



ANNUAL
PERFORMANCE
REPORT
2022-23

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Riverside Museum © Glasgow Life. All rights reserved.



The Tontine Building & Tolbooth Steeple (© Glasgow Life. All rights reserved)

Cover Image: Gallery of Modern Art (© Glasgow Life. All rights reserved)

Foreword

It is with great pleasure that I welcome you to our Performance Report for 2022-2023. This report incorporates information on the performance across all of City Property's business streams.

Throughout this year, City Property continued to face significant challenges as the property market readjusted to rising interest rates and inflation, together with the general negative economic conditions and outlook, much of which resulted from the impact of the Covid-19 pandemic. We have managed changing priorities and endeavoured to support our staff and other stakeholders whilst ensuring that we continue to meet our financial and business obligations. Many of our tenants have endured prolonged financial difficulties, with debt management continuing to be a key priority for us.

Despite the challenges faced, our teams have continued to ensure that targets were achieved where possible and we have seen many positive outcomes over 2022-2023. The continuation of our Service Review restructure and the establishment of a new Asset Maximisation Team will ensure that we are equipped to respond to the future changing needs of the business. Furthermore, a new funding deal, including Sale and Leaseback arrangements with Glasgow City Council (GCC) achieved financial close on 20th February 2023 and resulted in the creation of two further entities, City Property Glasgow (Operations SL3) LLP and City Property Glasgow (SL Operations 3) Ltd. This transaction generated additional capital of approximately £210M to meet GCC's final equal pay liability. The volume of work involved in this complex project included liaising with multiple partners while delivering business as usual activity.

I am proud of the way our resilient and dedicated members of staff have adapted to ongoing challenges whilst continuing to provide expert, high quality services and seek out opportunities and innovative ways of working. There have been a number of achievements throughout this year and those which are particularly worth mentioning include securing Capital Receipts of £6.3M for GCC, £2.2M for City Property Glasgow (Investments) LLP (CPGI) and 85% occupancy levels in the CPGI portfolio at the end of what has been a challenging year. Furthermore, our staff survey and focus groups have generated valuable feedback and staff contribution towards our 2023-2028 Strategic Business Plan and future goals.

My sincere thanks go to everyone who has contributed to this report, both in compiling the information and in delivering the activities and projects presented. I hope that you, our staff, and valued stakeholders enjoy reading it. Looking ahead, we are likely to face continued challenges in future years' trading and business activities, however, we have a clear direction for our business, and I know that I have your support to achieve our ambitions for City Property.



Pauline Barclay
Managing Director

Vision and Values

“Property is our Business” – ‘in everything we do, we should aim to excel and be the company that sets the highest of standards. This is relevant in every area of our business, from demolishing a building to collecting rents, from managing our carbon footprint to setting the service charge, from looking at new business opportunities to signing new leases.

Our Vision is:

“ To positively invest in the inclusive growth of Glasgow’s economy ”

We want to be bold, ambitious and community led, delivering quality services with customer focus, tailored to the different needs of our stakeholders.



City Chambers, George Square

Values

Property is our business, and our business is built on **RESPECT**.

Our values inform our behaviours and decision making. Therefore, at the heart of the strategy is a set of core values that express the beliefs of City Property, help shape our identity and underpin our actions.

Regeneration - be proud of and ambitious for Glasgow and always act in the best interests of the Council and City Property.

Excellence - be open minded to exploring ideas and have clear priorities based on understanding and evidence.

Sustainability - work closely with partners and communities and be flexible and responsive in the delivery of services.

Progressive - listen and act decisively and promptly and provide inclusive, engaging and empowering leadership providing clear direction.

Equality - support equality and social inclusion.

Community - provide choices and opportunities in every aspect of people’s lives.

Trust - behave with honesty, respect, trust each other and have effective two-way communication.

Priority Area Overview

Priority Area 1

Contributing to the Growth of Glasgow's Economy



Emirates Arena (© Glasgow Life. All rights reserved)

Priority Area 2

Maximising the Benefit from Property Assets Owned by City Property Glasgow (Investments) LLP



Former Napierhall Street School

Priority Area 3

Using Collaboration and Innovation as Drivers for Success and Growth



House for an Art Lover © Glasgow Life. All rights reserved.

Priority Area 4

Providing Financial Sustainability



Mercat Building, Glasgow Cross

PRIORITY AREA 1 – Contributing to the Growth of Glasgow’s Economy

Glasgow continues to face a challenging post-pandemic recovery, but the city is resilient and has developed an economically strong, broad-based economy which stands in comparison with the rest of the UK and indeed the rest of Europe.

What we achieved in 2022 - 2023

Capital Receipts for GCC



Off market disposals:



Transactions completed for GCC:



Transactions completed for CPGI:



Valuation and Disposals team highlights



Sale of **26 Penston Road**
£305,310.
in November 2022 for
This previously vacant property will be converted by the Purchaser into a care and respite facility.

Missives were concluded for the former Rannoch

House at **97 Cleveden Road**
in May 2022, with the sale expected to settle in 2024/2025, generating a capital receipt of

£3.4M.

The former care home closed in 2019 and will be demolished for a residential development in this prominent location.



Markets Waste Performance

(In tonnes)

Wood 
632

Plastics 
42

Polystyrene 
41

Organic & Fish 
866

Cardboard 
291

RDF (energy) 
381

TOTAL 2,253 tonnes

Total waste rebates £38.6K

Zero waste to landfill



City Property Markets site at Blochain

PRIORITY AREA 2 - Maximising the Benefit from Property Assets Owned by City Property Glasgow (Investments) LLP

The way we use our property assets in the future will enable change in the way we work and will also deliver a significant financial contribution and potentially leverage further investment and economic development for the city.

What we achieved in 2022 - 2023



71 new lettings achieving

£724,000 in annual rent



lease renewals achieving
a rental uplift of

£12,000

18 rent reviews achieving
a rental uplift of

£184,000



Overall average occupancy
levels at year end

85%



Development of **18** new
stances at Blochairn totalling

20,000 sq. ft.



This new space achieved a 95% occupancy rate and
generated an income of £100,000 per annum.

Refurbishment of 8 residential
properties generating an income of

£60,000 per annum.



The Technical Team managed **22** capital
projects with a combined contract value of

£2.28M, the most significant of which
was the roof replacement at Commonwealth House.



Conclusion of conditional missives for the letting of the Tontine Building



Tontine Building

City Property Glasgow (Investments) LLP concluded conditional missives for the long lease of the Tontine Building, Trongate, Glasgow. The subjects comprise a Grade B Listed sandstone building over 4/5 storeys with retail units at ground floor and approx. 120k sq. ft. of vacant office accommodation on the upper floors.

The new tenant has a proven track record of transforming listed buildings in the City Of Glasgow and plans to transform the building into a vibrant co-working community including courtyard lanes with restaurants and bistros. The proposals will benefit the immediate area and city as a whole and upon legal completion will generate a long-term secure income stream for CPGI together with a substantial grassum at Date of Entry.



Commonwealth House

Roof replacement at Commonwealth House

The most significant capital project which our Technical Team managed for CPGI in 2022-2023 was a £1.3M replacement of the existing roof at Commonwealth House, covering an area of some 1,040M2. The new roof increases covering thermal performance to meet current Building Regulations and has a 25-year warranty.



Gallery of Modern Art (© Glasgow Life. All rights reserved)

PRIORITY AREA 3 -

Using Collaboration and Innovation as Drivers for Success and Growth

City Property recognises the importance and role of customer satisfaction in our work. Our 2018-2023 Business Plan establishes two cross cutting principles that relate to stakeholder satisfaction, the need to measure it and the need to improve our services in response to stakeholder experiences.

What we achieved in 2022 - 2023

Asbestos team completed:



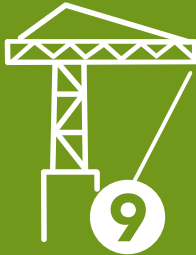
81

Management
Surveys



125

Refurbishment
Surveys



9
Demolition
Surveys

271 inspections (joint and independent) to advise and assist Glasgow City Council with their duty to manage asbestos in their operational portfolio.



Cable routes and sampling exercises for Glasgow City Council and ALEOs, as required.

Asbestos awareness training (and refresher training) delivered for all City Property staff.

Modus training delivered for Glasgow City Council staff.

**UKAS
(United
Kingdom
Accreditation
Service)
accreditation was
maintained.**



Valuation achievements

670 valuations completed for GCC's rolling programme, as well as an additional **310 ad hoc valuation projects**.



Technical team achievements

Managed **242** GCC surplus assets, comprising **44 buildings** and **198 land sites**.



The team worked closely with CPG and GCC colleagues to provide support in the maintenance, de-risking and disposal of these assets, with **149 work** instructions issued over the course of the financial year.



Other highlights

City Property Markets contributed to the **Glasgow City Food Plan** and were actively involved with community-based ventures to give advice on how groups could set up their own small localised market offerings

Our Corporate Services team successfully managed a **staff survey** and follow up **focus groups** which generated valuable feedback and contributions towards our 2023-2028 Strategic Business Plan.



Kelvingrove Art Gallery and Museum © Glasgow Life/ Paul Watt Photography

PRIORITY AREA 4 - Providing Financial Sustainability

City Property has faced another challenging year, with many of our tenants experiencing financial difficulties and with debt management continuing to be a key priority for us. Despite the challenges, our teams have achieved significant contributions towards our financial targets and a further funding deal with Assured Guaranty and Phoenix Life Limited and including Sale

and Leaseback arrangements with GCC achieved financial close on 20 February 2023. This has resulted in the creation of 2 further entities, City Property Glasgow (Operations SL3) LLP and a second financing vehicle, City Property Glasgow (SL Operations 3) Ltd. This transaction generated additional capital of approximately £210M to meet GCC's final equal pay liability.

What we achieved in 2022 - 2023



£6.4m

achieved against a Capital Receipt target of £6M

£319,766

capital received achieved for GCC through 5 overage cases



£26,025

achieved in relation to 7 cases of Wayleaves, Utility leases and site compound licences/licence agreements

£78,240

in Valuation & Disposals administration fees (includes one extraordinary fee of £53,640 for work outwith the SLA)

A value of

£2,634,664

achieved through 4 TRA cases



13

13 Demolition contracts managed by Technical team, with a combined contract value of £3.46M and securing a management fee income of

£159,000

for City Property.

Notable projects included the ongoing high profile enabling works at Pollok Stables, as well as enabling works and partial demolition at St. James Primary in the Calton district of Glasgow's East End, which is to be redeveloped as a new Gaelic school by the Council.

City Property Markets **reviewed all Wholesale Market leases** in order to maximise income, ensure sustainability and increase asset value in long leases across the majority of stances

Key Objectives

Priority Area 1 - Growing the Economy				
Key Objectives	KPI	Target	Year	Result
1. Supporting new jobs and business start-ups				
2. Assisting in meeting the Council's ambitions for regeneration, housing, and capital receipts.	GCC capital receipts target	£6M	2022/23	£6.4M
3. Managing challenging assets.	Meet regular inspection targets as agreed with GCC insurance			
4. Using Professional expertise deliver new property opportunities and developments.	Annual management fee total – demolition contracts (Technical)		2022/23	£159,000
5. Improving and expanding City Markets				

Priority Area 2 - Maximising the Benefit from Property Assets held by City Property Glasgow (Investments) LLP				
Key Objectives	KPI	Target	Year	Result
6. Increasing occupancy levels in the property portfolio.	Percentage of occupancy levels	80%	2022-23	83% (Closed year at 85%)
7. Delivering our capital investment plans				
8. Increasing income and reducing costs.	Annual increase in rental growth (New lettings, lease renewals and rent reviews)	5% uplift in rent roll	2022-23	3.8% uplift (£15.1M total)
9. Producing an effective asset management strategy				
10. Improving the environmental sustainability of the portfolio.				

Key Objectives

Priority Area 3 - Collaboration				
Key Objectives	KPI	Target	Year	Result
11. To explore new opportunities for partnership working with GCC Family and Property and Land Services.	Achieve income target for Asbestos services	£300K	2022-23	£324,858
12. To participate in community engagement and asset transfers.				6 ongoing transfers in 22/23
13. To have productive agency arrangements and explore new partnership opportunities.				
14. To strengthen relationships and encourage feedback from all of our stakeholders.	Overall tenant satisfaction	75%		No surveys in 2022-2023

Priority Area 4 – Providing Financial Sustainability				
Key Objectives	KPI	Target	Year	Result
15. To increase rental income from advertising opportunities.	Advertising Revenue	£450K		£0
16. To advance current service delivery and seek new opportunities.				
17. To invest wherever this will result in improvements to the business.				
18. To explore opportunities to release value and equity from the commercial portfolio.				



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