



## **Glasgow City Region - City Deal**

### **Cabinet**

### **Report by Director of Regional Economic Growth**

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## **Item 9**

**10th April 2018**

### **PMO Evaluation:**

#### **North Lanarkshire Council**

#### **Pan Lanarkshire Orbital Transport Corridor – Motherwell Town Centre Transport Interchange Outline Business Case**

### **Purpose of Report:**

To report on the PMO evaluation of North Lanarkshire Council's Outline Business Case for Motherwell Town Centre Transport Interchange. This Business Case was considered by the Chief Executives' Group on 29th March 2018 when it was agreed that it be submitted to Cabinet for approval.

### **Recommendations:**

It is recommended that Cabinet:

- (1) invite North Lanarkshire Council to develop a full business case; and
- (2) approve the funding requirement of £1.335m.

## **1 Purpose**

- 1.1 To inform the Cabinet on the results of the PMO evaluation of North Lanarkshire Council's Outline Business Case for Motherwell Town Centre Transport Interchange. This Business Case was considered by the Chief Executives' Group on 29th March 2018 when it was agreed that it be submitted to Cabinet for approval.

## **2 Review**

- 2.1 The Executive Summary for the project is attached as Appendix 1.
- 2.2 The submission of this business case for appraisal is considered as confirmation that North Lanarkshire Council approves the inclusion of this business case as part of the City Deal programme as stated in the current Glasgow and Clyde Valley City Deal Assurance Framework (10 March 2015) in section 4.1.1.
- 2.3 The Outline Business Case for Motherwell Town Centre Transport Interchange has been evaluated against the business case criteria (V7) developed by Ekos. Their instruction was to review the criteria outlined within the Glasgow City Region City Deal Assurance Framework (10 March 2015) and prepare a robust criteria that would be Green Book compliant. Version 7 of this criteria has been agreed with Scottish and UK governments and will be incorporated into the next revision of the Assurance Framework.
- 2.4 The PMO evaluation identified a number of issues which require to be addressed and the Cabinet is invited to instruct North Lanarkshire Council to update this Outline Business Case as they prepare their Full Business Case.

## **3 Financial**

- 3.1 The total cost of the projects is £189.524m of which £93.565m has been approved from the City Deal Infrastructure Fund. This element of the project has an estimated cost of £3.492m. A full financial analysis has been carried out as part of the evaluation of the business case for the project funding. This is an Outline Business Case for Motherwell Town Centre Transport Interchange. This element of the OBC is seeking approval for funding of £1.335m. 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.

## **4 Benefits Realisation**

- 4.1 Motherwell Town Centre Transport Interchange has met the requirements at OBC for benefits realisation. Project Benefits have been identified and quantified individual benefits tracking information has been provided.

## **5 Recommendations**

- 5.1 It is recommended that Cabinet:

(1) invite North Lanarkshire to develop a full business case; and

- (2) approve the funding requirement of £1.335m.

## **APPENDIX 1: Executive Summary**

- 1.1.1 The Motherwell Town Centre Transport Interchange project (“the Project”) is a sub-project of the Pan Lanarkshire Orbital Transport Corridor, one of the three core City Deal infrastructure projects in North Lanarkshire. A revised Strategic Business Case for the Pan Lanarkshire Orbital Transport Corridor was approved in December 2017.

### **1.2 The Strategic Case**

- 1.2.1 The Project forms part of the wider Pan Lanarkshire Orbital Transport Corridor Project, which was selected by North Lanarkshire Council due to its ability to directly contribute to the economic objectives of GCR City Deal. The Project will provide infrastructure to improve transport interchange, bus service reliability, reduce road congestion, enhance accessibility to the local and strategic rail network and improve public transport connectivity around the Glasgow City Region. The Project will therefore result in improved accessibility to jobs and improved connectivity between labour markets and economic opportunities. It will support the movement of people to employment, education and training opportunities. The strategic need for the Project is evidenced by a variety of sources including statistical and demographic data, transport data and assessments, engagement with passengers, business and industry and economic outlook reporting.
- 1.2.2 The Project Scope is to create an improved multi-modal transport interchange on Muir Street to improve access to Motherwell Station, enhance the interchange between car/bus/bike and train and expand park and ride provision. The Project links with plans by Abellio Scotrail Ltd to redevelop Motherwell Station and this increases the overall benefit of the Project. The project deliverables will improve the efficiency of the local road network, encourage increased modal shift to public transport and active travel, resulting in highway and local road decongestion and improved local air quality within the Motherwell Town Centre Air Quality Management Area. The Project deliverables will also help to improve the mobility of the area’s workforce and provide a more efficient and connected transport system.
- 1.2.3 All the factors driving the requirement for the Project provide the basis for public sector intervention. City Deal funding will overcome the identified barriers and enable delivery of the Project, in co-ordination with planned investment in Motherwell Station by Abellio Scotrail Ltd, which will allow the economic, transport, environmental, social and health benefits to be realised and to their full potential.
- 1.2.4 The Project will contribute to disseminating the benefits of economic growth across the Glasgow City Region ensuring deprived areas benefit from this growth, particularly datazones with high levels of deprivation situated within the Motherwell area.

### **1.3 Options Appraisal**

- 1.3.1 An Options Appraisal exercise has been undertaken to identify a preferred

option for the Project, which delivers well against the identified Project and City Deal objectives, offers value for money and is deliverable. The land requirements for the preferred option are attainable and do not have an adverse operational impact on the adjacent live railway network. The Preferred Option comprises creation of an expanded bus facility on Muir Street with new arrangements for taxis, drop-off and disabled parking adjacent to Motherwell Station; a reconfigured station forecourt area; pedestrian and cycle network improvements, expansion of the park and ride at Farm Street and additional parking at the Pollock Street car parks. The Preferred Option, in conjunction with the planned investment by Abellio Scotrail Ltd and SPT in Motherwell Station, will deliver transformational change for Motherwell station and town centre.

## **1.4 The Economic Case**

- 1.4.1 The economic case for investment is based around addressing current inefficiencies in the regional transport network which are a constraint to growth and to inter-connectivity between local labour markets, businesses and economic centres. The Project will deliver societal and economic benefits and will, in conjunction with planned investment in Motherwell Station by Abellio Scotrail Ltd, act as a catalyst for economic regeneration in the local area. It will also contribute towards improving public transport connectivity for the Ravenscraig regeneration site by improving capacity and interchange arrangements for buses, cycles and park and ride at Motherwell Station.
- 1.4.2 The Project concerns the delivery of road, public realm, car park, cycleway and footpath infrastructure to facilitate improved transport interchange and improved accessibility between employment centres and labour markets and to economic, education and training opportunities. These deliverables all fall within the definition of 'Public Goods', that is goods to be enjoyed by all, where there is no incentive to pay, therefore there is no incentive for the market to supply. It cannot be expected that a market will form to co-finance and deliver the infrastructure investment required, which is predominantly within the public realm. There is a strong case for public sector intervention to provide the transport infrastructure and the North Lanarkshire economy would be better off if the infrastructure was built.

### **The direct deliverables of the project will provide:**

- Highway and local road network decongestion benefits
- Improved journey times and reduced queue lengths
- Improved public transport journey time reliability
- Enhanced road, cycle and pedestrian network safety and security
- Enhanced access and connectivity to the regional transport network, job, training and education opportunities
- A safe and more attractive environment with amenity and air quality

benefits

**The project will also indirectly facilitate:**

- Increased footfall, dwell time and spend in the local economy, improving performance and resilience

**The project will deliver positive socio-economic impacts through:**

- Capital expenditure on new infrastructure and associated community benefits;
- Improved access to employment, training and education opportunities from the local area;
- Supply chain linkage; and
- Workers, commuters, residents and visitors spending in the local economy

1.4.3 The Project directly contributes to the economic outcomes set out in the GCR Infrastructure Fund: Economic Case by supporting delivery of uplift in (GVA)<sup>1</sup>, as part of the wider Pan Lanarkshire Orbital Transport Corridor Project. The Project will support new growth in the regional economy through an improved transport network across the Glasgow City Region and improved public transport.

1.4.4 There is a strong transportation economic case for the Project. The estimated net present value has been calculated over a 60 year period as is standard practice in the appraisal of transportation projects. The Net Present Value (NPV) of the Project is £9.031million and the Benefit to Cost Ratio (BCR) is 5.00. The Project therefore represents good value for money.

## **1.5 The Commercial Case**

1.5.1 The Project will be delivered by North Lanarkshire Council through the multi-disciplinary Enterprise Projects Team, with the exception of the station forecourt improvement works which will be delivered by Abellio Scotrail as part of a contract to redevelop Motherwell Rail Station. No bodies other than the Council are responsible for delivering the Project which is primarily an infrastructure project with no commercial elements. A degree of coordination and joint working will be required with both Abellio Scotrail and Network Rail on construction phasing and access requirements. The Procurement Strategy is detailed within the Project Sourcing Methodology.

## **1.6 The Sustainability Case**

1.6.1 The new infrastructure will endorse sustainable transport principles by improving active travel and public transport access and park and ride capacity. This will facilitate increased use of public transport to access jobs, training and education and for leisure trips. The new infrastructure is also expected to have local air quality benefits for the Motherwell Town Centre Air

Quality Management Area by reducing traffic congestion and encouraging a reduction in vehicle trips for access to the station and town centre in favour of public transport and active travel.

## **1.7 The Financial Case**

- 1.7.1 There are no external funding requirements for the project. All capital project costs will be funded by the Glasgow City Region City Deal and North Lanarkshire Council. The estimated Project cost is £3.492million. This includes allowances for contingency, which provides mitigation against programme and financial risks and separately inflation. Optimism Bias has been applied to the project costs at 30% to reflect the stage of project development.

## **1.8 The Management Case**

- 1.8.1 An experienced multi-disciplinary management team has been formed within North Lanarkshire Council Enterprise and Housing Resources to take forward the project. The corporate City Deal Internal Steering Group will provide senior management oversight of the project. Benefits Realisation will be managed internally by North Lanarkshire Council.

## **1.9 Recommendation**

- 1.9.1 It is recommended that Cabinet approve this Outline Business Case for the Motherwell Town Centre Transport Interchange sub-project and approve the Project Funding of **£1.335M** sought at this stage to enable further design and enabling work, land acquisition and service diversions to progress.

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<sup>1</sup> Gross Value Added (GVA) is the measure of the value of goods and services in an area, industry or economy