



Glasgow City Region – City Deal

Cabinet

Report by Director of Regional Economic Growth

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Item 9

9th April 2019

PMO Evaluation:

East Dunbartonshire Council – Strategic Business Case Place and Growth Programme

Purpose of Report:

To report to the Cabinet on the appraisal of East Dunbartonshire Council's Strategic Business Case (SBC) for the Place and Growth Programme.

Recommendations:

The Cabinet is invited to:

- I. note the content of this report and the appraisal of the Place and Growth SBC; and
- II. instruct the PMO to work with the Finance Strategy Group to identify opportunities within the current Programme where funding could be made available to support the inclusion of additional City Deal Infrastructure Fund projects.

1. Purpose

- 1.1 To report to the Cabinet on the appraisal of East Dunbartonshire Council's Strategic Business Case (SBC) for the Place and Growth Programme.

2. Background

- 2.1 During a discussion at the Glasgow City Region Cabinet meeting on 12 February 2019 East Dunbartonshire Council indicated at the Cabinet meeting their intention to submit a Strategic Business Case for a project, to be considered should further funding become available. The submission and subsequent appraisal of this SBC is in response to that Cabinet discussion.
- 2.2 Further to this discussion at Cabinet, the Chief Executives' Group (CEG) discussed the challenges facing Member Authorities (MAs) to ensure actual spend levels match projected spend at the meeting on 29 November 2018.
- 2.3 The PMO was subsequently instructed by the CEG to organise a workshop with the project teams from each of the MAs and to identify potential capacity in accelerating existing infrastructure projects, and additional opportunities to maximise spend levels. The workshop took place on the 18 February and the PMO will submit a final report to a future meeting of the Chief Executives' Group.
- 2.4 The spending profile of the GCR City Deal Infrastructure Fund is one of the factors that will be considered as part of the 5 yearly Gateway Review Process and it was included within the '*Gateway Review 1: One Year Out Report*', presented to the Cabinet on 12 February 2019. This report included analysis of the financial projections for the GCR City Deal Infrastructure Fund until the first Gateway Review.

3. Review of the SBC

- 3.1 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. The review of this SBC was carried out in line with the appraisal template that was developed incorporating the comments of both the UK and Scottish Governments.
- 3.2 This appraisal template has been used to appraise the augmented OBCs for compliance with Green Book and the criteria from this template relevant to the SBC stage of business case development have been used for the appraisal of this document.
- 3.3 The submission of this business case by East Dunbartonshire Council is considered as confirmation that they approve the appraisal of this business case by the GCRCD PMO.

3.4 The Executive Summary of the Place and Growth SBC is attached as an Appendix to this report and the Appraisal Template and Risk Register is available on request from the clerk.

3.5 Following appraisal, the PMO considers that this SBC is broadly in line with the H.M. Treasury Green Book requirements for the SBC stage of business case development. At this stage there are no projections of the economic benefits (GVA, employment) that this project might deliver. These calculations would be made at the OBC stage.

4. Strategic Case

4.1 This is one of the main elements of focus at the Strategic Business Case stage of development. It is considered that the document adequately sets out the problem and need for investment, and the case for change. The PMO expects that this will continue to be developed and evidenced at the Outline Business Case stage.

5. Economic Case

5.1 The focus of the Economic Case at the SBC stage is largely on the options appraisal of a long list of potential options. The PMO considers that this exercise has been carried out sufficiently at the SBC stage and a preferred way forward has been identified that can be more thoroughly tested within an Outline Business Case (OBC). The detailed benefits, including the key economic outcomes, will require to be identified and stated within the OBC.

6. Commercial Case

6.1 The Commercial Case is described at high level for the SBC stage and East Dunbartonshire Council will require to further develop this to meet the requirements of the OBC.

7. Financial Case

7.1 A high level financial case has been provided that is sufficient for SBC stage, including an overall anticipated cost of £60.59m. This will require to be fully developed at the OBC stage as the preferred option is identified.

7.2 As discussed at the Cabinet meeting on 12 February 2019, East Dunbartonshire Council indicated that the submission of this SBC was for consideration should further funding become available. Therefore the Financial Case for the Place and Growth SBC will remain incomplete until any funding can be identified to progress the development of the project.

8. Management Case

8.1 Project roles, project management, and risk management arrangements have been described and these will require to be developed in more detail at OBC stage when the preferred option is identified.

- 8.2 The SBC provides a high level reference of legal issues however this will require to be considered thoroughly if the project is subsequently developed to OBC stage.

9. Future Development

- 9.1 This report asks the PMO to work with the Finance Strategy Group to identify opportunities within the current Programme where funding could be made available to support the inclusion of additional City Deal Infrastructure Fund projects.

10. Recommendations

- 10.1 The Cabinet is invited to:

- I. note the content of this report and the appraisal of the Place and Growth SBC; and,
- II. instruct the PMO to work with the Finance Strategy Group to identify opportunities within the current Programme where funding could be made available to support the inclusion of additional City Deal Infrastructure Fund projects.

Appendix – Executive Summary

1. Executive Summary

1.1 Introduction

This document presents an updated Strategic Business Case (SBC) which was originally submitted in 2015. It sets out the strategic need to address in the area and in turn support the objectives of the wider City Region area

1.2 The Strategic Case

East Dunbartonshire lies to the north of the Glasgow City Region and had a population of 105,026 at the time of the 2011 census (2001 census: 104,243). It is in the mid-range of Scottish local authorities in terms of population and covers 77 square miles. It is made up of a mix of urban and rural areas with settlements including; Bearsden, Bishopbriggs, Kirkintilloch, Lenzie, Milngavie, Milton of Campsie, Lennoxton, Torrance and Twechar. East Dunbartonshire has been recognised as one of the best areas in Scotland to live based on the residents' health, life expectancy, school performance and climate and it is one of the City Region's most affluent and educated areas.

Along with East Renfrewshire, East Dunbartonshire is one of the more successful areas in the City Region with high employment rates and earnings higher than the national average. However, there are number of issues that need to be addressed to ensure that the area can maintain this high standard and ensure future growth is inclusive.

- Traffic congestion due to over reliance of City Region for quality jobs and over reliance of private car for commuting. In addition, public transport not an attractive option due to congestion leading to unreliable and long journey times. This has led to problems in air quality.
- Lack of high quality jobs and diverse employment opportunities caused by over reliance on region and public sector for employment, lack of space for businesses to grow into, and lack of flexible spaces for micro-businesses.
- Lack of business ready units for companies to grow into caused by large vacant derelict requiring service connection and decontamination and poor digital connectivity.
- Large vacant derelict sites in areas designated for economic development.
- Town centre is in decline with vacant units/sites, poor public realm, declining footfall and traffic congestions.
- Need to improve connections between areas of multiple deprivation and employment opportunities within the Region and locally.

There is a need therefore for holistic and focused investment in transport, business infrastructure and land remediation, alongside co-ordinated investment by the private sector that will catalyse sustainable economic growth within East Dunbartonshire.

The programme outlined in the East Dunbartonshire City Deal Place & Growth Programme would deliver a package of transport, business infrastructure, and brownfield land enabling activities that will alleviate market failures, environmental improvements and exploit regional and local economic opportunity by accelerating development activity and attract investment at key sites. The high level objectives for the East Dunbartonshire City Deal Project are:

- i. Support the provision of a well-connected skilled workforce within the City Region through improvements by creating greater accessibility to jobs into the City Region and into East Dunbartonshire:
- ii. Improve the accessibility of East Dunbartonshire as an attractive place to establish or grow business to support innovation and businesses growth by tackling key issues relating to connectivity into the main settlement areas within East Dunbartonshire;
- iii. Reduced barriers to jobs locally, through the diversity and improved quality of the local employment opportunities and by improving connectivity and access to the wider City Region for local workforce in East Dunbartonshire;
- iv. Support development of existing business locations and unlock key business land sites to enable more small and medium enterprises to grow by providing business incubator & light industrial and grow-on space for entrepreneurs:
- v. Enable larger commercial development and elements of housing delivery by providing infrastructure to assist in the unlocking of sites, including providing digital infrastructure at these locations:
- vi. Stimulate town centre regeneration by providing new business space and a high quality physical environment to work and live.

1.3 Economic Case

East Dunbartonshire Council as part of the development of the SBC identified a long list of options which considered; scope of activity; geographic scope where activity will be delivered; service solution – procurement and delivery approaches; service delivery routes; phasing and implementation; and sources of funding.

The preferred way forward will deliver the maximum benefits for the project and is the one most closely aligned with the City Region objectives. Based on the high level review of options, the preferred way forward is outlined in Table 1.3 below:

Scope - Activity	Option: Deliver road and public transport/active transport infrastructure land remediation and business space, town centre improvements and visitor asset investment.
Scope - Location	Option: Deliver in east at strategic sites identified in the Local Development Plan around Bishopbriggs area.
Service Solution	Option: EDC direct procurement / Private sector led development-procurement.

Service Delivery	Option: Mix of public and private delivery
Implementation	Option: Co-ordinated approach with private sector
Funding	Option: City Deal and EDC contribution

Table 1.3

1.4 Commercial Case

The multi-faceted nature of the EDC City Deal project will require more than one procurement route. The Council will approach the procurement of their City Deal project by developing work packages that will be made up of the various project components that construct the overall City Deal Project. There are a number of procurement routes available to secure technical services and the delivery of project elements, these will be further explored and defined in the Outline Business Case where a procurement strategy will be developed.

Community benefits will be delivered through the significant construction contracts that the City Deal project will deliver, regardless of which of the procurement methods are utilised. The Council will take the opportunity to include skills engagement targets and social value measures within construction contracts, providing an evidence supported delivery of their wider skills agenda.

1.5 Financial Case

The total cost for delivering the programme outlined in the SBC is estimated to be £60.59m of which the City Deal programme will fund £52.18m and East Dunbartonshire Council £8.48m. The SBC has presented two possible phases to develop and over the programme outlined based on the level of award of City Region finance. This would see the delivery of new road and sustainable transport infrastructure unlocking regeneration sites, along with town centre improvements in a first phase, followed by more direct interventions into strategic business land sites, and along key visitor assets such as the Forth Clyde Canal in phase two.

1.6 Management Case

East Dunbartonshire Council's Place & Business Development Service will lead the implementation and delivery of the SBC programme, supported by a cross Council project team together with the required external specialist support. Management and governance structures will be in line with the Assurance Framework and will ensure future compliance with regards monitoring, evaluation and reporting.