Glasgow City Region City Deal

Cabinet

Report by Director of Regional Economic Growth

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Item 8(b)
6th October 2020

PMO Evaluation:

North Lanarkshire Council – Outline Business Case – Ravenscraig Infrastructure Access (RIA)

Purpose of Report:

To report to the Cabinet on the evaluation of North Lanarkshire Council Outline Business Case (OBC) for Ravenscraig Infrastructure Access (RIA)

Recommendations:

It is proposed that the Cabinet:

1. note the content of this report;
2. note the PMO Appraisal, Project Risk Register and Project Risk Register are available on request from the Clerk;
3. approve this Business Case;
4. invite North Lanarkshire Council to proceed to prepare four Full Business Cases;
5. to approve the funding requirement of £4.2m to develop the four Full Business Cases; and
6. note the PMO will incorporate the information within the OBC within the Programme Business Case and Programme Plan.

1. Purpose

1.1. To report to the Cabinet on the evaluation of Outline Business Case (OBC) for Ravenscraig Infrastructure Access (RIA).

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 Planning and Regeneration department approved the submission of the OBC on 12th August 2020. On 27th August 2020, North Lanarkshire Council's Enterprise and Growth Committee approved the OBC and the submission of this business case to the Programme Management Office for appraisal. The content of the committee report is consistent with the scope, finance, timeline, and benefits of the OBC submitted to the PMO.

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 Ravenscraig Infrastructure Access 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 the Pan Lanarkshire Orbital Transport Corridor Revised SBC previously approved by Cabinet on 4th December 2017 and the North Lanarkshire Council Programme Realignment paper approved by Cabinet on 9th April 2019.

3.3. The monitoring and evaluation of the RIA OBC will continue to inform the overarching Programme Business Case.

3.4. The Executive Summary for the RIA 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, Timeline, Finance and 'Future' status for Benefit Realisation.

5. Scope

5.1. The scope of the RIA OBC is consistent with the content of the SBC previously approved by Cabinet and the North Lanarkshire Council Programme Realignment paper approved by Cabinet on 9th April 2019.

5.2. There have been no change controls submitted for Scope since the approval of the SBC and the Programme Realignment report.

6. Programme Milestones

6.1. North Lanarkshire Council is proposing to submit four FBCs following the approval of this OBC. The key milestone dates and associated project costs the four FBCs are as follows:

1) Southern Infrastructure - Creation of West Coast Mainline Crossing by Network Rail (SLC ref. LOT 2A) (£26m)

   - FBC submission November 2021
   - Contract Award Q3 2021/22
   - Construction Start December 2021
   - Construction End Q1 2023/24

2) Southern Infrastructure Dual Carriageway - from Ravenscraig Regional Sports Facility to Motherwell & New signalised roundabout at Airbles Road/Windmillhill Street (SLC ref. LOT 2B) (£36m)

   - FBC submission Q3 2022/23
   - Contract Award Q3 2022/23
   - Construction Start Q4 2022/23
   - Construction End Q1 2025/26

3) Northern Infrastructure - Dualling of the existing A723 from Ravenscraig to the M8 (SLC ref. LOT 1) (£56m)

   - FBC submission Q2 2023/24
   - Contract Award Q2 2023/24
   - Construction Start Q2 2023/24
   - Construction End Q3 2025/26

4) Southern Infrastructure - Completion of dualling of Airbles Road and minor improvements to junction at Hamilton Road (SLC ref. LOT 2C) (£9m)

   - FBC submission Q1 2024/25
   - Contract Award Q1 2024/25
   - Construction Start Q1 2024/25
   - Construction End Q3 2025/26.

6.2. The milestones history is briefly reported below:

- SBC – CEG 30th November 2017 and Cabinet on 4th December 2017
- Change Control no. 200110_NLC_CH0021 approved by Cabinet on 11th February 2020 restated following dates:
  - OBC submission from May 2020 to August 2020
  - Project Completion 2025 (same as per approved SBC).

The overall completion date of Q3 2025/26 is consistent with the timescales set out within the SBC and the previously approved Change Control. In approving this OBC there will be no change to the previously approved overall programme for RIA.

7. Finance

7.1. The total cost of the project is £127.2m of which £72m is funded from City Deal Grant and North Lanarkshire Council Member Authority contribution and a further £55.2m from additional members' contributions from the Council. This OBC is part of the Pan Orbital SBC which has total City Deal funding of £159.6m of which £9.9m has previously been approved.

7.2. This OBC is seeking approval of £4.2m funding. This funding will be spent on Internal Council design and management fees, external fees and land acquisition costs. This funding request is in line with the value of funding requests of comparable value projects at this stage of project development. This funding request is within the overall project funding allocation that has already been approved.

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. There have been no change controls submitted for Finance since the approval of the SBC and the Programme Realignment Report.

8. Benefits Realisation

8.1. The benefits that will be delivered by this project align to the benefits set out within the wider Pan Lanarkshire Orbital Transport Corridor Project SBC, initially approved by Cabinet in December 2017 and then subsequently through the Cabinet approval of NLC's programme re-profiling in April 2019. As per HMT Green Book guidance the net additional economic results have been reported which in the case of this OBC results in only 38% of the economic benefits being attributed to GCR City Deal Investment. Net direct and wider economic impacts for the realisation of the wider Ravenscraig site are also detailed within the OBC.

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 by 2035	£103m NPV
Net additional GVA at Scotland by 2035	£136m NPV
Net additional GVA at GCR over 25 years	£172m NPV
Net additional GVA at Scotland over 25 years	£200m 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 RIA project the BCR is calculated as follows:

Benefit Cost Ratio	
Net Additional GVA at GCR over a 25 year period	£172m
Total public sector costs over 25 years	£80m
BCR	2.15 to 1

8.4. The BCR of 2.15 to 1 is for the benefits and costs that are attributed to the City Deal Investment (contributing to a wider BCR for the entire project of 2.43 to 1). Therefore for every £1 of public money invested through the City Deal, £2.15 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 6.4 to 1. The BCR for this business case is in line with a number of other City Deal projects which are currently in progress.

8.5. In addition to the direct economic benefits of the project, and in line with H.M. Treasury Green Book Guidance, the Economic Case makes clear that the assessment of the options identified the option that offered best public value to society, including wider social and environmental effects, taking into account the Regional Inclusive Growth Priorities. The OBC states that *"this* [value for money] *assessment further reflects the first objective – to unlock development potential within the national development priority of Ravenscraig – whether in providing jobs, reducing vacant and derelict land, supporting housing development."*

8.6. **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
Net additional development/ follow on jobs at GCR (Person Years of Employment) by 2035	1,388
Operational Employment – permanent jobs created.	
Net additional Full Time Equivalents by 2035	189

8.7. **Private Sector Investment**: Details of the development sites where anticipated private follow-on investment is projected to deliver £121m (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.

8.8. From project inception, there have not been change control/s submitted for Benefit Realisation.

9. Transport Appraisal

9.1. Officers from South Lanarkshire and East Dunbartonshire Councils have reviewed the transport related aspects of this OBC and provided comments on this (see attached Appendix 2). The main points of this transport appraisal are summarized in the paragraphs below.

9.2. Provision for pedestrians and cyclists has been provided in the form of wider footways. More detail of how active / sustainable travel has been considered and integrated with existing networks should be presented as part of any future FBC.

9.3. All the transport elements of this OBC (including the Ravenscraig TIF elements) were included in the City Deal Transport Cumulative Assessment exercise. The Project is not expected to have any significant impacts on the wider strategic road network, but clearly the interface and proximity of the trunk road network will have to be considered as the project progresses to the detailed design / construction stage.

9.4. The transport assessments and appraisals were carried out in line with the Scottish Transport Appraisal Guide which has reiterated the need for significant improvements in transport infrastructure.

9.5. The Paramics modelling has indicated that the full dualling of the A723, creates a Pan Lanarkshire Orbital Route with an acceptable degree of performance in all modelled years up to and including 2045.

9.6. The interventions proposed in this OBC comprise strategic transport infrastructure (i.e. roads, junctions, foot and cycleways) and their purpose is to enable residential and commercial development and not to address perceived existing transport capacity issues.

9.7. This OBC does not report on the impacts of Covid-19 in relation to current and future transport / travel demands and NLC should consider whether it would be appropriate to conduct Covid19 sensitivity / scenario tests as the RIA (and other projects) progress to the next stage business case.

9.8. Two main risks to the programme delivery have been identified, namely land acquisition and the involvement of the rail industry to deliver the West Coast Main Line crossing works during a December 2022 blockade.

9.9. Having considered the information presented in the OBC there are no issues with the transportation aspects of the OBC that need to be given further attention at this stage.

10. Legal and Procurement

10.1. The legal and procurement review undertaken indicates that the Business Case complies with the Appraisal Criteria.

11. Recommendations

11.1. It is proposed that the Cabinet:

1. note the content of this report;
2. note the PMO Appraisal, Project Risk Register and Project Risk Register are available on request from the Clerk;
3. approve this Business Case;
4. invite North Lanarkshire Council to proceed to prepare four Full Business Cases;
5. to approve the funding requirement of £4.2m to develop the four Full Business Cases; and
6. note the PMO will incorporate the information within the OBC within the Programme Business Case and Programme Plan.

Appendix 1 – Executive Summary

EXECUTIVE SUMMARY

A Introduction

A.i The total project cost of £127.2 million is to be funded through:

- City Deal - £61,902,169 or 86%
- North Lanarkshire Council MA Contribution - £10,077,097 or 14%

sub-total conventional cost split - £71,979,266

Shortfall met by additional North Lanarkshire Council MA contribution - £55,193,227

A.ii The overall funding split of the total project cost being:

- City Deal - £61,902,169 or 48.7%
- North Lanarkshire Council MA Contribution - £65,270,324 or 51.3%.

A.iii The *Project* will deliver strategic road infrastructure to release development land at Ravenscraig, a former steelworks site and national priority for development.

A.iv The *Project* is a sub-project of the Pan Lanarkshire Orbital Transport Corridor for which a revised Strategic Business Case was approved in December 2017.

A.v The provision of the strategic road infrastructure proposed by the *Project* will remove an identified constraint to the regeneration of Ravenscraig enabling the transformation of one of the largest vacant and derelict land sites in central Scotland into a national economic asset.

A.vi The status of Ravenscraig as a national priority for development is given in recognition of the economic and environmental benefit that will be realised by bringing 200ha of brownfield land back into productive use. The redevelopment of Ravenscraig, as proposed in the revised Ravenscraig Masterplan will provide up to three thousand new homes, create employment and education opportunities and offer a range of community, retail and leisure facilities within a mixed use development designed to foster green movement and sustainable living. The revised Ravenscraig Masterplan and Planning Permission in Principle (the "*Revised Masterplan*") is approved subject to conditions and Section 75 agreement.

A.vii Realising the full development potential of Ravenscraig will generate significant economic value for the city region. In addition it will have a positive impact on the communities in and around Ravenscraig, who have suffered from the negative impacts of the closure of the steelworks as evidenced by high levels of deprivation, inequality and an environment degraded by past heavy industrial use, enabling them to benefit from improved opportunity of access to employment, education, services, community facilities and greenspace.

A.viii In bringing together the strategic, economic, commercial, financial and management case for the *Project* and for City Deal investment this OBC sets out the rationale for intervention, the options considered in identifying the preferred way forward, the economic benefit arising from the intervention and the arrangements for managing and delivering the *Project*. It demonstrates the *Project* is financially sustainable and will deliver economic benefit and public value including wider social and environmental effects.

B The Strategic Case

B.i City Deal funding is sought to enable the sustainable, mixed use development of Ravenscraig through the provision of new transport infrastructure and improvements to existing.

- **Northern strategic infrastructure** providing connections to the M8
    - Dualling of the existing A723 from Ravenscraig to the M8
- **Southern strategic infrastructure** providing connections to Motherwell and the M74
    - Upgrading the Hamilton Road/Airbles Road junction including completing the dualling of Airbles Road

- New signalised roundabout at Airbles Road/Windmillhill Street to provide the new dual carriageway link to Ravenscraig; and
- Crossing of the west coast railway line and new dual carriageway into Ravenscraig

All works include provision for pedestrians and cyclists, creating new active travel routes.

B.ii Of the £127.2m funding required for the Project a £61.9m (49%) contribution is sought from City Deal with £65.3m (51%) being provided by North Lanarkshire Council. The City Deal contribution rate of 49% is significantly lower than that conventionally sought under City Deal.

B.iii The proposed City Deal intervention is needed to address market failure arising from the following:

- the nature and geography of the Ravenscraig site;
- the required strategic road infrastructure being a public asset;
- the exceptional levels of abnormal costs arising from the site's past heavy industrial use; and
- the commercial and financial capacity of the Ravenscraig development to bear these abnormal costs.

B.iv The rationale for City Deal funded infrastructure investment is based on the additional economic value, £626m GVA, 770 jobs and £498m private investment that will be generated as a result of enabling the full development potential of the Ravenscraig site to be realised.

B.v Without intervention to provide the strategic road infrastructure as proposed the full development potential and economic benefit of Ravenscraig cannot be realised and an opportunity to address issues of deprivation and deliver significant inclusive growth, at both a regional and local level, will be missed.

B.vi In addition to the primary objective of the project, to provide the strategic transport infrastructure required to unlock the full development potential of Ravenscraig, the Project aims to:

- Support a shift from car based transport to active travel modes;
- Improve connectivity across the area including to regional facilities and improve sub-regional strategic connections; and to
- Bring Vacant & Derelict Land back in to use.

B.vii A well as there being a clear need for the City Deal intervention in the form proposed by the Project the regeneration of Ravenscraig is a key policy aspiration at a national and local level and is supported accordingly by national, regional and local spatial and economic policy.

B.viii The Project objectives and outcomes closely align with the priorities of the City Deal programme and the strategic objectives of improving transport connectivity, regenerating key brownfield sites; leveraging in private sector investment and creating sustainable economic growth.

B.ix In progressing from the strategic to the outline business case for the Project the Council continues to adopt a robust approach to managing project risk. Of the high level risk identified none are considered to be unusual or abnormal for an infrastructure project of the nature proposed.

C The Economic Case

C.i The proposed Project has been identified through the testing and appraisal of alternative options to select a preferred solution that meets the identified need and delivers value for money for the public sector.

C.ii As the extent and scale of the physical interventions required to release the development potential at Ravenscraig have been appropriately determined by extensive assessment and testing of the project in planning and design development the options considered and tested in the economic case focus on the manner of, and mechanisms for, delivering the required physical intervention of strategic road infrastructure.

C.iii From the long list of options, as developed in consideration of the Project objectives and assessed against the categories of scope, solution, delivery and implementation, the following two short listed options have been selected for appraisal and consideration against the counterfactual i.e. do nothing:

- Option 1 - Full scheme - Northern and Southern Infrastructure delivered by 2025
- Option 2 - Part scheme – Southern Infrastructure only delivered by 2025

C.iv On appraisal, Option 1, delivering both the northern and southern road infrastructure, has been identified as releasing the greatest degree of development at Ravenscraig and making the greatest contribution to City Deal objectives and regional inclusive growth priorities and as such is identified as the preferred option.

C.v Option 1 secures the most efficient level of City Deal investment to meet current and forecast market demand and brings forward completion of the full Ravenscraig site to peak development capacity. While is the most expensive option to the public sector it delivers substantial additional economic value alongside a wide range of other non-quantifiable economic, social, environmental and community benefits across the City Region and beyond.

C.vi From its primary purpose of enabling commercial and residential development at Ravenscraig the Project will deliver follow-on development of 2,900 new homes, 213,000SqM of commercial and industrial floorspace and two schools and generate £626m GVA of net economic benefit. Of these benefits 1,100 homes, 82,000SqM commercial and industrial floorspace and £241m GVA are attributable to the City Deal investment.

C.vii The cost (total public capital and revenue) to benefit (net additional GVA) ratio of the selected Option 1 is 1:2.01.

C.viii Sensitivity analysis has considered an overall impact of a loss of GVA arising from the economic risk that the follow on development and investment by housebuilders and commercial property developers occurs at either a lesser rate or to a lesser degree.

C.ix In testing and comparing options all costs have been discounted to today's values and all benefits are presented at the net direct level with GVA benefits discounted to today's values in accordance with HM Treasury Green Book requirements.

D The Commercial Case

D.i The preferred option, Option 1, has been identified through the development of the Revised Masterplan by Ravenscraig Ltd in consultation with the Council and subsequent assessment and approval by the Council in consultation with delivery and operational partners and including development and testing with Network Rail in regard to the WCML crossing.

D.ii In identifying the need for public intervention the viability of development at Ravenscraig has been assessed in consideration of the options for both public and private funding.

D.iii While the development of Ravenscraig will bear costs typically encountered as well as those associated with the Section 75 agreement it is clear from the viability assessment that it is unable to bear any portion of the cost of strategic infrastructure. The options of the works being privately funded from the development or the public funding being repaid by income generated from plot sales and development receipts have therefore been discounted.

D.iv There have been no additional public funds identified in the short to medium term that would appropriately support the costs of the strategic infrastructure or which do not rely on recovery from the development itself.

D.v The need for the follow-on development and investment from the housing and commercial property developers and the public sector is identified as a key external dependency for the Project. The property market remains healthy in the area and there is a good demand for residential and commercial property developed on the site and which commands prices and values in keeping with and often exceeding those in the surrounding market.

D.vi To ensure a viable procurement and a well-structured deal between the public and private sector that will deliver best value to both parties the procurement strategy has been developed in consideration of: the scope, nature and value of the works; programme constraints, dependencies and opportunities; the approach to packaging the works; the route to market; the use of a new procurement or existing frameworks; and open, competitive or restricted procedure.

E The Financial Case

E.i In demonstrating the affordability and fundability of the *Project* the capital revenue and whole life costs of the scheme have been considered.

E.ii The overall Pan Lanarkshire Orbital Transport Corridor Project has an approved total cost of £189,524,000 inclusive of allowances for inflation, optimism bias and contingency. Within this SBC, and subsequent realignment of the Council's City Deal programme in 2018, the approved cost for the Ravenscraig Infrastructure Access project was £101,000,000.

E.iii In developing the proposals from approval of the revised SBC in 2017 and the realignment of the programme in February 2018 the total forecast cost of the project has risen from £101m million to £127.2m.

E.iv Accordingly, allowing for other sub-projects within the SBC, the total cost of the SBC is now forecast at £216m.

E.v The total Project cost of £127.2 million is to be funded through City Deal and Member Authority contributions and is split:
City Deal - £61,902,169 or 48.7%

North Lanarkshire Council MA Contribution - £65,270,324 or 51.3%.

E.vi For the avoidance of doubt the conventional Member Authority contribution of 14% is included in the £65.3m or 51.3% contribution from North Lanarkshire Council.

E.vii The requirement for a greater Member Authority contribution to the project than the conventional 14% is discussed throughout this OBC and the option to reduce the contribution to 14% is considered in the option appraisal and further in the Commercial Case.

E.viii Should one wish to view the project funding in line with the 86%/14% conventional split the Project is funded through:

- City Deal - £61,902,169 or 86%
- North Lanarkshire Council MA Contribution - £10,077,097 or 14%

sub-total conventional cost split - £71,979,266

- Shortfall met by additional North Lanarkshire Council MA contribution - £55,193,227

E.ix The additional cost of the project which exceeds the provision in the approved SBC will be met by additional contributions from the Council.

E.x Of the £4 million previously approved for the development of the proposals and the preparation of the OBC total costs of £966k have been incurred. The remaining costs required to progress to FBC and prior to the award of works contracts totals £7.24 million and as such approval is sought for a further £4.2 million from GCRCD (£7.24m+£966k less £4m) to progress to FBC.
The funding is required for:

- Land Acquisition (inclusive of associated legal and surveying fees) to secure land required for the WCML crossing
- Internal Council Management & Design Fees
- External fees
- Along with an allowance for inflation and Optimism Bias

For reference, the funds approved as part of the original SBC in 2015 (£1.101m) were for the development of the other sub-projects under the Pan Lanarkshire Orbital Transport Corridor Project as at that time the Ravenscraig Infrastructure Access Project did not form a part of the SBC.

E.xi Benefit monitoring and evaluation will be undertaken by in-house by NLC services and staff as detailed within the Management Case. An allowance has been made to support costs of external data collection and surveys where appropriate.

E.xii The management of costs and financial risk of the Project is the responsibility of North Lanarkshire Council. The Project finances and budget monitoring are managed by the Enterprise Projects Team in accordance with established NLC procurement, project management and budget monitoring arrangements and regulations throughout project development and implementation stages.

F The Management Case

F.i The Project will be managed the Council in accordance with the GCRCD Programme Management Toolkit and the Council's Project Management Model.

F.ii A clear and effective leadership and governance structure has been put in place and roles assigned to the Senior Responsible Officer, Project Sponsor and Project Manager and the Council's City Deal and Ravenscraig Project Boards. A multi-disciplinary project team has been identified comprising officers from across the Council supported by external professional resources as appropriate. The Council is working in close collaboration with Network Rail for the development of the West Coast Mainline Railway crossing.

F.iii Once complete the assets will be transferred to the Council's Environmental Assets service for ongoing operation and management – senior and operational officers from Environmental Assets have been involved in the project from the outset.

F.iv The Enterprise Projects Team will retain responsibility throughout for long-term monitoring of outputs and outcomes and for the evaluation of benefits.

Appendix 2 – Transport Appraisal

Ravenscraig Infrastructure Access

Review of Outline Business Case (Transportation) September 2020

To assist the PMO in its appraisal of businesses cases, officers from two other Member Authorities, namely South Lanarkshire and East Dunbartonshire Councils have reviewed the transport related aspects of the Ravenscraig Infrastructure Access project (RIA) Outline Business Case which is due to be considered by the CEG and Cabinet in the October 2020 Cycle of meetings. The RIA project is a sub project of the larger Pan-Lanarkshire Orbital.

A previous appraisal of the revised Strategic Business Case (SBC) relating to the Pan-Lanarkshire Orbital and the issues associated with the withdrawal of the Ravenscraig TIF was considered by the now disbanded Transport Appraisal Group prior to consideration by the CEG and Cabinet in the November / December 2017 Cycle of meetings.
The revised SBC explained that that the overall Pan-Lanarkshire now comprised 3 sub-projects (rationalised from the original 4), namely:

- Motherwell town centre transport interchange (minor changes from original SBC through refinement of project scope)
- East Airdrie Link Road (EALR) (as original SBC)
- Ravenscraig Infrastructure Access (additional elements to original SBC)

The part Outline Business Case (OBC) now being considered seeks approval for £127.2 million from the Glasgow City Region City Deal Infrastructure programme for the Ravenscraig Infrastructure Access (RIA) project. The RIA Project is the third of the projects outlined above from the Pan-Lanarkshire Orbital SBC. The funding is split £61.9 million City Deal (49%) and £65.3 million North Lanarkshire Council (51%).

The OBC states that the RIA Project will deliver strategic road infrastructure to release development land at Ravenscraig, a former steelworks site and national priority for development.
The elements of the RAI project are set out below:
Northern strategic infrastructure providing connections to the M8

- Dualling of the existing A723 from Ravenscraig to the M8

Southern strategic infrastructure providing connections to Motherwell and the M74

- Upgrading the Hamilton Road / Airbles Road junction including completing the dualling of Airbles Road
- New signalised roundabout at Airbles Road / Windmillhill Street to provide the new dual carriageway link to Ravenscraig; and
- Crossing of the west coast railway line and new dual carriageway into Ravenscraig

The OBC states that all works include provision for pedestrians and cyclists, creating new active travel routes, however, it is not immediately clear as to the detail of the interventions proposed although wider footways are noted on the proposal drawings. While there seems to be a well-developed and emerging active travel strategy for the Ravenscraig site the strategic road infrastructure proposals set out in the OBC seem to be very much just that. More detail of how active / sustainable travel has been considered and integrated with existing networks should be presented as part of any future Full Business Case (FBC).
It was noted in the review of the SBC referred to above that the overall Pan-Lanarkshire Orbital SBC (including the Ravenscraig TIF elements) had been included in the City Deal Transport Cumulative Assessment exercise, with subsequent outputs from this exercise indicating that the overall strategic transport network would continue to operate satisfactorily with all forecast City Deal housing and employment increases added to the base model and the key City Deal transport projects added to the network.

With this in mind the Project is not expected to have any significant impacts on the wider strategic road network, but clearly the interface and proximity of the trunk road network will have to be considered as the project progresses to the detailed design / construction stage.

The SBC presented the initial case for intervention in the form of new transport infrastructure and improvements to existing, to remove the constraints on development at Ravenscraig. The potential interventions noted and considered in the SBC were borne out of transport assessments and appraisals, carried out in line with the Scottish Transport Appraisal Guide, accompanying the masterplan approved in 2005. During 2017 and 2018 a Revised Masterplan was developed and approved in 2020. This has reconsidered and reiterated the need for significant improvements in transport infrastructure.

The OBC states that the Ravenscraig TA (2019) and the accompanying Updated Ravenscraig STAG (2018), prepared in development of the Revised Masterplan, considered and tested a wide range of interventions including: increases in road capacity and new connections for vehicular traffic; public transport modes, routes and service levels; and provision for active travel.

Further Paramics modelling concluded in 2020 indicated that the full dualling of the A723, creates a Pan Lanarkshire Orbital Route with an acceptable degree of performance in all model years up to and including 2045. Paramics modelling also indicates that by 2030 the A723 is over capacity with long queues and poor journey times. Dualling the A723 mitigates these issues and provides much improved access to Ravenscraig. By 2045, the A723 dualling scheme is still operating within capacity and can support the full development plans without further mitigation required on this section of the corridor.

Extensive modelling / masterplan work has been undertaken in support of the RIA Project and supporting interrelated projects demonstrating / evidencing the need to deliver strategic road infrastructure to release development land at Ravenscraig.

A point worth noting is that whilst the interventions proposed in this Business Case comprise strategic transport infrastructure i.e. roads, junctions, foot and cycleways, their purpose has been to enable residential and commercial development and not to address perceived existing transport capacity issues. In establishing the extent and scale of interventions the principle has been to achieve a no net detriment situation and the scale proposed does not necessarily address all current capacity problems. That said, planning for road capacity improvement some 25 years in the future (i.e. 2045) may be considered too much of a 'predict and provide' approach rather than the current developing approach of 'predict and decide'.

The OBC is also silent on the impacts of Covid19 in relation to current and future transport / travel demands and indeed the state of development market. Given the timing of technical / assessment reports this is understandable, however, NLC should consider whether it would be appropriate to conduct Covid19 sensitivity / scenario tests as the RIA (and other projects) progress to the next stage business case.

Furthermore, as the project develops it may be more appropriate to consider how active travel measures can perhaps offer greater or complementary 'capacity' solutions than is perhaps currently presented in the OBC. It is also noted from the STAG / masterplan work that the introduction of a rail station (on the Ravenscraig site) and rail service being introduced at a future date, should not be precluded and the necessary safeguarding should be put in place.

The OBC states that the provision of the strategic road infrastructure proposed by the RIA Project will remove an identified constraint to the regeneration of Ravenscraig. Without intervention to provide the strategic road infrastructure the full development potential and economic benefit of Ravenscraig cannot be realised and an opportunity to address issues of deprivation and deliver significant inclusive growth, at both a regional and local level, will be missed.

The extensive analysis undertaken by others and presented in this OBC has not been interrogated in detail as part of this review, however, the resulting conclusions support this assessment and appear reasonable. Although there is reference to a viability assessment it is not clear as to how the delivery of this strategic road infrastructure will directly encourage or accelerate development, and the FBC should perhaps be clearer on this as the project develops. This is particularly relevant in a 'post or living with Covid19' society.

Finally, the OBC sets out a very ambitious phased programme of delivery for the RIA project with some fundamental / high risk elements such as land acquisition and the involvement of the rail industry two areas that could introduce delays and barriers to the project delivery. NLC should satisfy themselves that sufficient time has been given to ensure these matters have been suitably resourced and contingency in place to manage any cost pressures. This is especially relevant given the proposal to deliver the WCML crossing works during a December 2022 blockade.
Having considered the information presented in the OBC there are no particular issues with the transportation aspects of the OBC that need to be given further attention at this stage, however, would ask that NLC / partners fully consider the matters raised above (and summarised below) when progressing to the FBC.

- While there seems to be a well-developed and emerging active travel strategy for the Ravenscraig site the strategic road infrastructure proposals set out within this OBC seem to be very much focused on road capacity enhancements. More detail of how active travel has been considered should be presented in any future Full Business Case (FBC).

- The Project is not expected to have any significant impacts on the wider strategic road network, but clearly the interface and proximity of the trunk road network will have to be considered as the phased projects progress to the detailed design / construction stage.

- The OBC appears silent on the impacts of Covid19 in relation to transport demands and indeed the development market which given the timing is understandable, however, NLC should consider whether it would be appropriate to conduct Covid19 sensitivity / scenario tests as the projects progress to part or Full FBC.

- Furthermore, as the project develops to FBC it may be more appropriate to consider how active travel measures can perhaps offer greater solutions than is currently presented in the OBC.

- The OBC states that without intervention to provide the strategic road infrastructure the full development potential and economic benefit of Ravenscraig cannot be realised. However, it is not clear as to how the delivery of the infrastructure will directly encourage or lead to development, and the FBC should perhaps be clearer on this as the project develops.

- The OBC sets out a very ambitious phased programme with some fundamental elements such as land acquisition still to commence and the involvement of the rail industry two elements that could introduce delays to the programme. NLC should satisfy themselves that sufficient time has been given to ensure these matters have been suitably resourced and contingency in place to manage any cost pressures.

For the avoidance of any doubt the summary and comments above are restricted to the transportation aspects of the OBC and no consideration or comment has been given to the other matters e.g. GVA assessment, market failure, procurement, employment or wider economic development rationale or financial funding models presented in the OBC.