Street, Dalmarnock

## 3. Background

- 3.1. South Lanarkshire Council is one of three member organisations that make up the Clyde Gateway URC – the others being Glasgow City Council and Scottish Enterprise. The URC was officially set up early in 2008 and has been implementing a programme of regeneration activity since then within its defined area.
- 3.2. The legal documentation, known as the 'Members Agreement', governs the operation and activities of Clyde Gateway URC. In certain circumstances, known as reserved matters, the URC requires to obtain the written consent of the three members before it can enter into certain contracts or engage in specific activities. This report seeks approval for a number of proposals within this context.

#### **4. Proposal by Clyde Gateway URC – Main Street / Dunn Street, Bridgeton**

- 4.1. The URC Business Plan sets a target of 10,000 new homes and the remediation of 350 hectares of land over a 20 year period. These homes will be delivered via a combination of public sector agencies and private sector developer activity. A significant social housing led development by Thenew Housing Association (THA) in Bridgeton is being proposed, comprising a development of 31 homes plus a children's care centre.
- 4.2. THA is a Registered Social Landlord with head offices and a significant portfolio of housing located in the East End of Glasgow. Clyde Gateway has, through its land transfer agreement with Glasgow City Council, access to up to 7.3 acres of land in the Bridgeton area. Thenew Housing Association is currently in negotiation with Clyde Gateway to acquire part of this landholding for their development.
- 4.3. The project represents an important opportunity for Clyde Gateway to engage with the Housing Association sector to maximise investment while contributing to the wider regeneration objectives. It ensures that the existing communities can positively benefit from development in Clyde Gateway.
- 4.4. At present THA typically acquire land from Glasgow City Council (GCC) at Market Value with abnormal costs offset against the final site acquisition cost. Given the high level of abnormal costs identified at this site, coupled with a deteriorating value for residential land in the area, the receipt to be generated from this residential site for social housing is likely to be low.
- 4.5. Where a site being sold to a Housing Association (within the GCC boundary) has a nominal or negative value, it is Glasgow City Council's policy to adopt a de minimus value based on the quantity of housing units. The de minimus value adopted by GCC is £2,500 and when applied to the proposed 31 units derives the value for disposal at £77,500. It is proposed to adopt this method of valuation for this site and dispose of the asset at that price. The Council's support is sought for this proposal due to the fact that it is less than market value.

#### **5. Proposal by Clyde Gateway URC – Olympia Building, Bridgeton Cross**

- 5.1. The redevelopment of the derelict former Olympia Theatre is a URC 'Transformational' project that can provide a lasting legacy for Bridgeton and Clyde Gateway. The proposed project will, when completed, provide an integrated library, I.T. and café facility, located at the ground floor with a sports facility incorporating a national training and conditioning centre for elite athletes in boxing and wrestling that also provides community access. There will also be two floors of commercial office space.
- 5.2. The project costs £10.1million and has received grant awards of £5.4 million, including an offer £961,000 from Heritage Lottery Fund (HLF). A key condition of their financial support is that Clyde Gateway URC grant HLF a standard security over the property. This is not considered to be an issue by the URC or its partners, however it is one of the reserved matters within the 'Members Agreement' and requires to be formally approved by South Lanarkshire Council.

#### **6. Proposal by Clyde Gateway URC – Dalmarnock Community Development Trust**

- 6.1. The proposal to establish a Dalmarnock Community Development Trust within part of the Clyde Gateway area has grown out of a joint commitment by partner agencies and the local community to ensure maximum community benefits are achieved from the significant regeneration activities planned across the area. Membership of the

Trust will comprise key partner agencies along with the local community. The partner members will be responsible for appointing a Board of Trustees.

- 6.2. Membership of the Trust will comprise representatives / members from Glasgow City Council; Clyde Gateway URC; and the local community. Other potential partners could be included in the future as appropriate. The Development Trust would operate across a number of designated communities including Dalmarnock, Parkhead and Bridgeton.
- 6.3. Clyde Gateway's Business Plan recognises the key barriers to achieving a step change in the area's economic prospects, including community buy in and a focus for real and involved change. It places a responsibility on the URC to engage local people in the development and delivery of Clyde Gateway's visions.
- 6.4. Within the Reserved Matters section of the 'Members Agreement', Clyde Gateway cannot acquire shares in, or any other securities issued by, another company or other entity without the prior written consent of the three members unless it has been included within the current approved 'Operating Plan'. Clyde Gateway URC is now seeking to secure the necessary approvals from the Council.

**7. Proposal by Clyde Gateway URC – Scottish Gas Networks - French Street / Swanston Street, Dalmarnock**

- 7.1. Clyde Gateway URC is currently acquiring land held by Scottish Gas Networks at the junction of French Street and Swanston Street in Dalmarnock at a cost of £359,737. Securing the site is critical to the first phase of planned redevelopment around Dalmarnock Station.
- 7.2. As part of the negotiations to conclude the acquisition, Clyde Gateway URC has agreed to enter into an overage agreement with the vendor, Scottish Gas Networks, to allow them to share in any uplift in site value should the site be sold on by the URC within the next 10 years. This arrangement is not unusual within the property market.
- 7.3. Within the Reserved Matters section of the Members' Agreement Clyde Gateway cannot grant a security for the benefit of any other party without the prior written consent of the three members unless sufficient detail on the proposed transaction was also included within the current approved Operating Plan. Again Clyde Gateway URC is now seeking to secure the necessary approvals from the Council.

**8. Employee Implications**

- 8.1 None

**9. Financial Implications**

- 9.1 There are no direct implications for Council funding as the costs of site acquisition and future development will be met from resources allocated to the URC from the Scottish Government.

**10. Other Implications**

- 10.1 There are no risks to the Council associated with this report. Any risks associated with the various projects will be managed by Clyde Gateway URC, incorporated in their Risk Register and factored into their current and future operating plans.

## **11. Equality Impact Arrangements and Consultation Arrangements**

- 11.1 This report does not introduce a new policy, function or strategy and, therefore, no impact assessment is required. Appropriate consultation with all parties effected by the proposals contained in this report have been carried out.

**Colin McDowall**

**Executive Director (Enterprise Resources)**

11 May 2011

### **Link(s) to Council Objectives/Values/Improvement Themes**

- Support the local economy by providing the right conditions for growth, improving skills and employability.
- Partnership working, community leadership and engagement.

### **Previous References**

- Minutes of Executive Committee held on 19 December 2007

### **List of Background Papers**

- Clyde Gateway URC Board Paper CGDL11(FEB)02
- Clyde Gateway URC Board Paper CG11(JAN)02
- Clyde Gateway URC Board Paper CG10(NOV)05
- Clyde Gateway URC Board Paper CGDL09(NOV)01

### **Contact for Further Information**

If you would like to inspect the background papers or want further information, please contact:-

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