

WEST DUNBARTONSHIRE COUNCIL

Report by Strategic Lead - Regeneration

Infrastructure Regeneration and Economic Development: 18 November 2020

Subject: Update on activity by Clydebank Property Company Limited

1. Purpose

- 1.1** The purpose of this report is to update the Committee on the progress of activity in Clydebank Property Company Limited (CPC) for the last 12 month period November 19-20.

2. Recommendations

- 2.1** It is recommended that the Committee notes the progress being made in terms of the Council's investment in Clydebank Property Company Limited.

3. Background

- 3.1** In 2014 Clydebank Rebuilt closed its operation. As part of this closure West Dunbartonshire Council agreed to purchase its assets to allow those assets to continue to serve the business needs of the Clydebank Community. Details can be found in the background paper to this committee of 17 September 2014.
- 3.2** Annual updates on the progress of activity of CPC have been provided to this Committee In November 2017, 2018 and 2019.

4. Main Issues

Property Company

- 4.1** There is substantial competition in the Clydebank area for tenants with office requirements. A review of the asking rents in Clydebank was completed in 2017, 2018 and 2019 which identified that the enterprise centre was not competitive with other properties. Asking rents were realigned to make them more attractive to potential tenants and we continue to monitor this and further lettings have been achieved. Lettings for the centre are now at 97.15% compared to 36.63% on transfer.
- 4.2** The units at JKS Workshops continue to be let at a high rate, as with any development of this type a high turnover of tenants can be expected as they either trade up to larger premises or the businesses fail. The current occupancy is 91% compared to 93.46% on transfer. Rents continue to be competitive with other workshop developments in the area and we continue to ensure retention of tenants.

4.3 Clydebank East Workshops sit alongside the JKS work shops and the current occupancy is 100% let compared to 35.11% on transfer.

4.4 The performance of the property estate within CPC is currently as follows:

Asset	Total Area (SqFt)	Let (%)		Rental Income (£)	
		2014	2020	2014	2020
Titan Enterprise Business Centre	13,538	36.63	97.15	89,151	189,599
JKS Workshops	21,730	93.46	91	110,439	129,293
Clydebank East Workshops	8,641	35.11	100	22,429	58,750
Aurora House	20,103	0.00	100	0	201,000
Total	69,803			222,019	578,649

4.5 The remaining development site at Queens Quay is currently being marketed with some interest at present and this will be subject to a future update when appropriate.

4.6 For noting other land holdings which were previously contained within the portfolio of Clydebank Rebuilt were:

- Clyde Gate (including Change House) - sold for £645,000 to Northern Marine; and
- Clydebank East – sold for £45,000 to ETi.

Titan Crane

4.7 In addition to the property trading and letting activity CPC also operates the Titan Crane. The Crane trades by attracting visits to the Crane, however the income from this activity has never been sufficient to cover the running costs of the Crane. The CPC Board has consistently considered the appropriate opening hours for the Crane in order to minimise the running costs of the Crane.

4.8 In December 2017 the CPC Board agreed to the temporary closure of the Titan Crane from January 2018 to March 2019 and this has been extended to facilitate the Queens Quay infrastructure works. This temporary closure allows focus full time upon the development of the Titan Crane as a successful visitor attraction and a reopening date is still to be confirmed. It should be noted that the closure period has enabled a programme of essential repairs and maintenance to be carried out together with consideration of it's future operation.

4.9 The overarching aim of the Titan Crane Action Plan is to increase the revenue generating potential of the Titan Crane and reduce the financial dependency on the wider CPC budget. To achieve this there are five main action areas:

- Increase the footfall of visitors to the Crane;
- Secure external funding;
- Preserve an international heritage asset for use by the local community and wider groups;
- Offer an improved and expanded heritage space that will enhance the visitor experience; and
- Review operating procedures and introduce new more efficient ways of working and implement changes prior to the opening season.

4.10 Positive early discussions are ongoing with potential external funders including the Heritage Lottery Fund and Historic Scotland to discuss potential funding to develop the visitor experience at the Titan Crane, cognisance must be taken going forward of the impact upon funding opportunities of Covid-19 in the immediate to medium term.

4.11 During the Titan closure, a maintenance visit is undertaken each week by one of the Heritage Guides and ongoing maintenance is being carried out as required.

5. People Implications

5.1 There are no people implications arising from this report.

6. Financial and Procurement Implications

6.1 Since the Council took ownership of CPC the audited trading position after tax has been as follows:

Financial Year	Profit/(Loss)	Distributable Reserve	Dividend paid
2014/15	£0.298m	£0.227m	
2015/16	£0.077m	£0.304m	
2016/17	(£0.289m)*	£0.451m	£0.164m
2017/18	£0.047m	£0.343m	£0.043m
2018/19	(£0.028m)	£0.397m	£0.050m
2019/20	£0.061m	£0.475m	£0.050m

*Loss in 2016/17 due to accountancy adjustments to implement the Financial Reporting Standard FRS102, resulting in removal of particular non distributable reserves.

6.2 The expectation is that the organisation will generate a surplus which should generate a dividend to the Council. The Council's budget assumed a dividend would be received from CPC each year from 2016/17 onwards (future projections assume £0.050m per annum). The company has continued to trade with increased levels of operational estate being let and following the approval of the audited accounts, the Board has agreed to provide the Council with dividends as noted above.

6.3 The Council acquired CPC for £264,000 as an investment, which was substantially lower than the maximum sum approved by Council of £800,000. Since its acquisition CPC has absorbed new costs charged from the Council associated with the running of its assets. This has inevitably reduced the surplus position of CPC, however the services would have been required to have been funded from elsewhere if not provided by the Council.

6.4 There are no procurement issues associated with this report

7. Risk Analysis

7.1 The ownership of CPC is a low-level risk to the Council. The purchase price was minimal, given the assets owned by CPC. The ongoing position is likely to remain favourable with likely dividends being provided to the Council.

7.2 The main risk to CPC and therefore the value of the Council's ownership lies in the Titan Crane and the potential for significant costs should any major structural repairs, etc. be required. CPC attempts to mitigate against this risk by maintaining the crane and undertaking appropriate inspections on a regular basis.

8. Equalities Impact Assessment (EIA)

8.1 No significant issues were identified in relation to equality impact screening previously carried out.

9. Strategic Environmental Assessment

9.1 A Strategic Environmental Assessment is not required

10. Consultation

10.1 Consultation was undertaken with officers within Regeneration, Resources, Regulatory, Communications, Culture & Communities and Finance.

11. Strategic Assessment

11.1 The company will continue to significantly contribute to improving economic growth and employability; and improving local housing and environmentally sustainable infrastructure.

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Date: 21 October 2020

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Appendices: None

Background Papers: Clydebank Rebuilt – Conclusion to the Purchase of
Clydebank Property Company – Infrastructure,
Regeneration and Economic Development Committee –
17 September 2014

Wards Affected: 6