



CITY
PROPERTY
GLASGOW

CITY
PROPERTY
INVESTMENTS

CITY
PROPERTY
MARKETS

ANNUAL
PERFORMANCE
REPORT **2023-24**

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



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

Cover Image: Riverside Museum. Photo by Les Whitham.

FOREWORD

It is with great pleasure that I welcome you to our Performance Report for 2023-2024. This annual review incorporates information on the performance across all of City Property's business streams and outlines our achievements for year one of our Strategic Business Plan 2023-2028. Central to this has been the transformation of our structure and teams resulting from our Service Review. City Property continues to operate in a challenging financial environment and we recognised that, in order to deliver our ambitious and innovative plans, we needed to redesign and strengthen our teams to focus on meeting our financial targets and enhancing the services we provide to our stakeholders.

Throughout this year, the property market has continued to face challenges, however our teams have worked hard towards achieving our vision to positively invest in the inclusive growth of Glasgow's economy and ensured that targets were achieved where possible. We have managed changing priorities, whilst continuing to meet our financial and business obligations. With many of our tenants enduring prolonged financial difficulties, debt management has continued to be a key focus. We have endeavoured to support our staff by increasing our training budget and the commencement of the final stages of our Service Review restructure will ensure that we are equipped to deliver continuous improvement and stakeholder satisfaction.

I am proud of our resilient and dedicated members of staff who have adapted to ongoing challenges, whilst continuing to provide expert, high quality services. We have achieved many positive outcomes over 2023-2024 including securing substantial capital receipts and increasing the rental value of the commercial investment portfolio. We optimised the sustainability of our property assets, including a new 150-year lease to Tontine Properties which will see the refurbishment of an iconic building in the Merchant City and the sale of a sandstone heritage building at 39 Napiershall Street. We also contributed to the regeneration of Glasgow with disposals to Registered Social Landlords on behalf of GCC providing 102 residential units for affordable housing.

We have collaborated closely with our stakeholders to be innovative in how we invest in our assets, recognising that intervention and prevention approaches are at the heart of the services we deliver, and our strong partnership working is crucial to this. A major focus for 2023/24 has been implementing actions from the first year of our capital improvement plan.



Despite challenges in recruitment across many sectors, our strength is our hard working and passionate staff who care deeply about the services we provide to our stakeholders. Their dedication to providing the best services, allows us to continue supporting the inclusive economic growth of Glasgow.

Overall, our performance in 2023/24 is positive, with improvements being seen in many areas and I am confident that this trajectory of improvement will be maintained despite the financial challenges we face.

I would like to thank staff for their unrelenting commitment to City Property's priorities and key objectives. Without them we could not have delivered the results we share in this report.

I hope that you, our staff, and valued stakeholders enjoy reading it. Looking ahead, we are likely to face continued challenges in future years, however, I am confident that we have a clear direction for our business, and that I have your support to achieve our ambitions for City Property.

Pauline Barclay
Managing Director



Commonwealth House

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 asset managing 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.



Merchant Square. Photo by Nicky Neef.

PRIORITY AREA OVERVIEW

At the heart of our Strategic Business Plan are the following three Priority Areas;



Underpinning these Priority Areas are 12 Key Objectives which will guide and support delivery over the 2023-2028 Strategic Business Plan life cycle. Our annual achievements for each of our key objectives are outlined on the following pages.

PRIORITY AREA 1 - Contributing to the growth of opportunity and prosperity for Glasgow

Capital Receipts

£6m

in **Capital Receipts**
received for Glasgow City Council (GCC)



Working groups

set up to review surplus properties, identify potential sites for housing and repurposing of existing buildings

Sale of 6 residential properties

to local Registered Social Landlords (RSLs), with a total value of

£1.46M



Sale of **Springfield Road** site to Lidl generated a Capital Receipt

of over **£1M** for GCC

Affordable Housing

Disposals

to RSLs helped to provide



residential units

Markets
Waste -
**2321
tonnes**

(79% recycled)

Markets Performance

88% Wholesale occupancy

at Blochairn with further interest for future financial years



Asset Maximisation

- Opportunities and contacts identified to generate a catalogue of possible investment opportunities
- Regular meetings with Sustainability group in the Council's Neighbourhood & Regeneration Services

Repurposing of CPGI assets

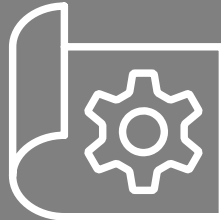


Sale of sandstone heritage building

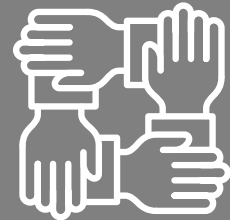
at 39 Napiershall Street to Kelvin Properties to provide high quality residential units in the West End of Glasgow.

Valuation & Disposals

Development and repurposing opportunities explored:



Planned marketing of Parkhead Library and Steamie



Engagement with Housing Associations to review alternative strategies for challenging assets

Space For Growth Initiative



Refurbishment of several units

for Meanwhile Space Phase 2 including dedicated pop-up unit

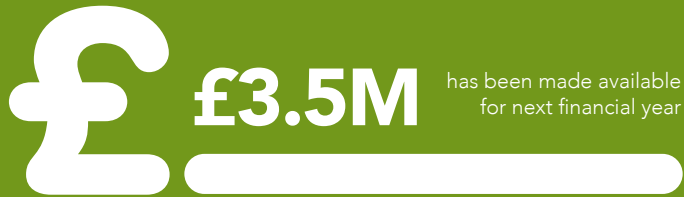




Tontine Building

PRIORITY AREA 2 - Optimising the benefit and sustainability of our property assets to enable a just transition to a net zero Glasgow

Capital Investment Planning



Enhancing sustainability performance

- Plans approved for delivering **refurbished units** to the market in 2024-2025
- Identified opportunities for **investment in retail parades and industrial estates**



Delivering long term income streams for City Property Glasgow (Investments) LLP (CPGI)



Income/ savings of
£251.8K
achieved



New build industrial unit
opportunities identified

Delivery of key projects



Completion of **150 year lease** for the Tontine Building will enable the refurbishment of an iconic B-Listed mixed use building in heart of Merchant City

Asbestos team achievements

742 surveys completed, generating an annual income of
£530.5k



CPGI lease activity



lettings/ renewals completed



rent reviews/ equities completed



Occupancy rate average of
85%
(against a target of 90%)

Annual rent roll at year end of

£15.15M

(an increase of £80,000 vs 2022-23)



Audit of rent review instructions completed

PRIORITY AREA 3 – Investing in our staff to deliver services in a sustainable, innovative, and efficient way for all stakeholders

Open and transparent communications

95.6%

of Elected Member enquiry responses issued within 10 working days **(+5.9% YOY)**

86%

of complaints responses issued within 5 working days

2023-2028 Communications Strategy finalised

Valuations completed



623

on behalf of CPGI



320

on behalf of GCC

Finance and credit control achievements



Met all requirements and deadlines for compliance reporting for sale and leaseback agreements



Achieved financial covenant



Statutory accounts deadline requirements met



Continued focus on debt recovery.

Staff training and retention



£14K

investment in staff training courses



696.5 hours

of training undertaken by staff



Additional training budget made available for future

LinkedIn followers



+17% YOY

55,970

impressions on LinkedIn (+17% YOY)

Facebook followers



+7.7% YOY

102.9K

people reached on Facebook (+18% YOY)

Review of procurement contracts ongoing



12

contracts in place



1

contract extended

KEY PERFORMANCE INDICATORS

Our Priority Areas and Key Objectives set out on pages 7-13 form the essence of what our Strategic Business Plan seeks to deliver over five years. The Key Performance Indicators below are monitored quarterly and annually, with a formal review being set for years three and five of the Strategic Business Plan.

Whilst we are disappointed not to have achieved all of our 2023/24 targets, we recognise that these were challenging. The targets for 2023/24 were new and in some instances under development in the first year of our 2023-2028 Strategic Business Plan. Going forward we will strive to make further progress to accomplish these.

PRIORITY AREA	OBJECTIVE	ACTIVITY	TARGET	YEARS	23-24 SUMMARY
1	1	1.4 Track and report on the annual Capital Receipts	£7.4M capital receipts (GCC)	23/24	Final receipts received £6M (against target of £7.4M). Shortfall added to 24/25 target.
2	5	5.2 Develop, implement, and deliver a 5-year £15m capital investment plan	£1.5M £13.5M	23/24 24/28	Outcome expenditure of £1.3M against £1.5M Capital planning ongoing for the years to 2028. £3.5M has been made available for 24/25
2	6	6.1 Continue to seek opportunities which deliver long-term secure income streams	£8.7M capital receipts (CPGI) £0.5M in income	23/24 23/24	Final capital receipts received £2.4M (against target of £8.7M) which was impacted by two significant disposals not completing this financial year. Additional income/savings of £251.8K achieved (against target of £0.5M), and £1M premium also brought in.
2	8	8.1 Increase occupancy rate across the portfolio over 5-year business plan cycle and maintain a low vacancy rate.	90% occupancy	23/25	Occupancy Rate of 85% at Q4. This has remained relatively steady during the year.

KEY PERFORMANCE INDICATORS

PRIORITY AREA	OBJECTIVE	ACTIVITY	TARGET	YEARS	23-24 SUMMARY
2	8	8.3 Increase gross contracted rental income over first 3 years of BP by £1.2 million	£0.2 million	23/24	Total CPGI contracted Annual Rent Roll at end March 2024 was £15.18M, equating to an increase of circa £80K against Q4 23/24.
			£0.5 million	24/25	
			£0.5 million	25/26	
3	9	9.2 Use performance metrics to drive continuous improvement	5.5 days absent per employee pax	23/28	Actual average of 7.33 days per employee in 23/24.
			Reduce debt as a % of tenancy schedule income by 10%	23/24	Debt increased from 18.72% to 20.15% due to recharge of prior year insurance recharges.
3	10	10.1 Develop a staff training and retention strategy incorporating a workforce plan	Monitor staff training hours per quarter	23/24	Currently in development
			Turnover as a % of posts in structure	23/24	Annual Indicator: 16.5%



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