



Glasgow City Council

Contracts and Property Committee

Report by Executive Director of Neighbourhoods,  
Regeneration and Sustainability

**Item 4**

28th August 2025

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**AUTHORITY TO TERMINATE THE DEVELOPMENT AGREEMENT BETWEEN  
GLASGOW CITY COUNCIL (GCC) AND HIGHLAND PROPERTIES GROUP  
LIMITED (HPGL) OVER LAND AT GLASGOW GAIT, LONDON RD,  
GLASGOW G32 8Y**

**Purpose of Report:**

To seek Committee's authority to terminate the Development Agreement between Glasgow City Council (GCC) and Highland Properties Group Limited (HPGL) over land at Glasgow Gait, London Road on the terms noted within this report.

**Recommendations:**

It is recommended that the committee:

1. Notes the content of this report.
2. Approves authority to terminate the Development Agreement between Glasgow City Council (GCC) and Highland Properties Group Limited (HPGL) over land at Glasgow Gait, London Road on the terms noted within this report, and
3. Authorises the Executive Director of Neighbourhoods, Regeneration and Sustainability in consultation with the Director of Legal and Administration to conclude all other matters pertaining to the termination.

Ward No(s): 19 Shettleston

Citywide: ✓

Local member(s) advised: Yes ☐ No ☐ consulted: Yes ☐ No ☐

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## **1 Introduction**

- 1.1 This report relates to the request for authority to terminate the Development Agreement between GCC and HPGL in respect of the land known as Glasgow Gait, London Rd, G32 8Y.

## **2 Subjects**

- 2.1 The subjects comprise a vacant remediated site extending to 9.35 hectares as shown on the attached plan.
- 2.2 The site is covered by a Development Agreement between GCC and HPGL, of which the site comprises Phase 2.

## **3 Background**

- 3.1 GCC entered into a development agreement with HPGL for the remediation and development of a site owned by the Council between London Road and Hamilton Road in the east end of Glasgow.
- 3.2 The original agreement from 1995 has been varied and amended over a number of years.
- 3.3 The Property was to be developed in two phases, Phase 1 and Phase 2, see attached plans.
- 3.4 The Phase 1 site was remediated and developed to create a retail unit of 83,800 sq. ft and let to Wickes, part of which is now occupied by The Range.
- 3.5 On completion of Phase 1 in 2001 GCC transferred title to HPGL as per the agreement and received £2million (two million pounds).
- 3.6 In 2006, as a means of bringing forward the remediation and development of the Phase 2 site, GCC and HPGL agreed a further variation of the development agreement. This provided for an option to purchase the site at future point and in the meantime granted a 175-year ground lease over Phase 2.
- 3.7 GCC also provided £2.5 million in Vacant and Derelict Land Funding from the Scottish Government to assist with the substantial costs associated with the Phase 2 remediation works.
- 3.8 HPGL have worked to remediate the Phase 2 site and secure a suitable occupier through pursuing planning consents and marketing the site to reflect changing market conditions.
- 3.9 In 2024 HPGL approached the Council to exercise their option to acquire the site under the terms of the Development Agreement.
- 3.10 HPGL noted that despite remediation, the development potential of the site was limited to light industrial use. They further noted that the remediation costs

incurred to date, along with the other development and marketing costs allowed in terms of the Development Agreement nullified any development surplus and therefore any share in profit which would have been due to the Council on the sale of the site to a third party.

- 3.11 As noted, there have been numerous alterations to the Development Agreement. These alterations together with the passage of time since the Agreement was entered led to a difference of opinion on how the Agreement should be interpreted, in particular, whether HPGL were entitled to exercise the option to purchase, and if so, on what terms.
- 3.12 The discussions have been ongoing since 2024, and earlier this year, HPGL intimated that they were taking advice on potential court action to enforce the terms of the Agreement.
- 3.13 Council officers, assisted by City Property (Glasgow) LLP (CPG), undertook discussions with HPGL to explore whether it would be possible to reach an agreed settlement. Provisional terms have now been agreed which would involve:-
  - Termination of the Development Agreement
  - Renunciation of the Phase 2 Ground Lease by HPGH
  - Disposal of the Phase 2 Site to HPGL or an associated company.
- 3.14 The settlement would remove the risk of the costs and delays associated with court action and would achieve an acceptable outcome for both the Council and City Property Glasgow (Investments) LLP (CPGI).
- 3.15 For clarity, it should be noted that the Phase 2 site is a 'Category 2' property, which means that although ownership remains with the Council, the Council cannot dispose of or otherwise deal with the property without the consent of CPGI which has an indefinite right to the income generated from it. This was effected by the grant of an Irrevocable Assignment of Rents from the Council to CPGI in 2010. The Assignment did not contain an assignment of the Council's rights and obligations under the Development Agreement, and these remain with the Council.
- 3.16 CPGI has granted a floating charge in favour of its funder which covers their interest in this lease and as such CPGI's consent is required to progress this transaction. CPGI has confirmed that it is minded to progress with this transaction subject to obtaining funders' consent.

#### **4 Current Proposals**

- 4.1 The following terms have been agreed in principle with HPGL and are being recommended to Committee for approval.
- 4.2 The terms would ensure that the Council would continue to comply with VDL funding requirements by restricting future residential use.
- 4.3 The agreement would enable the site to finally be brought into use and would also provide a capital receipt, to be apportioned between the Council and CPGI as appropriate.

## 5 Terms

Seller:	Glasgow City Council (with the consent of CPGI).
Purchaser:	Highland Properties Group Ltd or a nominee company from the group.
Subjects:	Phase 2 Glasgow Gait London Road.
Purchase Price:	£262,000 ( p l u s VAT if applicable).
Date of Entry:	Upon conclusion of missives.
Title Condition:	The Title will be subject to a restriction which will prohibit residential development on Phase 2 for 10 years from the date of entry
Discharge of Development Agreement:	The Development Agreement will be discharged with no further claims or liability in terms of the Agreement due to or by, either the Council or HPGL.
Lease Renounced:	The existing 175-year lease will be renounced on the date of entry.
Costs:	Each party to bear their own costs
Suspensive Conditions:	Approval from CPGI and its funder.

## 6 Policy and Resource Implications

### Resource Implications:

<i>Financial:</i>	There will be a capital receipt for the property.
<i>Legal:</i>	All transactions will be subject to review and conclusion by the Council's Corporate and Property Law section.
<i>Personnel:</i>	There are no personnel issues.
<i>Procurement:</i>	There are no procurement issues.

### Council Strategic Plan:

### Equality and Socio-Economic Impacts:

<i>Does the proposal support the Council's Equality Outcomes 2021-25? Please specify.</i>	The proposal does not directly support the Equality Outcomes.
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*What are the potential equality impacts as a result of this report?*

There are no direct equality impacts.

*Please highlight if the policy/proposal will help address socio-economic disadvantage.*

The proposal will allow the development of a currently disused site.

### **Climate Impacts:**

*Does the proposal support any Climate Plan actions? Please specify:*

The proposal does not directly support but does not contradict Climate Plan actions.

*What are the potential climate impacts as a result of this proposal?*

There are no potential climate impacts.

*Will the proposal contribute to Glasgow's net zero carbon target?*

The proposal does not directly support but does not contradict the net zero target.

### **Privacy and Data Protection Impacts:**

None.

## **7 Recommendations**

It is recommended that the committee:

- 7.1 Notes the content of this report.
- 7.2 Approves authority to terminate the Development Agreement between Glasgow City Council (GCC) and Highland Properties Group Limited (HPGL) over land at Glasgow Gait, London Road on the terms noted within this report, and
- 7.3 Authorises the Executive Director of Neighbourhoods, Regeneration and Sustainability in consultation with the Director of Legal and Administration to conclude all other matters pertaining to the termination.