



Glasgow City Region - City Deal

Cabinet

Report by Director of Regional Economic Growth

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Item 7

11th February 2020

**PMO Evaluation:
East Dunbartonshire Council – Strategic Business Case
Place and Growth Programme**

Purpose of Report:

To report to the Cabinet on the evaluation of East Dunbartonshire Council's Strategic Business Case (SBC) for the Place and Growth Programme, which was developed in partnership with Strathclyde Partnership for Transport and Glasgow City Council.

Recommendations:

The Cabinet is invited to:

- a) note the content of this report and the appraisal of the Place and Growth SBC;
- b) approve the Place and Growth SBC;
- c) note that the project risk register and PMO appraisal are available from the Clerk;
and
- d) approve the funding request of the £0.7m required to develop the project to Outline Business Case stage.

1. Purpose

- 1.1 To report to the Cabinet on the evaluation of East Dunbartonshire Council's (EDC) Strategic Business Case (SBC) for the Place and Growth Programme, which was developed in partnership with Strathclyde Partnership for Transport (SPT) and Glasgow City Council (GCC).

2. Background

- 2.1 At the Cabinet meeting on 12th February 2019 East Dunbartonshire Council indicated their intention to submit a SBC for a project, requesting that this SBC be considered for inclusion within the City Deal Programme, should funding become available from the Infrastructure Grant Funds. A SBC was subsequently submitted by EDC and appraised by the City Deal Programme Management Office (PMO).
- 2.2 At the meeting of the 9th April 2019, Cabinet received a report from the PMO advising that, while the business case was broadly in line with Green Book requirements for the SBC stage of business case development, the funding requirements would require to be fully developed. Cabinet instructed 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.
- 2.3 At the meeting on the 8th October 2019, the Cabinet agreed that:
- EDC, acting as the project's lead sponsor, should progress with the development of a Strategic Business Case for a revised project which would see the refocussing of the Strathclyde Bus Improvement Programme (SBIP) towards a SBIP pilot integrated with EDC's Place and Growth Programme; and
 - this integrated project would retain the status afforded by the Assurance Framework 2019 to projects on the Initial Project List.
- 2.4 EDC subsequently submitted a revised SBC, reflecting the Cabinet's requests, to the PMO for appraisal. The submission of this business case was approved by EDC Council Committee in September 2019.
- 2.5 This report reflects the outcome of the PMO's appraisal, including feedback from the Chief Executives' Group (CEG) on 30th January 2020.

3. Review of the SBC

- 3.1 The CEG on 30th 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 appraisal of this business case was carried out in line with the appraisal template, taking into account the development of this business case at SBC.

- 3.2 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.
- 3.3 In line with Green Book requirements, at this stage there are no projections of the economic benefits (GVA, employment) that this project might deliver. While this information is not required until the completion of the OBC, EDC has indicated that it will prioritise the completion of the economic impact assessment (EIA) element of the OBC. An interim report on the findings of the EIA will be provided to the CEG once available.
- 3.4 The Executive Summary for the project is attached as Appendix 1. A copy of the PMO's appraisal assessment of this business case is available from the Clerk. Following approval from the Cabinet, EDC will seek to commence the development of the OBC for the project and progress will be reported to the CEG and Cabinet via the PMO report.

4. Scope

- 4.1 The scope of the EDC Place and Growth SBC is based around the following three key elements:
- i. Delivery of phase 5 of the Bishopbriggs Relief Road to complete the route through East Dunbartonshire and north Glasgow, improving connectivity and unlocking strategic development sites to enable follow on investment;
 - ii. Improvement to Sustainable Transport on the A803 Route Corridor to create a key bus route corridor between East Dunbartonshire and Glasgow City Centre, serving the north of Glasgow and a range of key retail, regeneration, health and education facilities; and
 - iii. Bishopbriggs Town Centre Regeneration through provision of business space, improved accessibility and improved public realm delivered by the City Deal Project.

5. Programme Milestones

- 5.1 A high level indication of the anticipated key milestone dates of this business case are as follows:

Activity	Timeline (estimated at SBC stage)
SBC Approval at Cabinet	Feb 2020
OBC Approval at Cabinet	April 2023
FBC Approval at Cabinet	Aug 2023
Construction Start on Site	Sept 2023
Completion & Handover	Dec 2025

6 Finance

- 6.1 The total cost of the project is £34.88m. This project is being funded from City Deal Grant (£30m) (previously allocated for the SPT Strathclyde Bus Improvement Programme) and EDC's Member Authority contribution (£4.88m).

- 6.2 This is an SBC and is seeking an approval of £0.7m funding to develop the project to OBC Stage. The Executive Summary states that the “*preliminary expenditure required for development of the OBC(s) will be for staffing costs to develop the OBC and a range of professional and technical services including: civil engineering; traffic modelling and transport appraisals; project costing; environmental surveys and assessments; masterplanning; business case preparation and services required to develop the OBC economic case.*”
- 6.3 The PMO considers the requested £0.7m OBC development costs (approximately 2% of the total project cost) to be consistent with the approvals granted to projects of a similar scale, where, for the five projects with a cost range between £26m to £40m, an average of 3.5% of the total project costs have been approved to assist with OBC development.
- 6.4 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 outlined within the Assurance Framework.

7. Benefits Realisation

- 7.1 The SBC identifies the categories of project outputs and outcomes which it is anticipated will be delivered by the project. These include the transport-related benefits and the subsequent land use and employment benefits.
- 7.2 These benefits will require to be fully quantified for the OBC.

8. Transport Appraisal

- 8.1 The Transport Appraisal Group (TAG) provided the following commentary on the SBC.
- 8.2 As noted in the March 2019 TAG comments, with the completion of the connection of the Bishopbriggs Relief Road (BRR) to the A803/Torrance Road (Balmore Road)/Kirkintilloch Road junction and then through to the M80/M8 (e.g. M80 J2) and the GCC surface street network in the vicinity, there is the potential for the completed BRR to result in reassignment of traffic over a wider area, with potential impacts on the wider strategic (motorway) network and on surface streets parallel to the M8. In the absence of transport modelling information and outputs, the potential impacts cannot be ascertained at this stage. It is assumed that this will be addressed through the development of the OBC, with relevant information provided.
- 8.3 Traffic modelling work is also likely to be required on the A803 corridor to assess the implications of any interventions for bus priority and/or active travel over the full length of the proposed corridor works, particularly if this includes reassignment of road space. This will require further definition and assessment of proposed interventions and potential integration with ongoing wider work by GCC on City Centre proposals that may affect bus routes and route capacity at the southern end of the corridor. With the linkages between the BRR5 and the

A803 Corridor work, it is possible that modelling work may be required over a wide area, potentially requiring the use of existing transport models and the building of bespoke corridor models. It is assumed that this will be addressed through the development of the OBC, with relevant information provided.

- 8.4 Given the information contained in the SBC, it is not possible, at this stage, to assess the potential impacts of the project, as set out in the SBC, on the strategic transport network. It is assumed that relevant information will be progressed through the development of the OBC, with implications of the project on the transport network assessed in an appropriate manner and relevant information provided.

9. Legal and Procurement

- 9.1 The legal and procurement review undertaken indicates that relevant issues have been considered and addressed.

10. Recommendations

- 10.1 The Cabinet is invited to:
- a) note the content of this report and the appraisal of the Place and Growth SBC;
 - b) approve the Place and Growth SBC;
 - c) note that the project risk register and PMO appraisal are available from the Clerk; and
 - d) approve the funding request of the £0.7m required to develop the project to Outline Business Case stage.

Appendix 1 – Executive Summary – Place and Growth

1.1. Executive Summary

1.1.1 Introduction

1.1.2 In April 2019 the Glasgow City Region Cabinet approved the Strategic Business Case (SBC) from East Dunbartonshire Council (EDC) for its ‘Place and Growth Programme’. This approval resulted in the ‘Place and Growth Programme’ being recognised as an ‘approved project’ a status afforded by the Assurance Framework 2019 thus allowing submission of this Strategic Business Case (SBC). This SBC sets out primarily the need for focused investment in transport and business infrastructure, alongside co-ordinated investment by the private sector as catalysts for sustainable economic growth within East Dunbartonshire and Glasgow City Region.

1.1.3 In October 2019, Glasgow City Region Cabinet (Cabinet) agreed that there should be a refocus of the proposed Strathclyde Business Investment Programme (SBIP) as a pilot to be integrated with EDC Place and Growth Programme.

1.1.4 Glasgow City Region City Deal initial project list was established on deal signing in 2014 and forms part of the Assurance Framework. Strathclyde Partnership for Transport (SPT), a partner of the City Deal, submitted a project outline for the Strathclyde Bus Improvement Partnership (SBIP) which focused on providing improved bus services and facilities across the region, making it easier, cheaper and more attractive to travel by bus, therefore assigning allocated funding of £30m to the project. The SBIP remains the only project on the initial project list not to have an approved SBC.

1.1.5 Significant improvement in bus patronage is still required across the Region. Given the scale of the challenge, the provisional City Deal allocation of £30m (which is subject to approval of the SBC) would not deliver the improvement that is required to transform bus services across the City Region, and a significant additional investment would be required. Indeed, the original project proposal put forward by SPT prior to the signing of the City Deal was based upon a package of initial transport project proposals estimated to cost up to £295m.

1.1.6 Following the presentation of EDC’s SBC to Cabinet in April 2019, discussions commenced between EDC, SPT and Glasgow City Council (GCC). These discussions identified that there is an opportunity to deliver a step-change in access by bus on radial corridors, bringing wider societal benefits including inclusive growth, access to employment, and reduced emissions.

1.1.7 These discussions also identified a number of shared priorities and benefits that could be delivered by aligning the proposed Place and Growth Programme and the SBIP, as well as strengthening links to the ongoing City Deal supported development in the north of the city around the Sighthill area.

1.1.8 This SBC sets out an integrated approach to the delivery of a programme of traffic and transport infrastructure within East Dunbartonshire and the north of Glasgow to enable follow on investment in strategic sites within East Dunbartonshire, to support inclusive growth and access to employment. The Project scope of the SBC is based around the following three key elements:

- **Delivery of phase 5 of the Bishopbriggs Relief Road** to complete the route through East Dunbartonshire and Glasgow north, improving connectivity and unlocking strategic development sites to enable follow on investment;
- **Improvement to Sustainable Transport on the A803 Route Corridor** to create a key bus route corridor between East Dunbartonshire and Glasgow City Centre, serving the north of Glasgow and a range of key retail, regeneration, health and education facilities; and
- **Bishopbriggs Town Centre Regeneration** through provision of business space, improved accessibility and improved public realm delivered by the City Deal Project.

1.2 The Strategic Case

1.2.1 East Dunbartonshire lies to the north of the Glasgow City Region and has a population of around 108,000. 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. East Dunbartonshire has 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, including:

- Need to improve the connectivity and transport links between key strategic employment sites.
- Need to improve connections between areas of multiple deprivation and employment opportunities within the Region and locally.
- Need for a more integrated bus route corridor along the length of key route corridors, such as the A803 from East Dunbartonshire into North Glasgow and to and from the city centre.
- Need for improved accessibility to road, residential and transport developments, public services and retail opportunities over the local authority border in north Glasgow.
- Lack of high quality jobs and diverse employment opportunities caused by over reliance on the 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 sites requiring service connection and decontamination
- 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.

1.2.2 There is, therefore, a need for focused investment in transport, and site enabling infrastructure, alongside co-ordinated investment by the private sector to catalyse sustainable economic growth within East Dunbartonshire.

1.2.3 This SBC has been developed within the context of the local economic, transport and land planning policies. It is consistent with the aspirations set out within the Regional Economic Strategy and reflects the economic, environmental and transport aspirations set out in the Scottish Government's recent Programme for Government.

1.2.4 The programme outlined in the East Dunbartonshire City Deal Place & Growth Programme will deliver a package of transport infrastructure, and site enabling activities. These will alleviate market failures, enable environmental improvements and exploit regional and local economic opportunity by accelerating development activity and attracting investment at key sites. The high level objectives for the Place and Growth Programme are to:

- i. Support the provision of a well-connected, skilled workforce within the City Region by creating greater accessibility to jobs into the City Region and into East Dunbartonshire;
- ii. Improve the accessibility between East Dunbartonshire and Glasgow, and ensure East Dunbartonshire is 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. Ensure the employment opportunities created from the Place and Growth Programme are accessible by public transport, and improve bus patronage from East Dunbartonshire residents commuting to the City and employment locations in the north of Glasgow;
- iv. Reduce 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;
- v. Support development of existing business locations and enable the unlocking of key business land sites to enable more small and medium enterprises to grow;
- vi. Enable larger commercial development and elements of housing delivery, by providing infrastructure to assist in sites being unlocked;
- vii. Stimulate town centre regeneration by providing new business space and a high quality physical environment in which to work and live.

1.3 Economic Case

- 1.3.1** As part of the development of the SBC, a long list of options were identified 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.
- 1.3.2** 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:

Table 1.3

Scope - Activity	Option: Deliver enabling road infrastructure, sustainable transport (public transport/active travel) infrastructure, and town centre improvements (public realm and business incubation space).
Scope - Location	Option: Deliver in the east at strategic sites identified in the Local Development Plan around Bishopbriggs area, and focus on route corridor which links this part of East Dunbartonshire into north Glasgow and the city centre.
Service Solution	Option: EDC direct procurement / Private sector led development-procurement.
Service Delivery	Option: Mix of public and private delivery
Implementation	Option: Single phase now
Funding	Option: City Deal allocations and EDC contribution

1.4 Commercial Case

- 1.4.1** The multi-faceted nature of the EDC City Deal project will require more than one procurement route. EDC and its partners will approach the procurement of the City Deal project by developing work packages that will be made up of the various project components which combined, will construct the overall City Deal Project. There are a number of procurement routes available to secure technical services and the delivery of project elements, and these will be further explored and defined in the Outline Business Case, which will incorporate a procurement strategy.
- 1.4.2** Community benefits will be delivered through the significant contracts required to deliver the City Deal project, regardless of the procurement methods utilised. EDC will take the opportunity to include skills engagement targets and social

value measures within construction contracts, subject always to the relevant procurement legislation, which will assist in providing evidence to support delivery of its wider skills agenda.

1.5 Financial Case

- 1.5.1** The total cost for delivering the programme outlined in the SBC is estimated to be £34.88m, of which the City Deal programme will fund £30m and EDC £4.88m. This will see the delivery of new road and sustainable transport infrastructure unlocking regeneration sites, along with town centre improvements.
- 1.5.2** Funding will be required to develop the Outline Business Case (OBC) for the project. EDC will therefore claim City Deal grant funds for this prior to approval of the OBC(s). Whilst more detailed costings will be provided through OBC stage, for the purpose of the SBC it is estimated £700,000 could be required to take the project to the end of the OBC stage. Preliminary expenditure required for development of the OBC(s) will be for staffing costs to develop the OBC and a range of professional and technical services including: civil engineering; traffic modelling and transport appraisals; project costing; environmental surveys and assessments; masterplanning; business case preparation and services required to develop the OBC economic case. Costs incurred to develop all stages of business case and to manage the project through to completion, will be dealt with within the overall project budget as set in the SBC.
- 1.5.3** EDC will work with the Glasgow City Deal Project Management Office to determine the most appropriate approach to the OBC stage. In particular to determine the number and timing of OBCs, with the view to bring forward and enable early implementation of project elements where possible.

1.6 Management Case

- 1.6.1** EDC's Place & Business Development Service will lead the implementation and delivery of the SBC programme. This will be supported by a Council project team, together with required external specialist support. The collaborative partnership working arrangements which have been established between EDC, SPT and GCC will also be key in informing and supporting the management and governance of elements of the programme set out in the SBC. Management and governance structures will be in line with the City Deal Assurance Framework and will ensure future compliance with regards monitoring, evaluation and reporting.