

Glasgow and Clyde Valley Cabinet**Report by Head of Programme Management Office****PMO Evaluation –
East Renfrewshire OBC - M77 Strategic Corridor****Purpose of Report:**

East Renfrewshire Council, as a Member Authority, has submitted the following Outline Business Case. Glasgow and Clyde Valley Cabinet is requested to consider the recommendations from the PMO, which have been considered and approved by the Chief Executives' Group:-

Outline Business Case M77 Strategic Corridor – incorporating Full Business Case for Lavern Works

Recommendations :

It is proposed that the Cabinet:-

- (1) agree that East Renfrewshire Council be invited to proceed to develop the project submitted to the next stage of development through the preparation of a Full Business Case, subject to the business case evaluation criteria being met in full;
- (2) note that East Renfrewshire Council will continue to take cognisance of the emerging outcomes of the SAF and the detail of the Programme Business Case; and
- (3) approve the funding requirement of £173,000 for the Outline Business Case and £912,000 for the Full Business Case for Lavern Works.

1. Purpose:

- 1.1 East Renfrewshire Council, as a Member Authority, has submitted an Outline Business Case for consideration by Glasgow and Clyde Valley City Deal Cabinet, together with a Full Business Case for part of the project. Both Business Cases were considered by the Chief Executives' Group on 5th August 2015 when it was agreed that they should be submitted to Cabinet for approval.

2. Background:

- 2.1 The Executive Summary for the project is attached as Appendix 1. This describes the strategic need for the project, the options which have been considered to address the area's development constraints and the outline of a proposed solution.
- 2.2 The project has been reviewed against the business case criteria outlined within the Assurance Framework which aims to provide a level of technical checking, and to identify areas where further analysis or planning is required to develop the project to the next level of detail. These technical checks have been discussed with East Renfrewshire Council and will form the basis of development work going forward.
- 2.3 The Outline Business case has also been assessed for "strategic fit" against the main objectives of the City Deal overall, namely;
- (i) To increase economic growth while reducing economic inequality and disparities between people and places.
 - (ii) To improve connectivity within the Glasgow City region through infrastructure investment.
 - (iii) To support a growing population.
 - (iv) To provide high quality locations for investment and economic activity.
- 2.4 The project is aligned with these objectives and the overall project outputs can be more fully defined at the Full Business Case stage
- 2.5 The Programme Business Case is in development in parallel with our appraisal of this project. The outcomes of the SAF and Programme Business case process will further inform the development of this project business case as they are developed to a Full Business Case. Going forward the project may continue to be presented in several Full Business Cases due to the size and complexity and funding requirements of the project.
- 2.6 **Financial**
The total cost of the project is £44m. This Outline Business Case, incorporating Full Business Case for Lavern Works is seeking funding for the elements of Crossmill Industrial units at £1.306m and at the Nestle site for ground formation at a cost of £0.514m. However the overall project has external funding, ERDF, ESF and LEADER funding, which reduces the

funding request to £0.912m. This funding requires to be in place and spent by 31 March 2016 to meet the requirements of the external funds.

3. Recommendations:

It is proposed that the Cabinet :-

- (1) agree that East Renfrewshire Council be invited to proceed to develop the project submitted to the next stage of development through the preparation of a Full Business Case, subject to the business case evaluation criteria being met in full;
- (2) note that East Renfrewshire Council will continue to take cognisance of the emerging outcomes of the SAF and the detail of the Programme Business Case; and
- (3) approve the funding requirement of £173,000 for the Outline Business Case and £912,000 for the Full Business Case for Lavern Works.

East Renfrewshire Outline Business Case Executive Summary M77 Strategic Corridor

1. Executive Summary

Strategic need for the project

There is a strategic need to address the following issues within East Renfrewshire:

- Lack of suitable light industrial space for business start-ups and growing businesses
- Unproductive brownfield sites within Barrhead
- Lack of business incubation space for new start-up businesses and SMEs
- The continuing regeneration of Barrhead and the development of the Foundry Links project
- Lack of public transport to serve new and existing housing in Barrhead South and Dams to Darnley Country Park
- Need to access Barrhead from the M77 by way of a modern, safe road system
- Need to improve links from Newton Mearns to Barrhead and vice versa to improve access and business opportunities across East Renfrewshire
- Provision of a leisure destination at the Dams to Darnley Country park and opening up of this area to the wider East Renfrewshire population as well as the whole Clyde Valley region.

Options shortlisted

The options considered for the M77 Strategic Corridor and included in the CVIF submission of January 2014 were initially based around Junctions 4 and 5.

Transport consultants advising the Council suggested that Junction 5 and the Glasgow Southern Orbital road are more able to cope with increased traffic flows resulting from the project, thus the proposal to improve connections from and to Junction 5 was developed rather than Junction 4.

The remaining options for the M77 Strategic Corridor were then assessed using a pre-defined set of criteria and weightings. Packages of work which scored the lowest in this process were moved to a reserve list of projects to be considered at a future date.

A do nothing option was established based on the assumption that the Council does not invest in the infrastructure projects and without this investment most of the commercial development sites are likely to remain either undeveloped or significantly under-developed.

Proposed solution

Following completion of the options appraisal process the preferred option was agreed as:

M77 Junction 5 to Barrhead

Improved connections between Newton Mearns, the Country Park and Barrhead

- Dams road re-alignment
- Balgray access road
- Purchase of land for Balgray access road.

M77 to Country Park & Barrhead

- Foundry Links – additional business and employability/training space
- Lavern Works Project – remediation / ground formation and light industrial units at Barrhead

- New rail station - Barrhead South
- Utilities provision for all developments in Country Park
- Dams to Darnley Visitors Centre.

M77 Junction 4 Developments

- Eastwood Business Incubator and Innovation Centre.

The proposed solution will deliver the maximum benefits for the project and is the one most closely aligned with the City Deals objectives.

Forecast cost

The cost of the project is estimated to be £44m of which the City Deal programme will fund £37.84m and East Renfrewshire Council £6.16m.

There is no requirement for external funding and the costs of running the Country Park Visitors Centre, extension to Foundry Links and the Eastwood Business Incubator and Innovation Centre will come from revenue generated by users of these facilities.

Benefits

It has been estimated by the Council that private sector finance of up to £367m will be realised by the project.

Economic benefits have been assessed as follows:

- generating between £34.6 and £52.4 million additional GVA/year and supporting between 1,300 and 1,870 additional jobs across Scotland
- generating between £21.7 and £35.2 million additional GVA/year and supporting between 740 and 1,140 additional jobs in the Glasgow City Region and
- generating between £17.0 and £29.5 million additional GVA/year and

supporting between 570 and 930 additional jobs in East Renfrewshire.

Proposed team and project management arrangements

A new Major Developments Team has been established within the Environment Department of East Renfrewshire Council by co-locating relevant staff from a range of professional disciplines including Roads, Planning, Regeneration, Property and Legal. This Team are responsible for taking forward the delivery of the Council's City Deal projects and where necessary will use external consultancy support for specialist support.

Delivery

The work packages within the project will be delivered over the period 2015 to 2019.

It is however important to note and understand that two schemes within the Levern Works Project are due to start in September 2015 and to avoid any potential delays, an early approval of these projects included in this Business Case is sought.

Design and feasibility costs have been incurred at risk to the Council on the above schemes but more substantial construction and implementation costs will be incurred by September 2015. It is anticipated that with the submission of this Business Case approval can be given for spend on these early City Deal projects.