



Glasgow City Region - City Deal

Cabinet

Report by Director of Environment, East Renfrewshire Council

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**EAST RENFREWSHIRE COUNCIL CITY DEAL PROGRAMME
REALIGNMENT PROPOSAL**

Purpose of Report:

The purpose of this report is to set out a proposal from East Renfrewshire Council (ERC) to modify their M77 Strategic Corridor programme of City Deal funded activity.

Recommendations:

The Cabinet is invited to:

- (a) note the progress made on the development and implementation of East Renfrewshire's £44 million City Deal programme and the significant benefits that have already been delivered for residents and business with remaining projects set to stimulate further economic growth and inclusive growth benefits for the area;
- (b) approves the revised proposed project scopes and budgetary revisions which will be contained within the existing allocation of £44 million to East Renfrewshire Council from City Deal;
- (c) notes the outcome of an independent report that indicates that there is no negative impact in the overall programme Gross Value Added (GVA) to the economy of East Renfrewshire of £193m; and
- (d) notes the proposed submission of revised and/or augmented Outline Business Cases (OBCs) to future meetings of the GCR Cabinet.

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PURPOSE OF REPORT

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BACKGROUND

2. As part of the Glasgow City Region £1.13 billion infrastructure fund East Renfrewshire is benefiting from a £44 million funding package comprising £38 million City Deal investment from the Scottish and UK Governments and a direct Council capital contribution of £6 million.

3. The East Renfrewshire area characteristically comprises two major settlements. The Eastwood side is mainly residential with limited business accommodation. The Barrhead side has more of an industrial heritage of housebuilding in the area has increased considerably recently.

4. Transport connectivity between the two sides is poor. The main direct access between the two settlements is the Aurs Road which is constrained by being narrow and winding and has a weight restricted bridge which prevents its use by buses. The Aurs Road traverses the Dams to Darnley Country Park which lies between Eastwood and Barrhead. The Park is undeveloped and lacks basic facilities.

5. In view of this the overall focus of the Council's programme has been to provide infrastructure including road improvements through an M77 Strategic Corridor Programme in support of the planned growth of Newton Mearns, sustaining the regeneration of Barrhead and transforming the Dams to Darnley Country Park into a popular regional visitor attraction.

6. In 2015 a Strategic Business Case was approved for the following projects totalling £44 million;

- Lavern Works Regeneration and Greenlaw Business Centre – £5,100,000.
- Lavern Valley Link Road (including Aurs road realignment) – £21,800,000.
- Balgraystone road (including Barrhead South Rail station) – £11,500,000.
- Dams to Darnley Visitor facilities – £5,600,000

7. With regard to the Level Valley Link Road and Balgraystone Road projects these included elements which were not broken down financially at that stage (i.e. Aurs road realignment and Barrhead South Rail station were not costed separately). Since that time East Renfrewshire Council has been trying to break down the overall programme whenever possible into discrete identifiable schemes.

8. The following OBC's and FBC's have been submitted and approved at the City Region level.

- Lavern Works OBC & FBC presented together to help capitalise on another funding stream, August 2015 - £0.911m
- Business Boost (Greenlaw Business Centre & The Foundry): OBC August 2015 - £5.6m and FBC November 2017 - £5.6m
- Barrhead South (Balgraystone Road and Aurs Road Projects) OBC March 2019 - £13.9 million

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- Balgraystone Road FBC March 2019 - £2.413 million (the FBC only covered the Balgraystone Road project as this project was further advanced than Aurs Road)

9. Some of these projects got off the ground and were delivered quickly. However, some of the projects were delayed (mainly transport related projects) as they were developed, designed and improved taking into account the emerging challenges of climate change and active travel.

10. A revised project timescale and details of the OBCs and FBCs which still require to be submitted is shown below.

Project	OBC	Revised OBC	FBC	Current Start Date	Current Completion Date	Revised Start Date	Revised Completion Date	Difference
Aurs Road revised	Mar 2019	Jan 2022	June 2022	May 2020	April 2021	Aug 2022	Aug 2023	+27mths
Rail Station	Feb 2023	n/a	Sept 2023	Oct 2023	Jan 2025			No change
Visitor Centre	Aug 2022	n/a	July 2023	June 2021	April 2022	Sept 2023	Sept 2024	+27 mths

11. Despite some delays city Deal projects are already delivering significant benefits for the residents and businesses of East Renfrewshire with attractive new business opportunities created, access to new housing enabled, an improved road transport network and improved active travel links. Remaining projects are well progressed and are set to stimulate further economic growth and inclusive growth benefits for the area.

Delivered Projects

12. **Levern Works Regeneration** – vacant land in Barrhead that was prepared for business growth and commercial investment. This comprised;

Crossmill Business Park - the development of ten 72 sqm (775 sqft) commercial units in Barrhead in 2016. All units are now let enabling a number of small businesses to grow.

Former Derelict Nestle factory site at Glasgow Rd - preparation of part of the site for private sector investment.

13. **Greenlaw Business Centre** - providing quality office space in Newton Mearns to boost business growth.

14. The facility will enable the Council to increase its support for start-ups and small businesses by meeting a growing demand for quality office space in the area. It has a range of office suites, a high quality internal and external environment and is highly accessible being located at Greenlaw in Newton Mearns, adjacent to Junction 4 of the M77.

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15. The facility which has been completed was due to open in Spring 2020 but is temporarily closed due to Covid-19 related issues.

16. A plan has been prepared to market space when Scottish Government Covid regulations/guidance allow.

17. **Balgraystone Road Improvement** - accelerating residential development in Barrhead and improving accessibility to the Dams to Darnley Country Park and the proposed new Barrhead Rail station, including an active travel route to and from the Country Park and the proposed Rail Station.

18. The costs for this completed project were slightly higher than the Full Business Case (FBC) figures and this is reflected in the proposed reprofiling of the ERC £44 million City Deal budget.

19. Additional benefits already secured from the enhanced project include;

- New residential development opportunities have been opened up to support the regeneration of Barrhead the first phase of which includes a development of 39 council homes.
- Access and utility services to wider new housing development sites has been enabled.
- Better access to the Dams to Darnley Country Park existing car park and the proposed new rail station/the bus interchange location has been created.
- Support for the wider long term economic objective of delivering a new sustainable community in Barrhead South comprising up to 1050 new homes including affordable housing within the next decade.

REPORT

Review of the M77 Strategic Corridor Programme Delivery

20. The Strategic Business Case for the M77 Strategic Corridor Programme was prepared over five years ago and many development costs have considerably increased over this period.

21. The costs associated with the original Strategic Business Case and subsequent OBC's and FBCs are now out of date and/or insufficient.

22. This is due to a variety of issues including enhanced project scopes as part of the design process, project timelines extending through the requirement for extensive consultation with statutory bodies taking longer than anticipated, on-going consultation with Sustrans on funding for the Aurs Road project, the impact of Covid-19 including current market conditions and contract inflation.

23. In May 2020 the Chief Executives' Group agreed that a 'Programme-wide recovery plan would be developed'. East Renfrewshire Council advised that they would be undertaking a wider review of their programme and would therefore not be submitting any proposed changes at that time.

24. Given all of the above East Renfrewshire Council has considered the options to ensure the M77 Strategic Corridor Programme can deliver all of the originally envisaged benefits by the end of the City Deal funding period.

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25. East Renfrewshire Council therefore propose to focus the remaining funding on Aurs Road, the Visitor Centre and Barrhead South Railway station and to defer development of a link road at this point in time. The enhanced nature of the three remaining projects will ensure that the full planned economic benefits of the M 77 programme are achieved.

26. The remainder of this report provides a progress update on East Renfrewshire's City Deal remaining four projects and outlines proposed revisions to ensure delivery within agreed City Deal delivery timescales, to maximise GVA and associated benefits as quickly as possible within the agreed budget of £44 million and most importantly to ensure that climate change issues are addressed.

Projects still to be delivered

27. **Aurs Road Improvement** – improving local transport connections between Newton Mearns and Barrhead and enabling new visitor facilities at the Country Park.

28. The **combined** Barrhead South (Balgraystone Road and Aurs road) OBC approved in March 2019 totalled £13.9 million.

29. However, the original Aurs Road scheme associated with this budget estimate consisted of simply straightening large sections of the Aurs road and strengthening a weak bridge. As the scheme has been developed and with extensive consultation and input from Sustrans a much enhanced and transformational scheme has been prepared.

30. The scheme now integrates more closely with the proposed visitor facilities and the Balgraystone road upgrade, covers a wider physical area and will provide additional benefits in terms of climate change issues and active travel links into the surrounding communities.

31. Specifically, in terms of the enhanced scheme Aurs Road will be improved from the junctions of Springfield Road, in Barrhead, to Stewarton Road, on the edge of Newton Mearns. Enhancements include two sections of realignment, the creation of a roundabout and the replacement of a weak road bridge as well as the addition of a visitor destination boardwalk along the edge of Balgray reservoir. The works will:

- Create a safer, more direct local road between Newton Mearns and Barrhead with improved connections for walking and cycling;
- Enable a bus route to finally be provided between the communities by replacing the weak bridge and improving the alignment/straightening of the road;
- Create a new site for the provision of visitor facilities at Dams to Darnley Country Park (constructing the visitor facilities is a separate City Deal project) to generate inward investment and new jobs; and
- Enable a continuous 4km (2.4 mile) walking and cycling circuit around Balgray reservoir through the addition of a boardwalk that will connect to existing paths and create a varied and interesting leisure environment for visitors resulting in wider wellbeing benefits.

32. Detailed design of the project is complete and work has started on preparing the main contract tender documents. A planning application for the works has already been submitted.

33. The Council have recently managed to secure additional grant funding of £5.5 million from Sustrans which will be supplemented by a Council contribution of up to £1 million from planning related developer contributions. This will enable wider active travel links between Barrhead and Newton Mearns.

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34. The estimated council costs for this enhanced scheme are now £12,720,000 but this will bring an increase in economic benefits compared with the original proposal.
35. The anticipated site start is Spring 2022 with a revised completion date of August 2023.
36. **Country Park Visitor Facilities** - creating visitor facilities sympathetic to the surroundings at the Dams to Darnley Country Park.
37. The Strategic Business case of 2015 identified a resource requirement of £5.6 million.
38. The previous concept for this project was mainly around a major visitor centre building. However, the Covid pandemic has seen a large increase in the numbers of people visiting the country Park and major changes in the way that they use it or would like to use it.
39. The project is therefore under review and in development. Proposed enhancements now being considered are focusing on a smaller scale and less expensive visitor centre and dispersing facilities/attractions across the entire country Park providing a better offer. It is also proposed that the project is designed to address more effectively emerging climate change related issues. The revised scope will take into account the additional requirements to reduce carbon emissions and keep the carbon footprint to a minimum. A smaller carbon neutral building will be designed and constructed with the functionality originally envisaged remaining unchanged.
40. Some of the infrastructure works required for this project and originally included in the budget will be undertaken as part of the Aurs Road project to take advantage of economies of scale so allowing the budget for the visitor facilities to be reduced.
41. The site will be delivered when the Aurs Road Realignment project is completed. As part of the Aurs Road works the site will be levelled and service tails installed to provide a flat serviced site. This will take advantage of economies of scale by carrying out this work whilst there is heavy machinery on site. This has allowed the budget for the Visitor Facilities to be reduced.
42. Funded separately from City Deal, it is proposed to co-locate a wake boarding facility (a water sport which uses an overhead cable to pull participants across the water) with the visitor facilities.
43. The revised cost for this project is now £2,800,000.
44. The anticipated timescale for work starting is 2023 following the completion of the Aurs Road project. The revised completion date is September 2024
45. **New Rail Station at Barrhead South** - improving access to jobs, services and communities.
46. The strategic Business Case approved in 2015 identified a **combined** resource requirement for Balgraystone road (including Barrhead South Rail station) – £11,500,000.
47. This is now considered insufficient to deliver the project primarily due to the requirement for a pedestrian bridge and lifts and the impact of delays in discussions with Transport Scotland on project related matters.

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48. When the original budget was set it was felt that there would be no need for a pedestrian bridge over the railway line and that access could be achieved with separate arrangements at each side of the line. However, following project development to identify the required final position of the rail stop it has become apparent that a pedestrian bridge and associated lift (to provide full accessibility) are required. In addition, there have been some more recently identified costs associated with ground condition issues and overhead lines and signalling.

49. The Council has recently been able to bench mark the project with similar projects completed in Scotland in recent years. This exercise has helped confirm that the original budget is insufficient for the revised project scope.

50. A new purpose built rail station and bus interchange at Barrhead South, on the Glasgow to Neilston line, will provide improved access to jobs and services across the City Region for the existing community of Auchenback and the new residents from the ongoing housing developments in and around that location. The station will also provide a direct public transport link to the country park for visitors thus reducing the dependency on private cars.

51. Considerable work has been undertaken to progress this project working alongside Transport Scotland, SPT and Network Rail. A Scottish Transport Appraisal Guidance (STAG) document has been submitted to Transport Scotland. Approval of the STAG findings are expected in the next 6 months and once granted, the project will then move into the Governance for Rail Investment Projects (GRIP) appraisal process. This project has been delayed due to coronavirus issues. This has put pressure on the programme and the budget. However, steady progress is now being made.

52. The revised cost for this project is £18.37 million.

53. The revised timescale is for work to commence in late 2023 with a completion date of 2025.

54. **Levern Valley Link /Newton Mearns to Barrhead new road connection** – Levern Valley Link Road (including Aurs road realignment) – The Strategic Business Case of 2015 for this **combined** project identified a resource requirement of £21,800,000.

55. The original aspiration for this project was to identify a new route to connect Newton Mearns and Barrhead, creating easier access to the M77 with the potential to open up future development and investment opportunities.

56. Feasibility work identified several options for the project ranging from longer links connecting M77 Junction 5 to the south end of the Balgraystone Road Upgrade project, to shorter links only providing access to new development sites around M77 Junction 5.

57. However, the creation of a more strategic link, across the southern part of East Renfrewshire into Renfrewshire was identified as a credible alternative and is worthy of full consideration particularly in view of the emerging Glasgow Metro project. The work to date has raised several policy and planning issues for East Renfrewshire Council to consider in consultation with others and in particular consultation with Renfrewshire Council will be required to investigate this option in further detail. This project in any form could take up until the current City Deal programme end date of 2035 to deliver. There could therefore be little time to accrue economic benefits from project completion to the end of the programme in 2035.

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58. The Council has therefore reviewed whether the Levern Valley Link Road in its original form as a local project is one that it wishes to progress and has reassessed what benefits it will achieve.

59. The Council's ambitions for the Link road have increased and will need to take into account major climate change issues.

60. City Deal funding for other projects has already and will in the future achieve many benefits such as an upgrade of the existing road network through the already completed improvement of Balgraystone Road and the programmed enhancement of Aurs Road. Also, the new railway station proposed at Barrhead South will provide a sustainable method of travel from Barrhead South to Glasgow, towns and villages in East Renfrewshire and open up economic and job opportunities in the wider City Region. These projects have and will provide benefits in the short/medium term while a medium/long term more strategic scheme for the Levern Valley Link Road scheme is further developed.

61. The revised budget for the Link Road is £153,000 with the start and completion dates be to be established sometime in the medium to long term.

Proposed Revision to the Programme

62. The table below provides in summary form an updated, proposed City Deal funding allocation and identifies where further Council funding and external funding will supplement City Deal Funding to further enhance the original scope/proposals.

City Deal Projects	SBC Est. Cost (2015)	Revised Cost 2021	Revised Budget	Shortfall/External Funding
Completed Projects	£ 5,100,000.00	£ 6,514,606.00	£ 6,514,606.00	£ -
Levern Valley Link Road	£ 21,800,000.00	£ 152,919.00	£ 152,919.00	£ -
Aurs Road Upgrade	see note below*	£ 18,000,000.00	£ 12,719,836.00	£ 5,280,164.00
Balgraystone Road	£ 11,500,000.00	£ 4,112,568.00	£ 3,442,568.00	£ 670,000.00
Barrhead South Rail Station	see note below*	£ 18,370,071.00	£ 18,370,071.00	£ -
Dams Country Park Visitor Facilities	£ 5,600,000.00	£ 2,800,000.00	£ 2,800,000.00	£ -
Totals	£ 44,000,000.00	£ 49,950,164.00	£ 44,000,000.00	£ 5,950,164.00

**In the original SBC, the Levern Valley Link Road and Aurs Road Upgrade Projects were combined as were Balgraystone Road and Barrhead South Train Station Projects. The green and amber shading identifies the combined projects.*

63. In essence the key proposal is to redirect funding from the Level Valley Link Road and the Dams to Darnley Visitor Facilities projects to support increased expenditure on the Aurs road upgrade and Barrhead South rail station projects.

64. The funding shortfall of around £5.950 million identified above will be completely met from external sources including a Sustrans "Places for Everyone" funding package of £5.5m and East Renfrewshire Council's planning related developer contributions.

65. As per the City Region Assurance Framework guidance, the M77 Programme costs are split 86% City Deal (£38m) and matched by a 14% (£6m) contribution from the Managing Authority (ERC).

Updated Programme Benefits

66. Benefits from City Deal projects are calculated under the economic measure Gross Value Added (GVA). The following table provides details of an up-to-date assessment by the Council's economic consultants, Stantec and EKOS, and provides a current assessment

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of the impact of the M77 Programme. A copy of the full report has been provided to the PMO.

67. The assessment confirms that the proposed funding adjustments (within the unaltered overall City Deal allocation of £44m) does not adversely affect the benefits of the Programme and provides a positive return on public sector investment.

	PV Net additional GVA (£m)	PV City Deal Costs (£m)	City Deal BCR	PV Public Sector Costs (£m)	Public Sector BCR
Strategic Zone 1					
Aurs Road	£44.5	£10.8	4.1	£15.0	3.0
Balgraystone Road	£11.3	£3.2	3.5	£3.9	2.9
Levern Valley Link Road	£0.0	£0.2	0.0	£0.2	0.0
Strategic Zone 2					
Levern Works**	£39.7	£0.9	44.9	£0.9	44.9
D2D Visitor Centre	£3.4	£2.7	1.3	£2.7	1.3
Foundry Links	£2.9	£0.2	15.8	£0.2	15.8
Barrhead South Rail	£42.9	£14.4	3.0	£14.4	3.0
Strategic Zone 3					
Business Boost/Greenlaw	£48.7	£5.7	8.5	£5.7	8.5
M77 Programme Totals	£193.4	£38.1	5.1	£42.9*	4.5

*Note on the PV public sector costs - these include the anticipated contribution from SUSTRANS

**Note on Levern Works – The scale of activity at the retail park has been updated since FBC approval. This reflects an increase from 100 to 200 gross jobs supported at the retail and drive through facilities. See [here](#).

***Note on Aurs Road non-discounted costs are £18m and assumed to be made up of public sector contribution of £12.7m (CD) and the shortfall of c. £5m met by SUSTRANS

68. At the time the SBC was prepared, the projected GVA benefits were re-calculated based on a high-level assessment of the emerging project proposals. At that time, the Programme total net additional GVA impacts/benefits were estimated at £179m (source: EKOS Ltd).

69. The current appraisal by Stantec/Ekos in August 2021 which takes account of the more challenging investment/development market conditions at Barrhead South, shows that the three projects that comprise Barrhead South (Barrhead South Station, Aurs Road and Balgraystone Road) are estimated to generate almost £99m in Present Value net GVA at the city-region level over 25 years. Across the Programme, current total GVA is now recorded (conservatively) at £193.4m compared to the previous estimate provided by EKOS of £179m.

The Counterfactual Case

70. The counterfactual case of not securing the adjusted City Deal funding will result in delayed opportunities to attract new investment and development activity to East Renfrewshire with potentially an adverse impact on economic benefits rippling out to the wider city-region. Specifically,

- increased road congestion and safety issues as a result of major new housing developments at Barrhead South not having an alternative public transport provision through the new rail station, and with increased volumes of vehicular traffic using inappropriate country roads for access to the M77;

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- the Dams to Darnley Country Park will fail to realise its potential as a leisure destination for the city-region and will continue to operate as an underutilised resource; and
- due to constraints in the transport and business infrastructure and the commercial viability of brownfield sites there is in Barrhead an 'opportunity cost' with the region losing out on new private sector investment.

71. The sizeable benefits of proceeding with the revised proposals are clear. However, postponing delivery of the Levern Valley Link Road is estimated to have a minimal impact in terms of the net additional activity and associated benefits.

72. Given the counterfactual position, East Renfrewshire Council has prioritised activity within Barrhead South where the market faces additional challenges (e.g. land values, utilities, market segmentation, etc.). This means that the scale of net additional impact/benefit is forecast to be greater. Under the "do nothing scenario" it was estimated that only 350 residential units would come forward over a delayed timescale (the Masterplan and SPG identified a need/demand for an additional 1,050 mixed tenure residential units by 2029). Delivering all elements of the Barrhead South project will enable the entire site to come forward over a shorter timescale. From an impact modelling perspective, this will generate net additional impact/GVA that would not have occurred in the absence of City Deal and help deliver a greater return for the public sector investment.

73. The overarching M77 Programme objectives as already detailed earlier in this report will still be delivered across the Barrhead and Newton Mearns areas.

74. There is no change to the benefits that will be delivered in other areas.

Process and Governance

75. The revisions proposed in this report were approved by East Renfrewshire Council on 30th June 2021 subject to approval through the normal City Deal governance arrangements in relation to the City Region Cabinet approval.

76. This report is submitted under the formal City Deal governance authorisation requirements to adjust scope and funding and takes account of Paragraph 13.3.2 in the Assurance, Governance & Programme Management Framework (August 2019) and the Programme Management Toolkit (April 2020) Paragraphs 3.18.9 – 3.18.14 that require all changes within a project lifecycle to be presented to the Project Management Office and for subsequent consideration and approval respectively by the Chief Executives Group and City Deal Cabinet.

77. In addition, this paper aligns with the requirement noted in Paragraph 1.3 in the Project Costs Virement paper (agreed by City Deal Cabinet in December 2016):

"The Assurance Framework states the following in respect of changes in project costs;

7.3 Project Cost Variance

7.3.1 Where the cost of individual projects being delivered by the same Member Authority changes significantly then it will be possible for the Member Authority to seek Cabinet approval for an amended grant award. However, this will only be possible after an assessment of the full impact on the project outcomes by the PMO and any decision is at the sole discretion of the Cabinet taking account of the overall Programme Business Case.

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FINANCE AND EFFICIENCY

78. Costs associated with the feasibility and construction work of the projects will be met from existing Capital Plan (£6m) allocations, and City Deal Funding (£38m), totalling £44 million. This report is not requesting any additional City Deal funding.

CONCLUSIONS

79. This report updates the City Deal Cabinet on progress made against projects. Significant economic benefits have already been achieved with three complex projects now complete.

80. The report also provides the rationale for the reallocation of funding from the proposed Levern Valley link project across the remainder of the programme still to be delivered, while ensuring benefits are maintained for East Renfrewshire's residents within current City Deal budget and timescales.

81. Feasibility work on a strategic link road will continue to enable a future project to be realised at some point in the future.

82. The revised programme will continue to improve transport links, increase leisure opportunities, support business development, create jobs and unlock residential land. Importantly, it also delivers the required Gross Value Added (GVA) required by the Glasgow City Region City Deal to demonstrate economic growth and a positive return on public sector investment.

RECOMMENDATIONS

83. The Cabinet is invited to:

- (a) note the progress made on the development and implementation of East Renfrewshire's £44 million City Deal programme and the significant benefits that have already been delivered for residents and business with remaining projects set to stimulate further economic growth and inclusive growth benefits for the area;
- (b) approve the revised proposed project scopes and budgetary revisions which will be contained within the existing allocation of £44 million to East Renfrewshire Council from City Deal;
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