

**WEST DUNBARTONSHIRE COUNCIL****Report by Chief Officer: Supply, Distribution and Property****Infrastructure Regeneration and Economic Development Committee:  
17 November 2021**

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**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 20-21.

**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 since November 2017.

**4. Main Issues**Property Company

- 4.1** There is substantial competition in the Clydebank area for tenants with office requirements. An Annual review of the rents in Clydebank has been completed since 2017. The review identified in each year that the enterprise centre was not competitive with other properties. The proposed rents were therefore realigned to make them more attractive to potential tenants and further lettings have been achieved. Lettings for the centre are now at 95.82% compared to 36.63% on transfer. During the year since November 2020 despite the current global pandemic we were able to achieve 100% occupancy.
- 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 and acquisition of new tenants.

**4.3** Clydebank East Workshops sit alongside the JKS workshops and the current occupancy is 100% let compared to 35.11% on transfer. This type of workshop has been very successful and continues to achieve 100% occupancy year on year.

**4.4** 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.

**4.5** 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

**4.6** 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.

**4.7** In December 2017 the CPC Board agreed to the temporary closure of the Titan Crane from January 2018 to March 2019. This temporary closure was subsequently extended to facilitate the Queens Quay infrastructure works and remains in place.

**4.8** During this closure period, a programme of essential maintenance was carried out across the Crane structure. More recently, a further repairs and maintenance programme was carried at the Drawing Office Visitor Centre, within the Crane compound. This latter programme included works to reconnect the Crane's mains power and water supplies (disconnected as part of the Queens Quay infrastructure works). With these essential works now completed, it is anticipated that the Crane will again welcome visitors in Spring 2022, with a date still to be confirmed.

**4.9** The overarching aim of the Titan Crane Action Plan in place at the time of closure aimed is to increase the revenue generating potential of the Titan Crane and reduce the financial dependency on the wider CPC budget. To achieve this five main action areas were identified:

- 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** To realise these aims, an understanding of how the Crane will operate in the context of the new public realm across the Queens Quay development site is being developed, and focus brought to the opportunities that this presents. Going forward, cognisance will continue to be taken of the impact of Covid-19 in the immediate to medium term and the facilitation of safe visits to/usage of the Crane site. Funding opportunities to enhance the heritage offer of the Crane are being explored, although it is acknowledge that post-Covid the funding landscape is highly competitive.

**4.11** Throughout the Titan Crane closure regular and ongoing maintenance visits have been undertaken by colleagues in the Arts and Heritage team to ensure the safety and security of the site.

**4.12** For noting a change of Directors took place since the last report to Committee with Richard Cairns resigning as Director on 7 October 2020 and Angela Wilson was appointed as Director on 30 March 2021.

## **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:

<b>Financial Year</b>	<b>Profit/(Loss)</b>	<b>Distributable Reserve</b>	<b>Dividend paid post year-end</b>
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
2020/21	£0.606m	£0.706m	Not yet agreed

\*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 year end financial position identified a profit in year of £0.606m noted in 6.1 is after taxation, following the release of £0.214m deferred income, a £0.400m upwards revaluation of the investment properties:

	<b>£m</b>
Profit on ordinary activities	0.085
Release of capital grant	0.214
Net Budgetary Profit	<u>0.299</u>
Profit on revaluation of investment properties	<u>0.400</u>
<b>Net Trading Profit</b>	<b>0.699</b>
Net tax position	<u>(0.093)</u>
<b>Net profit for the year</b>	<b><u>0.606</u></b>

- 6.3 Following the year end, the Company now holds £0.706m of distributable reserves as detailed in the table below:

<b>Reserves</b>	<b>Total Reserves £m</b>	<b>Non Distributable Reserve £m</b>	<b>Distributable Reserve £m</b>
At 1 April 2020	3.305	2.830	0.475
Dividend paid	(0.050)	0	(0.050)
Remaining reserves (Deficit)/ surplus for 2020/21	<u>3.255</u>	<u>2.830</u>	<u>0.425</u>
Adjustment for taxes	0.699	0.400	0.299
	(0.093)	(0.075)	(0.018)
<b>At 31 March 2021</b>	<b><u>3.861</u></b>	<b><u>3.155</u></b>	<b><u>0.706</u></b>

- 6.4 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.
- 6.5 The Council acquired CPC for £273,000 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.
- 6.6 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.

Angela Wilson  
Chief Officer, Supply, Distribution and Property  
Date: 22 October 2021

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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:** Ward 6