



Glasgow City Region City Deal

Cabinet

Report by Director of Regional Economic Growth

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Item 11

6th August 2024

PMO Evaluation:

North Lanarkshire Council (NLC) Outline Business Case (OBC) – East Airdrie Link Road (EALR)

Purpose of Report:

To report to the Cabinet on the evaluation of North Lanarkshire Council's Outline Business Case for East Airdrie Link Road

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 the Outline Business Case (subject to the approval of the related Change Control Request 240806_NLC_051 as noted at Section 5.3 of this report); and
- d) approve the £16m requested by NLC to progress the project to Full Business Case stage (FBC) including progressing detailed design work, ground investigations and surveys, planning application submission, service investigations and diversions, other enabling works and to cover internal project management fees, allowances for contingency, inflation and optimism bias on services contracts.

1. Purpose

- 1.1. To report to the Cabinet on the evaluation of Outline Business Case (OBC) for North Lanarkshire Council's (NLC) East Airdrie Link Road.
- 1.2. 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 Glasgow City Region City Deal Assurance Framework 2019.
- 1.3. North Lanarkshire Council's Policy and Strategic Committee of 5 March 2024 approved the council's Strategic Capital Investment Programme for 2024/25 – 2028/29 with funding allocated towards investment in the City Deal programme, including resources to progress the East Airdrie Link Road project. NLC's Enterprise and Fair Work Committee provided approval for submission of this Outline Business Case at a meeting on 10 May 2024.

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 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 East Airdrie Link Road OBC

- 3.1. The appraisal of this business case was carried out in line with the appraisal template, and the PMO considers that the OBC is consistent with the requirements of H.M. Treasury Green Book. While the PMO considers that the OBC is compliant with the requirements of Green Book, it remains that case that all legal and financial risks associated with the project remain with the Member Authority.
- 3.2. The PMO consider that the content of this OBC is consistent with the content of Pan Lanarkshire Orbital Transport Corridor SBC previously approved by Cabinet on 18 August 2015
- 3.3. The monitoring and evaluation of the East Airdrie Link Road OBC will continue to inform the overarching Programme Business Case.
- 3.4. The Executive Summary for the East Airdrie Link Road project is attached as Appendix 1.
- 3.5. A copy of the PMO's appraisal assessment of this business case is available from the Clerk.

4. Current Status of Project

- 4.1. In advance of the approval of this OBC, this project reported at 'Green' status for Scope, Finance, Timeline, and 'Future' for Benefit Realisation.

5. Scope

- 5.1. The Scope of the East Airdrie Link Road OBC is consistent with the content of the SBC previously approved by Cabinet on 18 August 2015
- 5.2. The proposed works will deliver:
 - a new c10km two-way, single carriageway with associated earthworks, drainage infrastructure, lighting, landscaping, environmental and carbon mitigation measures, and infrastructure to enable future digital connectivity improvements via high-speed fibre broadband.

- Construction of 5 new road junctions including a new roundabout access to the site of the planned Monklands Replacement Hospital at Wester Moffat, Airdrie from the new link road.
- Construction of 8 new road bridges, over water courses, a railway line and over or under local road.
- Construction of 5km of new active travel route infrastructure (shared use footways/cycleways alongside main and secondary road networks). Associated lighting, drainage, landscaping, signage, and lining.

5.3. There has been one related Change Control Request submitted for Scope since the approval of the SBC.

- 240806_NLC_051 – Defer Ravenscraig Access Infrastructure North (RAI N) sub project (dualling of the existing A723).

Approval for this OBC to progress is dependent on the approval of the above CCR at 6 August 2024 Cabinet meeting.

6. Timescale

6.1. North Lanarkshire Council is proposing to submit an FBC following the approval of this OBC. The key milestone dates for each are as follows:

Activity	Timescale
OBC & Approvals	Q1-Q2 2024-2025
Stage 3 Commission	Q1-Q2 24/25 – Q1-Q2 25/26
Procurement /Tender Action (Design & Build)	Q3-Q4 25/25 – Q3-Q4 26/27
Prepare & submit FBC	Q1-Q2 26/27 - Q1-Q2 27/28
Detailed design	Q1-Q2 27/28 – Q3-Q4 27/28
Site Works	Q1-Q2 28/29 – Q1-Q2 30/31

6.2. From project inception, there have been 7 CCRs submitted for Programme Milestone changes:

- 190111_NLC_0014 – OBC submission August 2022 and FBC approval July 2023
- 191011_NLC_0018 – bring forward OBC submission from August 2022 to January-March 2022 (-5-7months) and delay FBC submission from July 2023 to January/March 2024 (+6/8months)
- 211008_NLC_0030 – delay OBC submission from February 2022 to March 2023 (+13month) and delay FBC from February to November (+9months)
- 220720_NLC_0036 - OBC submission delayed from March 2023 to Q3 23/24 (no month given) for Cabinet approval in November 2023 and the FBC submitted for approval in Q2 25/26 (previously Q3 Nov 24/25) for approval at CEG in July 2025. CS September 2025 and CE September 2027
- 240108_NLC_047 - OBC Cabinet approval date delayed from November 2023 to May 2024 (+6 months). FBC submission moved to Q1 27/28 for approval from CEG in June 2027 (+23 months). Construction Start delayed from September 2025 to May 2028 (+32 months) Construction End delayed to September 2030 (+36 months)

- 240405_NLC_050 - OBC approval date delayed from May 2024 to August 2024 (+3months)
- 240806_NLC_051 - CS delayed from May 2028 to September 2028 (+4months) and construction end staying in September 2030 (no change)

7. Finance

7.1. The total cost of the project is £185,316,499. This will be funded from City Deal (including the North Lanarkshire Council Member Authority contribution) funding as set out below:

- City Deal Grant - £72,855,079 (or 86% of CD funding)
- City Deal North Lanarkshire Council MA Contribution - £112,461,420 comprising:
 - £11,860,129 (or 14%) of CD funding; and
 - an Additional Member Contribution of £100,601,291.

7.2. A total of £4,601,000 was previously approved at SBC and this OBC is seeking funding of a further £16,000,000 to take the project to FBC. Approval for the remaining City Deal funding will be sought at FBC stage for the three sub-projects within this OBC.

7.3. 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.

7.4. One Change Control has previously been submitted for Finance since the approval of the SBC.

- 240806_NLC_051 - Vire NLC CD funding allocation from RIA North (dualling of the existing A723) project to EALR

Approval for this OBC to progress is dependent on the approval of the above CCR at 6 August 2024 Cabinet meeting.

8. Benefits Realisation

8.1. The North Lanarkshire Council's OBC has identified and quantified the project outputs for this OBC and provided completed individual benefits trackers as required by the Assurance Framework.

8.2. **GVA:** The GVA that is projected to be delivered by the project and attributable to the City Deal investment by 2035 and over 25 years (2045) is set out in the table below:

GVA	
Net additional GVA at GCR over 25 years	£345.7m NPV
Net additional GVA at Scotland level over 25 years	£402.4m NPV

8.3. **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 the BCR is calculated as follows:

Benefit Cost Ratio

Net Additional GVA at GCR over a 25 year period	£345.7m NPV
Total public sector costs over 25 years	£137.1m NPV
BCR	2.5 to 1

8.4. The public BCR of 2.5 to 1 is for the benefits and costs that are attributed to the City Deal Investment. Therefore for every £1 of public money invested, £2.50 of economic benefit is secured for the City Region, demonstrating value for money. The Programme Business Case 2019 calculated an overall BCR for the City Deal Programme of 6.25 to 1.

8.5. **Employment Benefits:** The projected number of jobs, both the short-term construction jobs through both the enabling infrastructure and follow on development, and the operational permanent jobs, that are attributed to the City Deal investment are set out in the table below:

Construction Employment - short term	
Net additional enabling infrastructure jobs at GCR (Person Years of Employment by 2035)	620 Jobs
Net additional development / follow on jobs at GCR (Person Years of Employment) by 2035	890 Jobs
Operational Employment – permanent jobs created.	
Net additional Full Time Equivalents by 2035	340

8.6. **Private Sector Investment:** Details of the development sites where anticipated private follow-on investment is projected to deliver £260.2m (Net additional private sector investment) by 2035 is described within the OBC, alongside the arrangements that are in place to facilitate follow-on private sector investment. Delivery of this follow-on investment will be monitored by the PMO quarterly benefits reporting.

8.7. **Community Benefits:** The 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.

8.8. The 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 North Lanarkshire Council and through any Funding Agreement to be put in place with NHS Lanarkshire (for contribution to the EALR).

8.9. 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.

8.10. There have been no change controls submitted for Benefits Realisation since the approval of the SBC and Programme Realignment Paper.

9. Recommendations

9.1. 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 the Outline Business Case (subject to the approval of the related Change Control Request 240806_NLC_051 as noted at Section 5.3 of this report); and
- d) approve the £16m requested by NLC to progress the project to Full Business Case stage (FBC) including progressing detailed design work, ground investigations and surveys, planning application submission, service investigations and diversions, other enabling works and to cover internal project management fees, allowances for contingency, inflation and optimism bias on services contracts.

Appendix 1: Executive Summary

1.1 Introduction

- 1.1.1. This is the Outline Business Case (OBC) for the East Airdrie Link Road (“the Project”). The Project scope encompasses infrastructure investment in the form of a new two-way single carriageway strategic link road and offline active routes. This OBC has been compiled in accordance with the latest Business Case Appraisal Criteria and HMT Green Book Guidance requirements. This OBC presents the detailed rationale for the Project, building from the GCR City Deal approved revised Pan Lanarkshire Orbital Transport Corridor Strategic Business Case (“the SBC”) (December 2017). It sets out the funding sought to further develop the proposed interventions to finalised solutions, procurement action and subsequent delivery.
- 1.1.2. Project development work undertaken leading up to submission of this OBC has led to the identification of a preferred option for the East Airdrie Link Road with associated offline active travel provision.
- 1.1.3. This OBC presents the Case for Change and Economic Case for the Project as a whole. At this OBC stage, headline economic impacts are reported at the full Project level. Individual Full Business Cases will be brought forward for the strategic link road, railway bridge and active travel project aspects, in line with design, procurement and delivery timelines. The economic impacts and benefits which will be realised by each project aspect will be reported within each Full Business Case.

1.2 Project Scope

- 1.2.1 The Project will deliver the northern section of the Pan Lanarkshire Orbital Transport Corridor, between the M8 at Newhouse and the A73 south of Cumbernauld, to the east of Airdrie. It will provide a new two-way, single carriageway strategic link road, with associated junctions, structures, landscaping and environmental mitigation and active travel infrastructure offline from the new road corridor, connecting communities from Calderbank and Chapelhall to the south and Riggend to the north, to local facilities and employment opportunities. It will also provide the primary road access to the planned Monklands Replacement Hospital at Wester Moffat, Airdrie and the road capacity required to facilitate development of the replacement hospital at this site as selected by NHS Lanarkshire.
- 1.2.2 The 3 key aspects comprising the Project are:
 - East Airdrie Link Road (Road);
 - East Airdrie Link Road (Railway Bridge); and
 - East Airdrie Link Road (Active Travel Infrastructure).
- 1.2.3 The Location of the Project is illustrated at Figure 1.1. The location of the Project within the context of the wider Pan Lanarkshire Orbital Transport Corridor and the Monklands Replacement Hospital site is illustrated at Figure 1.2. The location of the proposed Active travel routes is detailed at Figure 1.3.

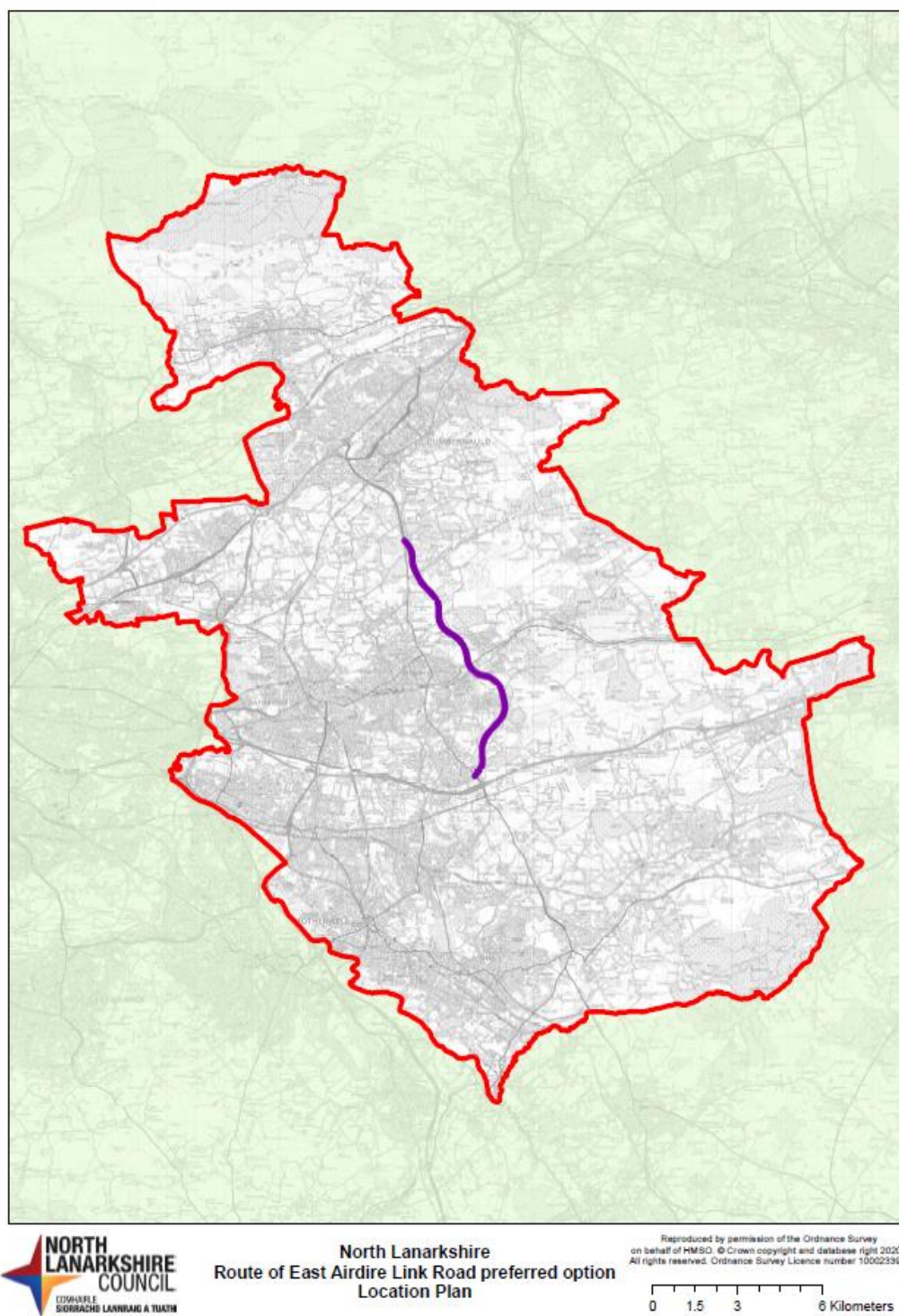


Figure 1.1. Location of the Project

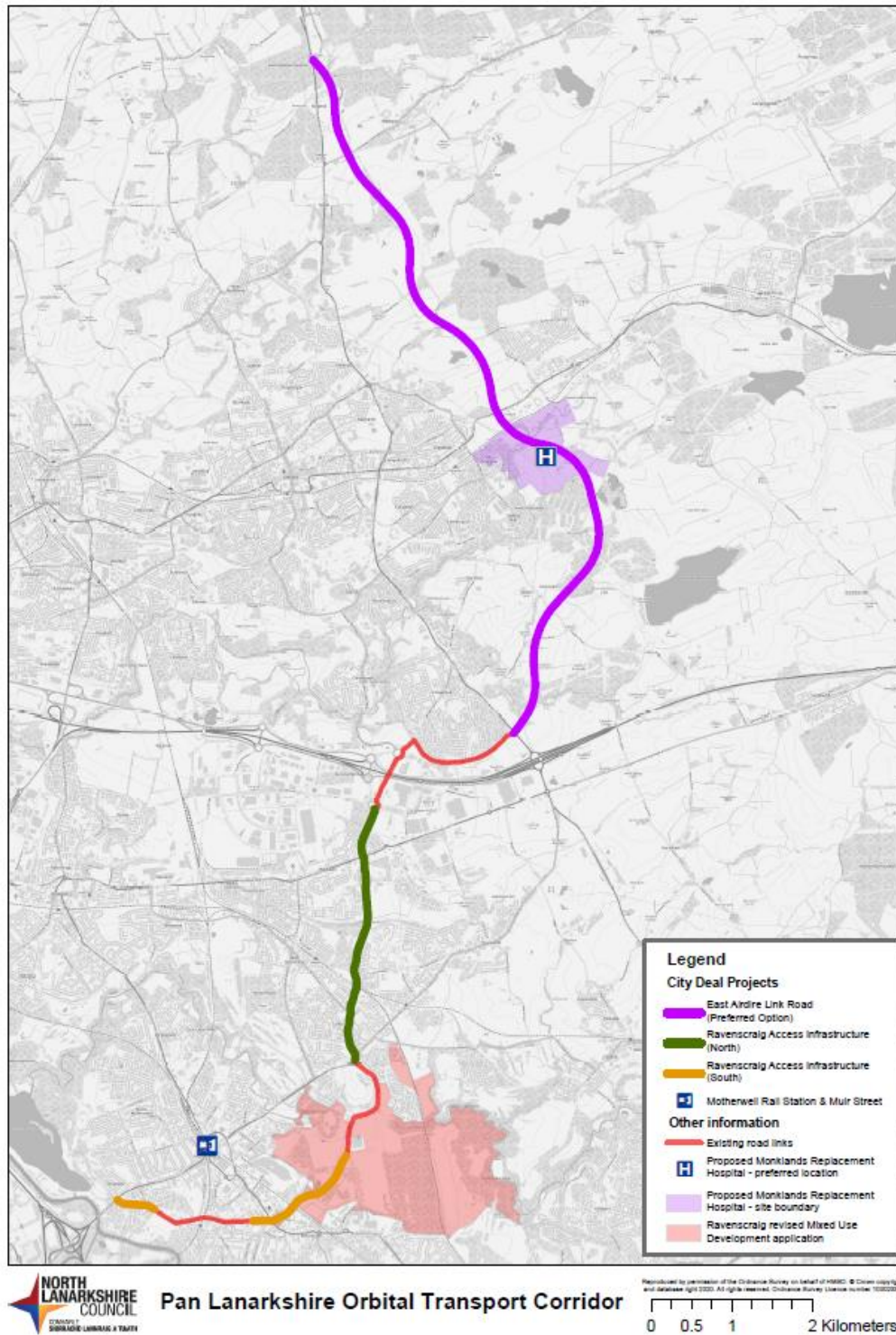


Figure 1.2 Location of the Project: Pan Lanarkshire Orbital Transport Corridor and Monklands Replacement Hospital Context.

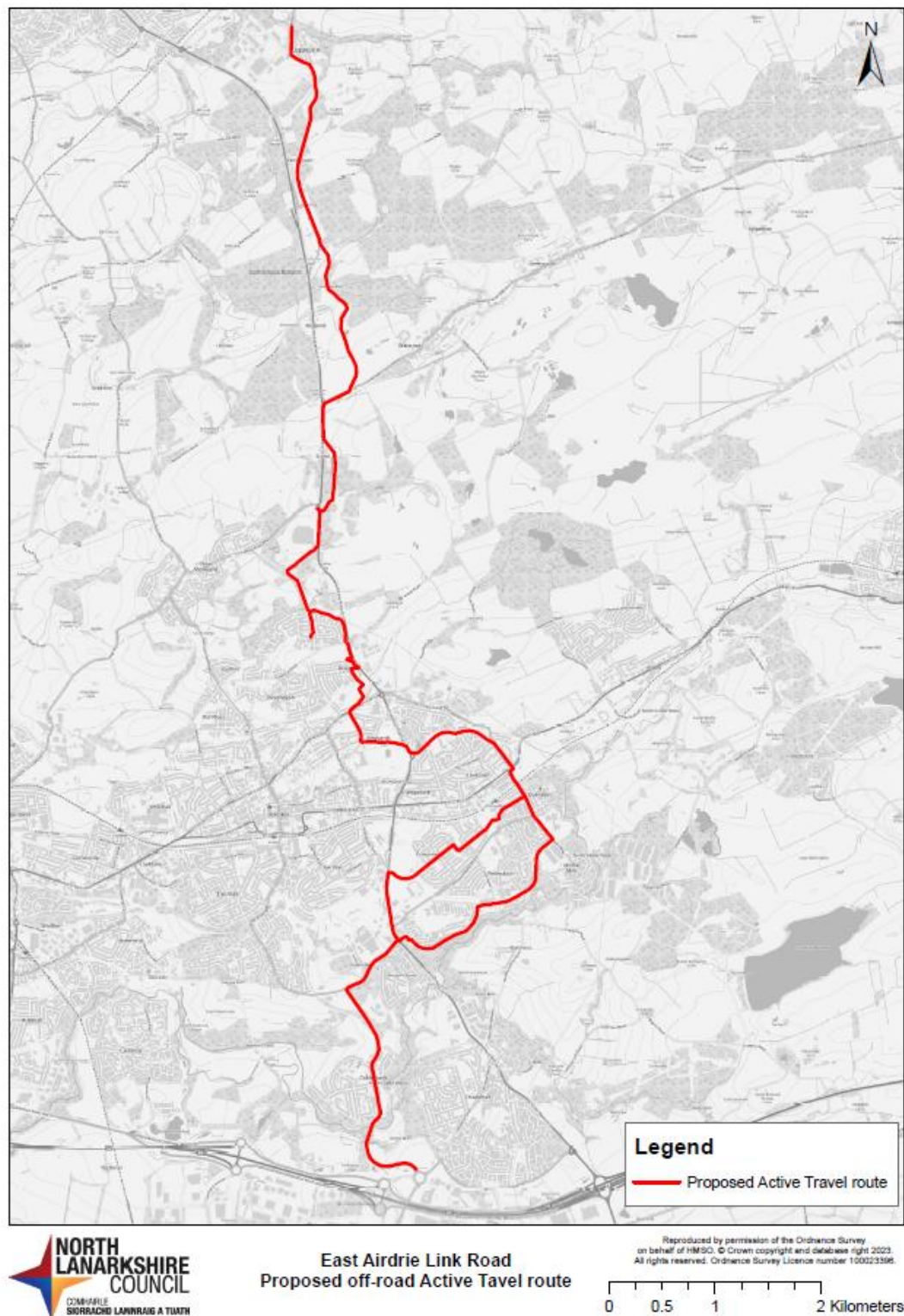


Figure 1.3 Location of the proposed Active Travel routes

- 1.2.4 The Project will provide a new strategic link road to the east of Airdrie, providing a new north-south transport corridor between the M8 at Newhouse and the A73 south of Cumbernauld; access to the planned Monklands Replacement Hospital at Wester Moffat, Airdrie, and priority sections of a north-south active travel route through the Airdrie area and communities.
- 1.2.5. This will provide improved local and wider regional connectivity between population centres and employment locations, addressing constraints on existing road networks and removing strategic traffic from congested local roads. This will support growth in the local and regional

economy, remove constraints on business development in existing urban areas and facilitate improvements to sustainable transport infrastructure, reliability and safety on the existing A73 through Chapelhall and Airdrie. Investment in active travel connecting communities will improve accessibility to job opportunities and local facilities.

- 1.2.6. The Project critically supports the Monklands Replacement Hospital at Wester Moffat, Airdrie by providing the primary road access and road network capacity required to facilitate development of a flagship, expanded health care facility for the Lanarkshire Health Board area at the preferred site selected by NHS Lanarkshire. Reassurance has been provided by NHS Lanarkshire that they remain committed to delivery of the Monklands Replacement Hospital project (MRP). Discussions are being held at the Project Interface Board set up to manage interfaces between the MRP and EALR projects, on the revised delivery programme. The MRP Project Team are continuing with work to prepare a Full Business Case for the Project for submission to the Scottish Government in March 2025 and a preferred construction delivery partner has been appointed by NHS Lanarkshire for the project.
- 1.2.7. The physical direct Project deliverables and the outcomes and indirect deliverables these will support, are detailed below. These will be delivered via both the City Deal investment and NLC Member contributions.

1.2.8 Direct Project Deliverables: New and upgraded infrastructure

- Construction of a new c10km two-way, single carriageway strategic link road between the M8 at Newhouse and the A73 south of Cumbernauld, with associated earthworks, drainage infrastructure, lighting, landscaping, environmental and carbon mitigation measures, and infrastructure to enable future digital connectivity improvements via high-speed fibre broadband.
- Construction of 5 new road junctions including a new roundabout access to the site of the planned Monklands Replacement Hospital at Wester Moffat, Airdrie from the new link road.
- Construction of 8 new road bridges, over water courses, a railway line and over or under local roads;
- Construction of 5km of new active travel route infrastructure (shared use footways/cycleways alongside main and secondary road networks). Associated lighting, drainage, landscaping, signage, and lining.

1.2.9 Through the direct project deliverables, the Project will enable the following direct outcomes:

- Redistribution of strategic traffic from congested local road networks through Chapelhall and Airdrie, to a new strategic road link. This will enable transport efficiencies to be realised including journey time savings; improved journey reliability; improved public transport reliability and improved safety for motorised and non-motorised users. It will also enable continued improvement of air quality standards within the Chapelhall area through reduced traffic volume and congestion on the B799;
- Essential access and strategic road network capacity provided for the planned Monklands Replacement Hospital at Wester Moffat, a key development within the Airdrie area and a health care priority for NHS Lanarkshire;
- Improved transport connectivity within the northern section of the Pan Lanarkshire Orbital Transport Corridor.

- Improved connectivity by active travel between residential areas, local services and facilities and employment opportunities.

Indirect Project Deliverables

- Economic activity stimulated through investment in allocated residential and commercial development sites in proximity to the East Airdrie Link Road corridor, including at South Cumbernauld Community Growth Area. This will lever in significant follow-on private sector investment, with associated further one-off (construction) and continuous employment benefits;
- Improved marketability and viability of long term stalled residential and commercial development sites, particularly within the Plains area; and
- Improved access to employment opportunities, local services and facilities from communities across the Airdrie area, with resultant employment benefits and associated knock-on impacts including increased spend in the local economy, a more economically active population; health and wellbeing benefits and wider socio-economic benefits;
- Construction of 3km of new active travel route infrastructure (shared use footways/cycleways alongside main and secondary road networks). Associated lighting, drainage, landscaping, signage and lining.
- Enhancement of 5km of existing cycle paths to current shared use standards;

Project Need

1.2.12 The Strategic Case for the Project was demonstrated in the July 2015 Strategic Business Case (SBC) and restated in the Revised Pan Lanarkshire Strategic Business Case (December 2017). The Strategic Case as presented within both of these documents has been reviewed and revisited and has been found to remain relevant however with the notable updated context of the replacement Monklands Hospital at Wester Moffat, Airdrie which introduces a new aspect of 'need' for strategic transport infrastructure, road network capacity and enabling site access for the Project. The Strategic Case has been updated to reflect this significant change. Some key updates in policy and strategy context are also notable. These have been reviewed and extracts referenced within this OBC.

1.2.13 The key problems and need that the Project seeks to address relate to the need for north-south transport improvements in the northern section of the Pan Lanarkshire Orbital Transport Corridor, between the M8 at Newhouse Interchange and the A73 south of Cumbernauld, to address the negative economic impacts of increasing road traffic and congestion on constrained local road networks, along with wider economic and socio-economic factors and the lack of road access infrastructure serving the site selected for the Monklands Replacement Hospital at Wester Moffat, Airdrie.

1.2.14 The strategic need for the Project is based on:

- The requirement for strategic transport infrastructure to improve connectivity between centres of population and employment sites in North Lanarkshire and to address key constraints and barriers within the existing arrangements – notably limited north/south transport connectivity through North Lanarkshire and a lack of capacity on existing north/south road corridors to accommodate growth;
- Providing opportunities in an area with high population density and higher than average levels of unemployment and Job Seekers Allowance (JSA) claimants by

removing barriers to the accessibility of employment, training and education opportunities through investment in infrastructure to improve road connectivity, public transport reliability and active travel routes. Also, by facilitating development of a site within the Airdrie area for the Monklands Replacement Hospital thereby securing local jobs and creating new employment opportunities;

- Addressing the slow pace of development of allocated commercial and residential development sites through infrastructure investment which will increase confidence in North Lanarkshire as an investment location and provide certainty to developers on the improvement of north/south connectivity between the M8 at Newhouse and the A73 south of Cumbernauld; and
- Facilitating development of the Monklands Replacement Hospital at Wester Moffat, Airdrie, a flagship development for NHS Lanarkshire to provide a state of the art, modern health care facility to replace the existing Monklands Hospital in Airdrie which is no longer fit for purpose, with associated socio-economic benefits for the Airdrie area, which has the highest number of deprived areas in Lanarkshire, as referenced in the Monklands Replacement Hospital Fairer Scotland Duty Assessment.

Market Failure

- 1.2.15 The principal market failure within the northern section of the Pan Lanarkshire Orbital Transport Corridor relates to the need for investment in transport infrastructure to deliver improved north/south connectivity between main settlements, employment opportunities and key services in the local area, to create additional strategic road network capacity to facilitate a major planned regional health care development and remove constraints to growth on existing, congested local road networks. The advancement of allocated development sites are constrained by a lack of road network capacity and connectivity to strategic road networks. The development of a major health care facility at the selected preferred site cannot be delivered without new strategic road network capacity and an access junction from the proposed link road. The constrained infrastructure within the current arrangements is curtailing confidence for prospective developers and market interests to bring forward developments and investment.
- 1.2.16 Public sector intervention is required to develop public goods in the form of strategic transport infrastructure.
- 1.2.17 Without strategic investment, market failure will be reinforced. This will impact on economic and employment growth in the area and across the wider city region.
- 1.2.18 The enabled and accelerated development will deliver public benefits quicker and faster with public sector support. These positive 'externalities' offer a wide range of benefits that support regional economy (Equity/Distribution); deliver public benefits across a diverse range of beneficiaries (Public Goods). These indirect economic benefits justify GCR City Deal investment as they support the creation of net additional economic growth. The intervention rationale is supported by alignment with North Lanarkshire / City Region and National policy and strategic objectives and outcomes.

Preferred Option

- 1.2.19 A detailed and comprehensive options appraisal has been undertaken for the Project, including consideration of a range of possible Scope solutions. Options for Delivery Solutions, Implementation and Funding have also been considered.
- 1.2.20 The Preferred Option for the Project, which delivers against the Project Objectives and Critical Success Factors is summarised below:

- **Scope:** New route to the east of Airdrie (East Airdrie Link Road), route alignment Option B with offline active travel route
- **Solution:** Physical intervention – full scheme
- **Delivery:** NLC procure and deliver transport infrastructure
- **Implementation:** Phased delivery.
- **Funding:** Public funding
- **Value for Money:** Public Sector BCR – 2.5;

1.3 Project Costs

- 1.3.1 The Project will be funded through capital funding committed by the GCR City Deal to support the delivery of 21 Infrastructure Investment Fund projects and North Lanarkshire Council. The funding profile for the Project is shown in Table 1.1 below.
- 1.3.2 In accordance with the principle of the GCR City Deal Infrastructure Fund, NLC will contribute up to 14% of the city deal funded capital costs (£11,860,129) with £72,855,079 being met by the Fund. Due to increased costs as a result of increased construction, labour costs and inflation, significant NLC funding contributions are required to ensure the delivery of the Project. Full details are provided within the Financial Case.
- 1.3.3 A funding agreement will be entered into between North Lanarkshire Council and NHS Lanarkshire relating to the proposed funding contribution to eligible design and construction costs relating to the Monklands Replacement Hospital. The Project Funding is summarised in Table 1.1.
- 1.3.4 Full detail on the breakdown of Project Costs is provided within the Financial Case. Within the East Airdrie Link Road project cost estimate, allowances have been made for contingency and inflation on design and construction costs (10% and 2.91% respectively), and for optimism bias at 15%.

Table 1.1 Project Funding

Funding Type	Funding Source	Cost (£m)	Delivery Timescale
GCR City Deal Approved Project Cost: East Airdrie Link Road Project (SBC stage) - £84,715,208			
Capital Investment (CD)	NLC Committed 14%	£11,860,129	2015-2030
Capital Investment (CD)	GCR City Deal 86%	£72,855,079	2015-2030
Sub-total (GCR CD capital investment)		£84,715,208	
NLC Additional Member Authority Contribution	NLC 100%	£100,601,291	2015-2030
Total Direct Project cost		£185,316,499	
GCR City Deal Funding Required			
Capital Investment (CD)	Total SBC Funding Approved	£4,601,000	2015-2024
Capital Investment (CD)	Total OBC Funding Sought (for	£16,000,000	2024-2027

	further project development and enabling works)		
Capital Investment (CD)	Project Funding to be sought at FBC Stage	£64,114,208 (GCR 86%/ NLC14%)	2027-2030

1.4 Key Milestones

- 1.4.1 North Lanarkshire Council (NLC) has overall responsibility for the programming and ongoing monitoring and evaluation of the Project. A Project Schedule has been developed in line with the current Programme and is detailed within the Management Case. Key approval, design, procurement and delivery stage milestones are shown within the Project Schedule in Table 1.2

Table 1.2 Project Schedule:

East Airdrie Link Road														
	2024/25		2025/26		2026/27		2027/28		2028/29		2029/30		2030/31	
Project Schedule	Q1/Q2	Q3/Q4	Q1/Q2	Q3/Q4	Q1/Q2	Q3/Q4	Q1/Q2	Q3/Q4	Q1/Q2	Q3/Q4	Q1/Q2	Q3/Q4	Q1/Q2	Q3/Q4
OBC & Approvals														
Stage 3 Commission														
Procurement /Tender Action (Design & Build)														
Prepare & submit FBC														
Detailed design														
Site Works														

1.5 Value for Money and Anticipated Benefits

- 1.5.1 The strategic nature of the East Airdrie Link Road deliverables is anticipated to stimulate and accelerate new investment in residential and commercial/industrial property/floorspace within sites that are allocated within the North Lanarkshire Local Development Plan and those that have stalled. The East Airdrie Link Road provides a key strategic road link between the M8 at Newhouse to the A73 dual carriageway at South Cumbernauld and will provide an essential section of the Pan Lanarkshire Orbital Transport Corridor within North Lanarkshire which is needed to improve north/south linkages in the area to the new Monklands Replacement Hospital, Ravenscraig and to the wider motorway network. This will improve the connectivity and accessibility of allocated sites including the South Cumbernauld Community Growth Area and therefore increase the attractiveness of these sites to both developers and prospective residents and occupiers.
- 1.5.2 The Monklands Replacement Hospital Project (MRP) and the EALR could together improve the economic infrastructure of the area and support the development of local supply chains and increase the attractiveness for commercial development, including the development sites assessed within the Economic Case. The presence of a large-scale

customer could support a greater scale or acceleration of industrial development and economic activity in North Lanarkshire and the Glasgow City Region. Increasing the attractiveness of the area as a place to do business could promote the creation, relocation and safeguarding of businesses in the area.

- 1.5.3 A similar positive influence on the area's attractiveness for housing development (including those housing sites considered in this economic case) could be expected due to the presence of the new hospital and link road.
- 1.5.4 The EALR will provide direct access to the MRP and support wider qualitative benefits and ensure that these benefits are retained within the Glasgow City Region, North Lanarkshire and local communities in and around Airdrie.
- 1.5.5 Through the acceleration and leverage of development sites, and associated GVA growth from employment impacts and follow-on investment, the Project directly contributes to the economic outcomes set out in the GCR City Region Infrastructure Fund: Economic Case by delivering the quantifiable economic and infrastructure benefits, discounted and over the 25-year City Deal assessment period, as detailed within Table 1.3. At the City Region level, from a public sector perspective, the Project generates a positive return with a Public Sector BCR of 2.5 for the preferred option. This means that for every £1 of public sector money spent, £2.50 net additional GVA is generated in the City Region.
- 1.5.6 Table 1.3 provides a summary of the key economic impacts for the Preferred Option. Table 1.4 provides a summary of Follow-on Activity leveraged by the City Deal investment. Table 1.5 provides detail on the outcomes to be directly delivered by City Deal investment and the anticipated timescales. The following benefits are also expected to be realised as a result of the investment.
 - (TR_14) – 10km of new single carriageway strategic link road (new)
 - (TR_13) - 8 over/under road bridge structures (new). Including 1 under railway bridge structure (new)
 - (TR_08) - Junctions (New) (TR_08) - 3 large roundabouts (new)
 - (TR_08) - 2 small roundabouts for local roads (new)
 - (TR_09) - 2 junctions improved – Roundabout at Lancaster Avenue enlarged and local junction amendments
 - (TR_06) - 5km of offline active travel routes (new)
 - (LU_02) – 113.82ha site reclaimed 93.43ha area of site reclaimed, redeveloped or assembled
 - LU_03) - 44.41ha Vacant and Derelict Land brought back into use/ removed from SVDL Register
 - (FS_01) / (FS_03) / (FS_07) / (FS_11) - 12,124 sqm of Mixed use business development including (Use Classes 1, 3, 7,11, Sui Generis Shops (Class 1) (FS_01) / Food and Drink (Class 3) (FS_03) / Hotels and Hostels (Class 7) (FS_07) / Assembly and Leisure (Class 11) (FS_11)
 - (FS_05) - 13,052 sqm mix of General Industrial (Class 5)
 - (FS_04) - 2,500 sqm of Business (Class 4) High Quality office development

- Wider benefits from active travel investment, including improved health and wellbeing benefits

For further information see Table 1.5

Table 1.3 Preferred Option: summary of key economic impacts

Category	Economic Impact	Result
GVA	Net Direct at GCR by 2035	£424.8m NPV
	Net Direct at Scotland level by 2035	£540.8m NPV
	Net Additional at GCR by 2035	£180.0m NPV
	Net Additional at Scotland Level by 2035	£221.2m NPV
	Net Direct at GCR over 25 years	£753.1m NPV
	Net Direct at Scotland level over 25 years	£910.5m NPV
	Net Additional at GCR over 25 years	£345.7m NPV
	Net Additional at Scotland Level over 25 years	£402.4m NPV
Benefit Cost Ratio	Total Public Sector Costs by 2035	£137.1m NPV
	Total Public Sector Costs over 25 years	£137.1m NPV
	Detail of the figures (benefits and costs) used to calculate the BCR over a 25-year period at GCR level	2.5; As per Economic Case
Construction Employment – Short Term	Gross Enabling Infrastructure Development Jobs at GCR (Person Years of Employment) by 2035	870 PYEs
	Net Additional Enabling Infrastructure Construction Jobs at GCR (Person Years of Employment) by 2035	620 PYEs
	Gross Development/Follow On Construction Jobs at GCR (Person Years of Employment) by 2035	4,220 PYE
	Net Additional Development/Follow On Construction Jobs at GCR (Person Years of Employment) by 2035	890 PYEs
Operational Employment – permanent jobs	Gross Operational FTEs by 2035	1,140 FTEs
	Net Additional FTEs by 2035	340 FTEs (GCR)
Private Sector Investment	Direct Project Private Sector Investment by 2035 (£m)	£0.0m NPV
	Net Additional Private Sector Investment (Follow-on developments) by 2035	£260.2m NPV
Other Public Sector Investment	Additional Public Sector Investment leveraged in support of the enabling infrastructure or follow-on activity	£0.0m NPV
	Additional Public Sector Investment not foreseen at the time of OBC and benefit analysis	£0.0m NPV

Table 1.4 Follow-on activity leveraged

Counterfactual Option		Intervention Options	
		(Options B, B2, B3, B4, E, E1, G and H).	
Number of Residential Units	1,543	2,969	Developed by end of year
Assumed timescales for delivery	<p>Midforrest: 420 units by 2031</p> <p>Palaceriggs: 852 units by 2036</p> <p>Mossie Farm: 140 units by 2031</p> <p>Berryhill/Stirling Road: 0 units</p> <p>East of 28 Airdrie Hall St.: 31 units by 2026</p> <p>NLC owned Sites: 122 units by 2031</p> <p>Various Small Sites: 166 units by 2037</p>	<p>Midforrest: 600 units by 2030</p> <p>Palaceriggs: 1,217 units by 2035</p> <p>Mossie Farm: 200 units by 2032</p> <p>Berryhill/Stirling Road: 523 units by 2035</p> <p>East of 28 Airdrie Hall St.: 62 units by 2026</p> <p>NLC owned Sites: 122 units by 2031</p> <p>Various Small Sites: 245 units by 2036</p>	<p>2030</p> <p>2035</p> <p>2032</p> <p>2023</p> <p>2026</p> <p>2031 None claimed.</p> <p>2036</p>
Sqm of commercial/industrial floorspace	11,323 sqm of commercial space	33,971 sqm of commercial space	
Assumed timescales for delivery and occupancy	<p>Southwest Industrial Site/Chapelhall: 2,205 sqm of industrial space by 2026</p> <p>Lanarkshire Enterprise Park, York Road: 2,736 sqm of industrial space by 2026</p> <p>Link Park Phase 2: 1,622 sqm of industrial space by 2026</p> <p>BioCity Scotland Expansion: 4,760 sqm of lab and office space by 2026</p> <p>Dunlister/Lancaster Site: No activity</p>	<p>Southwest Industrial Site/Chapelhall: 3,150 sqm of industrial space by 2026</p> <p>Lanarkshire Enterprise Park, York Road: 3,908 sqm of industrial space by 2026</p> <p>Link Park Phase 2: 3,244 sqm of industrial space by 2026</p> <p>BioCity Scotland Expansion: 6,800 sqm of lab and office space by 2026</p> <p>Dunlister/Lancaster Site: 2,500 sqm of high end office space by 2041; petrol station by 2027; 340 sqm fast food takeaway by 2027; 1,475 sqm gym by 2028; 625 sqm restaurant by 2028; 40 bed hotel by 2029;</p>	<p>2026</p> <p>2026</p> <p>2026</p> <p>2026</p> <p>2029</p> <p>2043</p>

		1,625 sqm retail units by 2029; 2,806 sqm industrial space by 2028; 4,499 sqm industrial space by 2030; 3,395 sqm industrial space by 2041; 4,084 sqm industrial space by 2043.	
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Table 1.5 Project Benefits and Delivery Method

GCR City Deal Project Output	Unit of Measure	Project Output Description	Delivery Method
Outcomes directly delivered by City Deal investment			
Transport -			
Cycle Routes created (TR_06)	5 km	This includes New Greenfield Cycle Path and New on-road cycleway.	NLC
Junctions (New) (TR_08)	5	5 new junctions (EALR/Roughrigg Rd, EALR/Forrest St, EALR/B803 and EALR/A73/Stirling Rd) and New Monklands Replacement Hospital access	NLC
Junctions (Improved) (TR_09)	2	2 improved junctions (Existing Lancaster Ave/A73 Roundabout and Old Biggar Rd/B803).	NLC
Road bridges (New) (TR_13)	8	This includes 4 watercourse, Craigens Rd, Stepends Rd, Railway Track and Ballochney Rd.	NLC
Road created (New) (TR_14)	10Km	This includes EALR, Gartness Rd and Ballochney Rd.	NLC
Road enhanced (TR_15)	1.5Km	This includes Old Biggar Rd.	NLC
Outcomes – Follow-on private sector development			
Floorspace			
Business (Classes 1, 3, 7,11, Sui Generis Shops (Class 1) (FS_01) Food and Drink (Class 3) (FS_03) Hotels and Hostels (Class 7) (FS_07) ¹ Assembly and Leisure (Class 11) (FS_11)	12,124 sqm	Area of floorspace created – either directly or in follow on investment – that fall within classes 1,3,7,11 or sui generis as per The Town and Country Planning (Use Classes) (Scotland) Order 1997.	Private Sector Development

¹ Note that these class uses have been considered together as the associated development proposal has been granted Planning Permission in Principle and the final uses of the site are subject to change.

Business (Class 4) (FS_04)	2,500 sqm	Area of floorspace created – either directly or in follow on investment – that fall within class 4 as per The Town and Country Planning (Use Classes) (Scotland) Order 1997.	Private Sector Development
General Industrial (Class 5) (FS_05)	13,052 sqm	Area of floorspace created – either directly or in follow on investment – that fall within class 5 as per The Town and Country Planning (Use Classes) (Scotland) Order 1997.	Private Sector Development
Housing			
No. of New Residential Units (HLAA2018.CAPACITY) (HOUS_01)	1,287	Total number of housing units, includes both houses and flats and is the sum of categories HOUS_02, and HOUS_04.	Private Sector Development
No. of New Private Housing Units (HLAA TENURE.PRIV) (HOUS_02)	1,174	Number of new private housing units constructed. The definition for 'private housing' is based upon the Clydeplan Housing Land Audit Guidance Notes 2018 and includes: •Owner occupied; •Private rent; •Other private shared Ownership/equity arrangements.	Private Sector Development
No. of New Social Housing Units (HLAA TENURE.SR) (HOUS_04)	113	Number of social housing units constructed. The definition for 'social housing' is based upon the Clydeplan Housing Land Audit Guidance Notes 2018 and includes: •Social rented housing from a local authority or Registered Social Landlord (RSL); •Mid market rent from a local authority or RSL landlord.	Mixture of NLC and Housing Associations (due to CGA development)

1.6 Management Arrangements

- 1.6.1 Project development and delivery will principally be managed by internal resources within the multi-disciplinary Enterprise Projects Team, with management oversight provided by North Lanarkshire Council's internal City Deal and Ravenscraig Steering Group, which meets on a quarterly basis. This structure is also supported by the councils' Transforming Places Board, which meets on a quarterly cycle. The internal structures are supported by external Project Interface Board which is a joint partnership Board between NLC and NHS Lanarkshire and has been set up to oversee the interface and dependency between the East Airdrie Link Road and the Monklands Replacement Hospital Project. A project team has been assigned to the Project.

1.7 Approval Sought

- 1.7.1 Table 1.5 details the funding sought to further develop the Project to FBC stages. A sum of **£16,000,000** is sought to progress detailed design work, ground investigations and surveys, planning application submission, service investigations and diversions, other

enabling works and to cover internal project management fees, allowances for contingency, inflation and optimism bias on services contracts.

Table 1.6 OBC Funding Approval Sought

East Airdrie Link Road Project: City Deal Funding Approved and Sought				
Project	SBC Funding Approved	OBC Funding Sought	Remaining CD Project Budget	Total CD Project Budget
East Airdrie Link Road	£4,601,000	£16,000,000	£64,114,208	£84,715,208
Totals	£4,601,000	£16,000,000	£64,114,208	£84,715,208

- 1.7.2** It is recommended that Cabinet approve this Outline Business Case for the East Airdrie Link Road Project and the amount of Glasgow City Region City Deal sought at OBC stage of **£16,000,000**. Approval for the remaining funding within the **£84,715,208** project budget, will be sought at FBC stage for the three sub-projects within this OBC.