



Glasgow City Region City Deal

Cabinet

Report by Director of Regional Economic Growth

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Item 7
25th February 2025

PMO Evaluation:

Glasgow City Region – Strategic/Outline Programme Business Case – Enabling Commercial Space

Purpose of Report:

To report to the Glasgow City Region Cabinet on the evaluation of the Strategic/Outline Programme Business Case for the Enabling Commercial Space Programme.

Recommendations:

The Cabinet is invited to:

- a) note the content of this report;
- b) note the PMO Appraisal and Project Risk Register are available on request from the Clerk;
- c) approve this Strategic/Outline Programme Business Case; and
- d) approve £4.5m of funding (to be made available under the Director for Regional Economic Growth's delegated authority) for Member Authorities to use to support the development of their individual project's Full Business Case.

1. Purpose

- 1.1. To report to the Glasgow City Region Cabinet on the evaluation of the Strategic/Outline Programme Business Case for the Enabling Commercial Space Programme..
- 1.2. The submission of this business case for appraisal is considered as confirmation that Glasgow City Region approves the inclusion of this business case as part of the City Deal Programme as stated in the Glasgow City Region City Deal Assurance Framework 2022.

2. Background

- 2.1. The CEG on 30 November 2017 approved a review process to ensure that Glasgow City Region City Deal business cases are compliant with the approach contained within the H.M. Treasury Green Book. EKOS Consulting Ltd, in the process of reviewing the GCR City Deal S/OBCs, developed an appraisal template which has incorporated the comments of both the UK and Scottish Governments. This appraisal template has been used to assess this business case for compliance with Green Book.

3. Review of Glasgow City Region's Enabling Commercial Space S/OBC

- 3.1. The appraisal of this business case was carried out in line with the appraisal template, and the PMO considers that the S/OBC is consistent with the requirements of H.M. Treasury Green Book. While the PMO considers that the S/OBC is compliant with the requirements of Green Book, it remains the case that all legal and financial risks associated with the individual projects which will emerge from the project long-list within the S/OBC remain with the Member Authorities.
- 3.2. The monitoring and evaluation of the Enabling Commercial Space S/OBC will continue to inform the overarching Programme Business Case.
- 3.3. The Executive Summary for the Enabling Commercial Space project is attached as Appendix 1.
- 3.4. A copy of the PMO's appraisal assessment of this business case is available from the Clerk.

4. Scope

- 4.1. The programme consists of a longlist of projects to be further assessed for funding and potentially to progress to FBC. Table 2 in the appended Executive Summary sets out the longlisted projects and provides a short description of what the funding will be utilised for. The interventions broadly fall within the three project types of:
 - **Enabling activity** – investment in infrastructure or platforms to allow the private sector to build a commercial floorspace project through follow on investment;
 - **Refurbishment of Existing Buildings** – investing to improve the quality, energy efficiency and lifespan of existing premises; and,
 - **New Build Construction** – the building of entirely new commercial/industrial premises.

5. Timescale

- 5.1. Following the approval of this S/OBC, a series of FBCs will be submitted by the eight Member Authorities who will be responsible for delivering the individual projects. The key milestone dates for each Project of the longlist are set out in chronological order within Table 7 of the appended Executive Summary.

6. Finance

- 6.1. The Cost for each Project in the longlist along with a breakdown of the costs in City Deal spend categories (feasibility, land acquisition, land remediation, site servicing etc) is also provided in Table 2 in the appended Executive Summary.
- 6.2. A full financial analysis has been carried out as part of the evaluation of the business case for the project funding. The drawdown of this funding will be completed on the basis of actual eligible expenditure, in association with the grant drawdown principles Strategic/Outlined within the Assurance Framework.
- 6.3. This S/OBC is seeking funding of £4.5m to support the Member Authorities to take their shortlisted projects to FBC stage.

7. Benefits Realisation

- 7.1. The Glasgow City Region's S/OBC has identified and quantified the project outputs for this S/OBC and provided completed individual benefits trackers as required by the Assurance Framework.
- 7.2. **Benefit Cost Ratio (BCR):** The GCR City Deal Programme Management Toolkit states that the BCR should be calculated using the *Net Additional GVA at GCR over a 25-year period* against *total public sector costs* for the project. **As this calculation is for the long list, and both the GVA and costs will reduce, it should be used as an illustration of the scale for the BCR which may occur when the shortlist is finalised.** The BCR is calculated as follows:

Benefit Cost Ratio	
Net Additional GVA at GCR over a 25-year period	£1,376.8m
Total public sector costs over 25 years	£249.8m
BCR	5.5 to 1

- 7.3. The public BCR of 5.5 to 1 is for the benefits and costs that are attributed to the City Deal Investment. Therefore, for every £1 of public money invested, £5.50 of economic benefit is secured for the City Region, demonstrating value for money. The Programme Business Case calculated an overall BCR for the City Deal Programme of 5.76 to 1.
- 7.4. The executive summary outlines the illustration of the employment benefits and private sector which would be generated based on the long list. Again, these are just an illustration and will be refined once the short list is confirmed.
- 7.5. **Community Benefits:** The S/OBC confirms the procurement policy and procurement approaches will follow public procurement regulations. The procurement strategy will also be aligned with the Glasgow City Region City Deal Procurement Strategy and will be compliant with requirements of GCR Buyers' Guide and that the Benefits system will be used for monitoring and reporting community benefits.
- 7.6. The S/OBC confirms that community benefits will be maximised and secured for each of the key infrastructure elements comprising the project, through the procurement of services and works in line with the City Deal Community Benefit Strategy. The community benefits for this project will be delivered through the design, planning and implementation phases, through contracts directly awarded by each Member Authority and through any Funding Agreement to be put in place with Member Authorities.
- 7.7. The community benefit menu within the Buyers Guide will be used to target benefits that support key aims and objectives and deliver against priorities and outcomes that will link to the Project Equality Impact Assessment. It is also intended to use the emerging CHIA

toolkit¹, being developed on behalf of the GCR PMO, to assess the health impacts of the project once it is available for use.

8. Recommendations

8.1. The Cabinet is invited to:

- a) note the content of this report;
- b) note the PMO Appraisal and Project Risk Register are available on request from the Clerk;
- c) approve this Strategic/Outline Programme Business Case; and
- d)** approve £4.5m of funding (to be made available under the Director for Regional Economic Growth's delegated authority) for Member Authorities to use to support the development of their individual project's Full Business Case.

¹ Economies for Healthier Lives Capital Investment Health Inequalities Impact Assessment (CHIIA) Toolkit

Appendix 1: Executive Summary

Introduction

This is the Strategic Outline Business Case (SOBC) for the Glasgow City Region *Enabling Commercial Space Programme* (*the Programme*). The scope of the Programme encompasses the identification of the Preferred Way Forward for a programme of investment in a portfolio of projects that will directly create new commercial and industrial floorspace, or the refurbishment and modernisation of existing premises throughout all of 8 of the Member Authorities of Glasgow City Region.

This SOBC has been developed in accordance with the Glasgow City Region City Deal Business Case Appraisal Criteria and HMT Green Book Guidance requirements. This SOBC follows on from the decision of the Glasgow City Region Cabinet on 6 November 2024 to agreed the selection of the Enabling Commercial Space Programme as the a new regional project within the Glasgow City Region City Deal Infrastructure Fund.

This document summarises the key elements within the Strategic Case, Economic Case, Commercial Case, Financial Case, and Management Case and it seeks authority from the Glasgow City Region Cabinet to progress the Programme and the individual projects being development by the MAs by agreeing:

- the longlist of projects as submitted by each MA (Paragraph 1.5);
- the proposed process to shortlisting the projects on the longlist to identify those that will progress into Full Business Case (FBC) development using the Critical Success Factors (Paragraph 2.1.1);
- to delegate the approval of projects that complete the shortlisting process and are recommended by the GCR Programme Management Office (PMO) to progress to FBC to the Director of Regional Economic Growth;
- that MAs are permitted to drawdown a maximum 6% of the total value of each of their projects (£4.5m across the Programme) to be used to meet the costs required to develop their FBCs, in line with the usual City Deal approach, and that approval for drawdown is delegated to the Director of Regional Economic Growth; and,
- approve that, having already completed the shortlisting process, Renfrewshire Council is permitted to Progress to FBC for the 'Tech Terrace' project.

The GCR PMO will update this SOBC as a living document that reflects those projects which are shortlisted, progress to FBC, and then move into delivery and benefits realisation. This process will be overseen by an officer working group with representatives from all 8 MAs.

1. Strategic Case

1.1 Strategic Need

Project Background – Enabling Commercial Space Programme:

In February 2024, the Glasgow City Region Cabinet agreed that an allocation of £64.57m from the City Deal Infrastructure Fund should be allocated towards a new, regional project of significant scale, allowing the Deal to support new opportunities/address new priorities which have emerged since initial City Deal programme assembly exercise in 2013/14. It was also agreed, that as required by the City Deal Assurance Framework, the Programme Prioritisation Framework (PPF) process is commenced and that the PPF should be used to identify the new regional project, with the identification of projects coming through an Expression of Interest (EOI) process open to all Member Authorities (MAs).

The Glasgow City Region Programme Management Office ('the PMO') issued an invitation to submit EOIs to the MAs 23 Feb 2024 providing a 12-week period to complete and return submissions by Friday 17 May 2024. Four Expressions of Interest were submitted on 17 May 2024. Due to the calling of the General Election, an extension to the development of EOIs was agreed and those submitting EOIs were offered an extended period of time to further develop their EOIs with the revised submission 20 September 2024.

At the conclusion of the process, the *Enabling Commercial Space Programme* EOI has ranked highest based on:

- Deliverability and financial risk being spread across eight local authorities, rather than concentrated on one Member Authority
- The proposal addressing a Region-wide, significant need for commercial space
- Delivering Region-wide Inclusive Growth with all Member Authorities benefiting from investment to deliver commercial space, thereby reducing potential displacement effects from concentrating investment in one area of the Region.

Prior to the development and submission of this Strategic Outline Business Case the proposed Enabling Commercial Space Programme ('the Programme') has been assessed and scored using the PPF during the initial EOI process.

A Working Group with representatives from all MAs was subsequently established to support the development of the programme. Further detail on the Working Group is below in relation to the development of the 'Project Scope' below.

The Problem

Throughout Glasgow City Region, commercial and industrial stock is at or approaching obsolescence. This market failure requires intervention if the *Regional Economic Strategy's* grand challenges are to be addressed.

The delivery of new and refurbishment of existing commercial space will contribute towards meeting current demand for new industrial space within the Glasgow City Region, where there is a strong body of evidence of structural challenges and market failure within the commercial property market, evidenced by: -

- A tight commercial and industrial property market remains a concern for the health of the wider economy as it limits business growth.
- The market is unable to respond in the short term to even a slight uptick in the general economy given delays in the development pipeline and a decreasing number of strategic sites.
- Looming obsolescence of older buildings and the need for better building performance in the near future are related.
- Rental increases have encouraged demand from occupiers seeking to buy units, however supply of new units is constrained.

- Take up continues to be a fundamental challenge due to the lack of suitable space, rather than a fall in market demand.

The extent of the problem is detailed in the recent report produced for Glasgow City Region by the consultants Ryden – ‘*Glasgow City Region Employment Land and Property Markets*’ (September 2024).

1.1.2 Market Failure

Addressing specific incidences of market failure in the development of commercial and industrial premises was identified and affirmed as the central objective of the programme by the *Member Authority Working Group* that was established in the summer of 2024 to support the development of this programme.

There was a recognition among the Working Group members that the nature of the market failure will be different in each local authority area, reflecting the unique markets, type, condition and age of current stock throughout GCR.

Market failure in GCR’s commercial and industrial property marketed is strongly evidenced by Ryden (September 2024) which highlights the challenges:

- Private sector isn’t building sufficient new floorspace. Rising construction costs, higher interest rates and weaker investment yields, alongside occupiers demanding energy efficient, modern premises against an aging existing stock is proving challenging.
- Local SMEs and inward investors are struggling to find suitable accommodation to grow and expand within the region.
- Availability in the area is at historically low levels & exacerbated by ‘obsolete and unlettable property’
- There is a chronic undersupply of new accommodation but the current investment in new premises falls woefully short of the demand for adequate, modern, high-quality commercial and industrial spaces for existing and new business to move into.
- Sites that have previously been marketed without success - the market is not supplying adequate space for businesses to grow into or to attract inward investment. The development appraisal for the site produces a deficit’
- The unattractive market yields for such development makes it more appropriate for the public sector to deliver this type of project’
- The cost to develop new commercial space on these sites is not a viable commercial proposition for the private sector, and generally requires public sector stimulus’
- The area has a low level of availability and much of the other stock is tired and low-quality stock. With such low supply, occupiers often experience no choice when looking for specific requirements.’
- Take-up of land for commercial development has been suppressed by lack of supply and the Ryden report identifies a requirement for fully serviced sites to be brought forward.

The Enabling Commercial Space Programme seeks to contribute towards addressing this market failure.

1.1.3 Intervention rationale

There are strong reasons to justify public sector intervention:

- a) Significance of addressing the market failure of commercial and industrial stock to the GCR, Scottish and UK Economy** – There is a very tight supply for Industrial Property - GCR’s very large industrial stock of 106 million sq.ft. supports major

employment and economic activity and is of economic significance to Glasgow City Region, Scotland and the UK. Ongoing market demand is delivering annual average industrial property take-up of 3.7 million sq.ft. in GCR and a falling vacancy rate which has decreased to 4%.

- b) **Major Investment in Industrial/Commercial Stock has Historically been Driven by the Public Sector** – Large scale public interventions in the commercial property market in GCR have historically been driven by nationally funded investment programmes (e.g. Scottish Industrial Estates Corporation 1930s-1975; SDA 1975 – 1991; New Town Development Corporations 1949 – 1995/96; Urban Regeneration Companies). New industrial development peaked during the 1980s prior to the cessation of public sector direct delivery. No further programmes of industrial investment have been in place since and age-related attrition of buildings is well underway and will continue. The cycles of public intervention to invest in our industrial stock that occurred throughout the 20th century should be restarted in order to refurbish and retrofit existing premises, and build new stock.

1.1.4 Strategic Need

There is a dearth of supply to meet a growing market demand for land and premises; there is no plan in place to address the gap and increase the supply of land and premises. The absence of investment to narrow the gap between the supply and demand of employment land and premises, will restrict the growth of Scottish SMEs, constrain economic growth, and put the brake on the Scottish Government's ability to meet its child poverty targets. This Programme seeks to invest in the development new commercial space across the region for small to medium sized commercial interests and enabling of land. This will offset market failure in viability and commerciality in private sector leading the development of commercial space.

1.1.5 Counterfactual case

Without any intervention, the scale of the challenge facing commercial and industrial stock will continue to have a detrimental impact on the economy of GCR, Scotland, and the UK. As described in the Ryden report (2024) the counterfactual will be a continuing of the current position where GCR has an annual average industrial property take-up of 3.7 million sq.ft. and a falling vacancy rate which has declined to 4%. This means that the choice of industrial buildings for discerning businesses can be very limited, leading to frustrated and potentially lost demand. The high occupancy rate for the existing stock, due a lack of suitable employment land and property, has resulted in businesses paying much higher levels of rent, making them less competitive and potentially encouraging them to look to move relocate. The absence of investment in GCR's industrial land and premises has a significant opportunity cost.

There is an urgency to address the challenge, with any further delay the costs of addressing the issue will only increase. There is market demand for industrial property that the current stock is unable to meet. This is a constraint on economic growth, the creation of jobs, and the ability of existing SMEs (which make up over 99% of Scottish businesses) to grow and move up the value chain.

1.1.6 Fit to Strategic Objectives

The main investment objectives of the overall Programme are:

- To address market failure in areas of Glasgow City Region where there are particular barriers in the development of new or refurbished commercial and industrial floorspace;

- To create flexible business space capable of meeting business requirements for a broad range of sectors;
- To create serviced industrial land and capable of immediate development;
- To create opportunities for employment
- Bringing sites on the Vacant & Derelict Land Register back into use;
- To attract private sector investment; and
- To create sustainable, high quality business locations to support SMEs, supply chain businesses, start-ups.

1.3 Project Objectives

1.3.1 Description of the Project scope

The proposal is to establish a flexible programme of funding to support direct delivery of new, commercial space and enabling public/private sector delivery of space through enabling land, new build construction, and the refurbishment of existing stock.

The programme will allow MAs to utilise funds to address market failure directly create new commercial space for lease to market or enable development of commercial stock through remediating and/or servicing of sites. This programme seeks to address a gap in the currently available public sector funding – where funding streams from Scottish Enterprise and the funding coming through the GCR Investment Zone seek to support high growth sectors, this programme will focus on other businesses more likely to be within the foundational economy.

The programme will meet specifically tailored local demand, such as for general commercial space to relieve pressures on constrained local markets and may offer particular benefit to SME businesses and start-ups that will struggle to fund being sited in appropriate commercial space, and potentially businesses supporting wider supply chains, including to support supply chain clustering underpinning other high value commercial uses.

The proposal is for a programme of grant support to deliver or enable new or refurbish existing commercial and industrial (Use Classes 4, 5, and 6) space in the Glasgow City Region Member Authorities (MAs). Following consultation and engagement with the MAs, a long list of potential projects has been identified and set out within this Strategic Outline Business Case.

The total value of potential projects on this long list is currently calculated at £122,124,782 which is greater than the total value of the Programme funding of £64.5 million. To demonstrate the scalability and affordability of this Programme, in the following sections where benefits are set out, they are provided on the basis of the total value of the long list but also as a notional pro rata estimate of the proportion of this value that could be delivered with the maximum amount of funding available - £64.5m. This '*Scaled Value*' referenced in this report provides an estimate based on this pro rata calculation.

Table 1: Longlist/Scaled Value for Floorspace Category

Floorspace Category	Longlist Value - sqm	Scaled Value - sqm
Land Use Class 4 – Business	53,538sqm	26,769sqm
Land Use Class 5 – General Industrial	30,987sqm	15,494sqm
Land Use Class 6 – Storage of Distribution	60,621sqm	30,310sqm

The floorspace totals set out in the table above will be updated by the GCR PMO on an ongoing basis to reflect the conclusion of the shortlisting process undertaken by each MA and the subsequent submission of FBCs for individual projects.

1.4 Existing Arrangements

In simple terms, what funding that is currently available and investment that is currently being made (either by the public sector or private finance) is not sufficient to meet the market demands in GCR. There is no strategic investment programme to refresh or extend the lifespan of commercial and industrial stock, from the public sector in Scotland.

1.5 Project Summary

The Preferred Way forward for the Enabling Commercial Space Programme was developed in consultation with the MA Working Group. MAs were invited to submit potential projects that focussed upon the direct or indirect delivery of commercial/industrial floorspace, and within the timescales of the wider City Deal Infrastructure Fund. These projects have gone on to become the longlist of projects described in this business case which is the preferred way forward.

As set out below in the Economic Case, a process to move from the longlist to the shortlist has been developed using a more detailed set of project criteria, assessment of risks in relation to deliverability, and the economic benefits delivered by the individual projects.

The MAs will each receive an allocation of grant funding and be required to shortlist their projects to prioritise those which meet the basic criteria, are practically deliverable within the Programme timescales, affordable, and demonstrate economic benefits. The timescale for undertaking this process will be following the approval of the Strategic Outline Business Case by Cabinet.

As the projects are shortlisted and approved at FBC, the GCR PMO will update this business case. The table below sets out the longlisted projects and provides a short description of what the Programme will deliver. The interventions broadly fall within the three project types of:

- **Enabling activity** – investment in infrastructure or platforms to allow the private sector to build a commercial floorspace project through follow on investment;
- **Refurbishment of Existing Buildings** – investing to improve the quality, energy efficiency and lifespan of existing premises; and,
- **New Build Construction** – the building of entirely new commercial/industrial premises.

Table 2 Projects Description and total costs

Local Authority	Project Title & Cost	Project Description
EDC	Westerhill Land Acquisition 1,963,428	Enabling activity: feasibility, land acquisition, remediation and site servicing
ERC	Crossmill Industrial Units £4,300,000	New Build Construction: Feasibility, Site Servicing, Fit out costs, other
	Robertson Street £1,499,600	Refurbishment of existing buildings: Feasibility, other
GCC	CWIC £9,750,000	Enabling activity: Land acquisition, feasibility, remediation and site servicing
	Water Row Govan £200,000	New Build Construction: Fit out costs
	Lighthouse £4,000,000	Refurbishment of existing buildings: Fit Out Costs
	Boden Street £780,000	New Build Construction: Feasibility
	RED Dalmarnock £8,061,852	New Build Construction
IC	Kelburn £4,500,000	New Build Construction

Local Authority	Project Title & Cost	Project Description
	Crescent Street £3,000,000	New Build Construction
	Ingleston Park £500,000	Refurbishment of existing buildings: Fit out costs
	Inchgreen Commercial Property £4,500,000	New Build Construction
NLC	Ravenscraig £9,655,802	New Build Construction: Site servicing, Fit Out costs and other
	Lanarkshire Enterprise Park £6,995,924	New Build Construction: Site servicing, Fit Out costs and other
	Westfield £3,641,427	New Build Construction: Fit Out costs and other
RC	Tech Terrace AMIDS £9,100,000	New Build Construction
SLC	Former Liberty Steel Site Clydebridge £4,150,000	Enabling activity: Land Remediation, Demolition Costs, Site Servicing, Other, Site Preparation
	Langlands East Kilbride £5,836,000	New Build Construction: Site servicing, Other, Consents, Site Preparation, Fees, Prelims
	Cathcart Road Rutherglen £1,911,752	New Build Construction: Site servicing, Other, Consents, Site Preparation, Fees, Prelims
	South Faulds Road Site Caldwellside £4,323,140	New Build Construction: Land Remediation, Site Servicing, Other, Consents, Site Preparation, Fees, Prelims
	Canderside Site £1,000,000	Enabling activity: Site Servicing, Other, Site Preparation
	Shawfield Innovation Campus Tech Hub £4,235,000	New Build Construction
	Shawfield Innovation 2.0 £7,700,000	New Build Construction
	Shawfield Innovation Campus Red Tree Labs £13,398,000	New Build Construction
WDC	Lomond Industrial Estate (Alexandria) £3,011,401	New Build Construction: Land Remediation
	John Knox Street (Clydebank) £3,011,401	New Build Construction: Land Remediation
	Ash Road (Dumbarton) £1,100,000	Refurbishment of existing buildings

1.6 Risk

Identification and management of project risks is a key part of the development of the individual projects that will form part of the Enabling Commercial Space Programme.

The approach to identifying and managing risks for this Programme and the MAs local projects will be in line with the processes of the City Deal Infrastructure Fund. As the MAs develop their FBCs for shortlisted projects they will be expected to develop and manage their own project risks. An initial project risk register which has been completed for the Strategic Outline Business Case with a number of risks that are expected to be common across the range of projects. As projects progress to FBC and provide the PMO with their project risk registers, the programme risk register will be updated to reflect additional risks

Currently, in total there are currently 8 risks identified for the GCR level Programme. Based on initial risk analysis, 1 risk for the project was 12 which is rated as high. 5 of the risks were rated as medium and 2 as low. With mitigation, the risks for the projects have reduced to 1 at medium risk and the rest at low. In summary, the key Project risks are:

- Failure of Projects to comply with Subsidy Control Requirements;

- Failure to secure development land for delivery;
- Failure to obtain planning permission;
- Site abnormalities are identified post OBC/ post FBC;
- There is no demand for industrial units;
- Insufficient funds and/or expertise to delivery project;
- Local opposition to project materialises; and
- Other statutory consents/licenses cannot be obtained.

2. Economic Case

2.1 Options Appraisal

2.1.1 Moving from the Long List of Options to a Short List of Projects at FBC

Following the approval by Cabinet in November 2024 of the funding for the Enabling Commercial Space Programme, the MAs were invited to review the projects they had previously submitted to the longlist and given the opportunity to include additional projects

To move from the longlist of projects that forms the Preferred Way Forward, to a shortlist of projects that can move to FBC, the GCR PMO has developed a Programme Shortlisting Framework that MAs will be expected to assess their projects against. The Framework consists of three sections and the criteria for each are the Critical Success Factors for the Programme, against which all projects will be assessed. These sections are described below:

- **Section A - Mandatory Pre-Qualification Eligibility Criteria**

- i. Project costs **must be for capital infrastructure works** within the scope of Local Government's/Third Parties' statutory powers
- ii. Project **must be affordable**, including a credible plan on how revenue costs will be met.
- iii. Project must have a realistic schedule with **ALL City Deal Grant Funding MUST be fully spent by December 2030.**
- iv. The project **must be operational and be able to evidence the delivery of quantifiable economic benefits**, including from follow-on private sector investment, before the end of 2035.
- v. Project must directly deliver, or enable the delivery of new or refurbished floorspace **(Land Use Classes 4 - Business, 5 – General Industrial, and 6 – Storage and Distribution)**
- vi. Project must be **addressing a market failure / exploiting an opportunity** where no other organisation is better placed/is willing to act
- vii. Project **must meet the following build standards:**
 - a) EPC A for new builds;
 - b) EPC B for the refurbishment of existing premises; or
 - c) or where appropriate, BREEAM Excellent certification.

- **Section B - Project Deliverability Risk Assessment**

In addition to the CSFs listed above, each longlist project will require to be assessed against a series of potential risks that will influence the deliverability of the project. The risks are set out below:

- i. Risk that Subsidy Control issues will arise
- ii. Risk that land ownership issues will arise
- iii. Risk that planning permission / transport regulation orders / other required statutory approvals (e.g. SEPA) will not be granted
- iv. Risk that technical issues (e.g. unexpected site conditions such as contamination/utility requirements cannot be met) will arise
- v. Risk that demand for service/physical asset is not sufficient and benefit realisation will not be attained
- vi. Risk that the Member Authority does not have the human resources (e.g. project management capacity) and proven track record to oversee and implement project
- vii. Risk of project opposition (public/stakeholder/political)
- viii. Risk presented by dependencies on other projects, provision of transport & utilities infrastructure, or stakeholders e.g. ability to leverage required follow-on investment from development partners

- Section C - Economic Impact and Value for Money Assessment

Finally, having considered the scope of the project and delivery risks, each project progressing to the shortlist and FBC development will require to demonstrate economic benefits and value for money through a **minimum BCR of 1.6:1** will be required to match/equal the lowest BCR of the existing City Deal projects with an approved OBC at this stage. This section of the Framework will be completed by the GCR Intelligence Hub on behalf of the MAs.

2.1.2 Long List Appraisal

The appraisal of the longlist projects has not been undertaken at the Strategic Outline Business Case stage. **The appraisal of the projects will be undertaken following approval of the Strategic Outline Business Case by the GCR Cabinet.** It is anticipated that the business case will be submitted to Cabinet on 25 February 2025.

The shortlisting process will entail the following steps:

- Grant allocation: MAs will require to prioritise their project by taking into account the City Deal Grant that is available to their MA (as set out in the Financial Case) and the affordability of the project. If the MA's grant allocation is insufficient to deliver the project then they will require to either provide the shortfall in funding from another source or prioritise a project that is affordable as part of their self-assessment.
- Using the *Project Prioritisation Framework*, the MAs will self-assess the compliance of their projects against the CSFs. This will be a pass/fail process. They will also assess the deliverability risks of their projects with any projects identifying a 'High' scoring risk ineligible to progress to the shortlist and FBC development. The GCR PMO has engaged the consultants Ryden to support the MAs in the discussion of their projects at this stage.
- The GCR PMO will review the completed assessments of each project submitted by the MAs. Based upon this review the PMO will make a recommendation to the Director of Regional Economic Growth (*pending the approval by Cabinet of delegated authority to the Director to approve the progression of projects to the shortlist, development of the FBC, and permission to drawdown any development funding as required in line with the Financial Case*). Ryden will also assist the GCR PMO in their review of each MA's project self-assessment.
- Upon receipt of a recommendation to progress to FBC, the Director of Regional Economic Growth will sign off the approval to proceed on behalf of Cabinet. A report on the approval of MA projects progressing to FBC and the drawdown of any funding will be reported through the Interim Performance Report and Quarterly Performance Report as required.

2.2 Benefits Analysis

2.2.1 Quantified Benefits

As per the GCR Programme Management Office guidance, the key economic indicators at a programme level for the longlist of projects are set out below. **Note, these are shown for illustrative purposes and will be reviewed once a full appraisal of the short list is conducted:**

Table 3: City Deal Key Economic Performance Indicator

Output Category	Benefit	Geographic Level	2035	Value Over Years 25
Employment	Gross Construction PYE by 2035	Glasgow Region City	2,092	
	Net Additional Construction PYE by 2035	Glasgow Region City	1,129	
	Gross Operational FTEs by 2035	Glasgow Region City	2,660	
	Net Additional Operational FTEs by 2035	Glasgow Region City	1,425	
GVA	Net Additional GVA by 2035 (£m)	Glasgow Region City	£595.5	
	Net Additional GVA over 25 year period (£m)	Glasgow Region City		£1,376.8
	Net Additional GVA by 2035 (£m)	Scotland	£755.5	
	Net Additional GVA over 25 year period (£m)	Scotland		£1,743
Investment	Direct Project Private Sector Investment by 2035 (£m)	Glasgow Region City	Established at FBC	
	Net Additional Private Sector Investment (Follow-on) by 2035 (£)	Glasgow Region City	Established at FBC	
	Total Investment Combined (£m)	Glasgow Region City	Established at FBC	
	Other Public Sector Investment Leveraged	Glasgow Region City	Established at FBC	
BCR	Value of Net Additional Benefits over 25 Years (£m)	Glasgow Region City		£1,376.8
	Value of Total Costs over 25 Years (£m)	Glasgow Region City		£249.8
	Public + Private Benefit Cost Ratio over 25 Years	Glasgow Region City		5.5

2.2.2 Value for Money

The combined costs and benefits of the project proposals submitted thus far can be found in the table above. These estimates will be refined when the options appraisal process has been complete and the shortlisted project proposals have been selected.

Currently the combined long-list of project proposals generate a Benefit-Cost Ratio of 5.5, meaning that £5.5 of GVA is generated for every £1 spent on the intervention.

3.1 Commercial Case

3.1.1. Project Partners needs

The preferred option has not yet been identified at Strategic Outline Business Case stage. Following the completion of the project shortlisting, MAs will provide this in their project FBCs.

As set out above the Preferred Way Forward is to develop commercial and industrial space for Land Use Classes 4, 5, and 6. As described above in the Strategic Case this project will meet the needs of businesses in GCR that are unable to access modern, high quality commercial and industrial space. This is demonstrated by the Ryden report (2024) which describes the constrained property market within GCR. The BCR in the Economic Case above demonstrates that at a Programme level this has the opportunity to deliver on the key priorities of the City Deal MAs and both the UK Government and Scottish Government in significant economic benefits. While the scale of the potential investment (£64.5m) is significant, it will not address the totality of the challenge facing business in GCR in relation market demand.

3.1.2. Funding Options

The funding of the longlist of projects is discussed below at 4.1.2 and 4.1.4 of the Financial Case. Most projects on the longlist are 100% funded through the City Deal Infrastructure Fund. Following project shortlisting, the project FBCs will provide a description of alternative funding options.

3.1.3. Commercial Demand

The commercial demand for modern, high quality commercial and industrial space is described and evidenced in the Strategic Case . Property consultants Ryden were appointed by the Glasgow City Region Programme Management Office to provide a market intelligence report on employment land and property in the Region. The report evidences the need to refurbish existing industrial stock to extend its physical and functional lifespan and meet the demand of the Region. Age related attrition of buildings is well underway and will continue if not addressed.

3.2. Procurement Strategy

At the Strategic Outline Business Case, the procurement processes are not detailed. Individual MAs will deliver their projects and procurement strategies will be set out in FBCs. Procurement will be delivered in line with City Deal Sustainable Procurement Strategy and Community Benefits Strategy.

4.1. Financial Case

The total cost of the project has been determined by the funds made available from the previous Airport Access project and is detailed in the Funding Allocation table below. Any additional member or external contributions, if applicable, will be identified by individual member authorities at FBC.

The funding allocation available to each Member Authority is set out in the table below:

Table 4: Member Authority Allocations

Local Authority	Funding Allocation
East Dunbartonshire Council	£1,963,482
East Renfrewshire Council	£2,879,774
Glasgow City Council	£15,924,564
Inverclyde Council	£11,125,510
North Lanarkshire Council	£11,287,602
Renfrewshire Council	£8,487,807
South Lanarkshire Council	£11,075,919
West Dunbartonshire Council	£1,825,842
Total	£64,572,500

The allocation provides an increased grant allocation for Inverclyde Council which takes into account:

- other recent funding awards to GCR local authorities (e.g. the UK Government's Innovation Accelerator extension) which have occurred since the Cabinet approved the progression of the Enabling Commercial Space Programme in November 2024;
- Cabinet's view that intra-regional economic performance should be a consideration in the allocation of funding; and,

- the work of the national taskforce for Inverclyde with both the UK Government and Scottish Government.

The allocations above are the maximum available grant funding to each MA and the overall programme. There is no requirement for matching funding to be provided by the MAs and the projects can be funded 100% through the City Deal Infrastructure Fund grant allocation.

Once the project funding allocated to each member authority has been approved that member is not permitted to vire any element of that funding whether due to underspend or more critical need to any other project undertaken by that member authority. Any underspend will be for the purposes of the regional project and must be spent for that purpose and if a member is unable to fully spend the funding it will be open to bids from other members.

Following the completion of the project shortlisting process, each MAs will be able to draw down funding to undertake any further work or activity required to bring their project to the FBC stage. A total of £4.5m of the total programme grant allocation will be ringfenced by the GCR PMO and each MA will be permitted to draw down funding up to a maximum of 6% of the total project costs, in line with the existing practice for City Deal Infrastructure Projects, to allow them to meet eligible costs required to progress to FBC. The Cabinet will be invited to delegate authority to the Director for Regional Economic Growth to authorise the drawdown of grant funding up to the value of 6% the total project cost, upon receipt of a request from a MA to use the funding for the purposes outlined above.

Management Case

5.1. Project roles

The GCR PMO will maintain and update the Strategic Outline Business Case as a 'living document' to reflect the content of the individual FBCs from MAs as they are approved through the GCR governance arrangements.

The roles and responsibilities required to deliver these projects will be put in place by each local authority in relation to their individual projects.

In most instances the delivery of the projects will be delivered by local authority officers within existing teams within the local authorities who are delivering the wider City Deal Infrastructure Fund projects. There are some projects where delivery is being led by another partner organisation or a joint venture between the local authority and partners. These include:

- an urban regeneration company (e.g. Clyde Gateway);
- **a councils** arm's length property development and regeneration company;
- a joint venture between the local authority and a private sector partner; or,
- HUB West Scotland.

5.2. Project governance Structures

Once the project funding allocated to each member authority has been approved that member is not permitted to vire any element of that funding whether due to underspend or more critical need to any other project undertaken by that member authority. Any underspend will be for the purposes of the regional project and must be spent for that purpose and if a member is unable to fully spend the funding it will be open to bids from other members.

The MAs have set out below the local sign-off and approval for the submission of their projects for the business case longlist of projects:

Table 5 Local Approval Processes

MA	Local Approval Process
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EDC	EDC Internal City Deal Board – has the oversight , overall approval 23rd January Chief Planning Officer, Executive Officer - Land Planning & Development delegated to approve the submission – 23rd January 2025 Place & Business Development Manager and teams assigned to work with PMO and make submissions
ERC	An Option Appraisal Team was established that included the Economic and Regeneration Manager, a Senior Estates Surveyor and the Principal Officer (Capital Projects) with agreement from Head of Service (Place) fully briefed on the methodology.
GCC	Glasgow City Council officers have, in conjunction with partner organisations, compiled a long list of six potential projects for the enabling commercial floorspace programme. The long list will be presented to the Glasgow City Council City Deal Executive Group (CDEG), 5th March 2025, seeking governance approval for officers to progress appraisal of these potential projects with Ryden (commercial property consultants appointed by Glasgow City Region). The appraisal outcome will identify the preferred Glasgow City Council short list for funding, which will be presented back to CDEG, 11th June 2025, seeking governance approval to proceed to Full Business Case (FBC).
IC	The IC projects were submitted by the Head of Service - Regeneration, Planning and Public Protection as the authorising officer, following consultation with and agreement from the Director of Environment and Regeneration, Chief Executive, and Council Leader.
NLC	A call for project ideas issued to NLC Estates, North Lanarkshire Properties LLP and Fusion Assets. Fusion Assets submitted applications for 3 projects and this was ratified by the Fusion Assets Board on 9 th September 2024. A separate briefing paper was provided to NLC's Chief Executive in January 2024
RC	As the project has only recently been confirmed, only senior officer delegated authority has been required to date. A report will be submitted to Renfrewshire Council's Leadership Board on the 19th February seeking formal approval.
SLC	The funding applications were reported to the SLC Corporate Management Team. It is expected that once the shortlisting process has been completed, the projects will be presented to the SLC Community and Enterprise committee or Executive committee.
WDC	Projects were submitted under the delegated authority WDC's ha Chief Officer of Resources and Section 95 Officer.

The Project Management arrangements will require to be provided by the MAs for each of their project FBCs, in line with the normal approach taken for City Deal Infrastructure Fund projects.

The status of any new assets, including how governance will be transferred to operational use will require to be provided by MAs in their individual project FBCs.

The approach to managing the delivery of the Project benefits will require to be provided by the MAs in their individual project FBCs. All projects will be expected to comply with the GCR approach to Community Benefits.

The MAs will be expected to report on the delivery of project benefits in exactly the same way that they do for all City Deal Infrastructure Fund projects and in line with the Programme Management Toolkit requirements. Benefits realisation will be reported to the GCR Chief Executives' Group and Cabinet through the exiting City Deal reporting mechanisms.

5.3. Community Benefits

All of the individual projects will be required to maximise community benefits secured through contracts awarded, in line with the City Deal approach to community benefits. The Project Manager from each MA will be responsible for the delivery, monitoring and evaluation of the community benefit outcomes for the project. Community Benefits will be secured for each of the key infrastructure elements comprising the Project, through the procurement of services and works in line with the City Deal Community Benefit Strategy.

The MAs will be expected to use the community benefits menu within the City Deal Community Benefits Strategy to target benefits towards priority group where possible. The FBC for each project will be expected to clearly state the Community Benefits secured and their delivery will be monitored through the reporting process already in place, using the Cenefits system.

5.4. Legal Matters and Required Approvals

MAs will require to ensure that all legal risks are covered within individual project risk registers when they submit their FBCs, as is normally the case with City Deal Infrastructure Fund business cases. Each MA will require to secure their own specific legal advice for each of their projects, in line with the approach that is taken for all City Deal funded projects. This advice will require to reflect the approach to delivery they are undertaking which may entail a higher degree of risk in relation to issues around the ownership of assets and subsidy control. MAs will require to provide their own legal assurance against all relevant legal factors.

Table 6: The Programme risk register include relevant legal risks:

rsk B1	Subsidy Control	Failure of Programme/Projects to comply with Subsidy Control Requirements
rsk B2	Land Ownership	Failure to secure development land for delivery
rsk B3	Planning permission	Failure to obtain planning permission

In most instances, it is anticipated that the projects shortlisted to proceed to FBC will operate by awarding grant funds to the local authority (or ALEO) to retain the capital assets developed in public sector ownership, with property leased to private sector operators to ensure state subsidy compliance. In those instances where alternative models are proposed, the MA will require to ensure that state subsidy compliance is addressed through the FBC for that particular intervention.

All projects will require to fully comply with all of the legal matters and required approvals that are part of the City Deal Infrastructure Fund business case appraisal process.

5.5. Project schedule

The projects on the longlist will require to undertake an assessment using the Project Shortlisting Framework which focuses on the deliverability of the projects in terms of meeting the timescales for the City Deal Infrastructure Fund – all funding must be spent by 30 December 2030, with the project operational and delivering economic benefits prior to 2035.

Based upon the information provided by MAs for their longlisted projects a high level timeline for the projects is provided below:

Table 7: Project Milestones

Table 7: Milestones

MA	Project Title	Construction Start	Construction End	Operational
GCC	Lighthouse	2024	2026	2026
GCC	Boden Street	2025	2026	2026
RC	Tech Terrace AMIDS	2025	2027	2026
WDC	Lomond Industrial Estate (Alexandria)	2025	2026	2026
WDC	John Knox Street (Clydebank)	2025	2026	2026
WDC	Ash Road (Dumbarton)	2025	2026	2026
IC	Kelburn	2025	2027	2027
IC	Ingleston Park	2025	2027	2027
IC	Inchgreen	2026	2026	2027
NLC	Ravenscraig	2025	2027	2027
ERC	Crossmill Industrial Units	2025	2027	2028
GCC	Water Row Govan	2025	2027	2028
NLC	Lanarkshire Enterprise Park	2026	2028	2028
SLC	Langlands East Kilbride	2025	2028	2028
SLC	Cathcart Road Rutherglen	2025	2028	2028
SLC	South Faulds Road Site Caldwellside	2025	2028	2028
EDC	Westerhill Land Acquisition	2025	2028	2029
ERC	Robertson Street Industrial Units Improvements/Replacement	2027	2029	2029
IC	Crescent Street	2025	2028	2029
NLC	Westfield	2025	2029	2029
SLC	Canderside Site	2026	2029	2029
SLC	Former Liberty Steel Site Clydebridge	2025	2030	2030
GCC	CWIC	2030	2035	2032

The table above demonstrates that the majority of projects estimate that construction would commence in 2025 or 2026 and be complete by 2028. The timeline above will be updated to reflect the discussions that take place between the GCR PMO and MAs during the project shortlisting process and then again once the FBC has been submitted. The timescales for project delivery will be monitored and reported through the existing GCR City Deal quarterly reporting structures.

5.6. Sustainability case

Delivering commercial and industrial premises that is environmentally sustainable is one of the CSFs and is therefore a pass/fail criteria project to be shortlisted and funded through this programme. If a project is unable to provide an assurance that it will meet the high sustainability standards set out in the Project Shortlisting Framework (EPC A for new builds; EPC B for the refurbishment of existing premises; or where appropriate, BREEAM Excellent certification) then it will be ineligible for inclusion.

In addition, all projects will require to have undertaken a specific Environmental Impact Assessment at the stage of FBC approval.

5.7. Project Monitoring

5.7.1 Monitoring and Evaluation Plans

Project Monitoring and Evaluation for each of the FBCs will be expected to be carried out in line with the established GCR City Deal reporting processes and in line with the approaches set out in the Programme Management Toolkit.

Detailed, project-specific proposals will be provided in the project FBCs, using the relevant templates from the City Deal Programme Management Toolkit.