



Glasgow City Region - City Deal

Cabinet

Report by Director of Regional Economic Growth

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PMO Evaluation:

Glasgow City Council – Full Business Case – Clyde Waterfront and West End Innovation Quarter (CWWEIQ) Improving Connectivity between Glasgow University and Queen Elizabeth University Hospital: Govan-Partick Bridge

Purpose of Report:

To report to the Cabinet on the evaluation of Glasgow City Council Full Business Case for CWWEIQ: Improving Connectivity between Glasgow University and Queen Elizabeth University Hospital: Govan-Partick Bridge

Recommendations:

It is proposed that the Cabinet:

- a) notes the content of this report;
- b) notes the PMO Appraisal, Project Risk Register and Project Risk Register are available on request from the Clerk;
- c) notes that the funding for the Project as outlined within the FBC relies upon the approval of the Glasgow CWFWEIQ Programme Revision Proposal by the 7th December Glasgow City Region Cabinet;
- d) approves the funding requirement of £39.477m;
- e) invites Glasgow City Council to proceed to delivery, monitoring and evaluation of the FBC; and
- f) notes that following the Cabinet's approval, the PMO will: incorporate and restate (where appropriate) any required changes within the Programme Business Case/Programme Plan etc.

1. Purpose

- 1.1. To report to the Cabinet on the evaluation of Full Business Case (FBC) for CWWEIQ: Improving Connectivity between Glasgow University and Queen Elizabeth University Hospital-Govan Partick Bridge.
- 1.2. The submission of this business case for appraisal is considered as confirmation that Glasgow City 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. This FBC was approved for submission to the GCR PMO by the GCC City Deal Executive Group, chaired jointly by the Chief Executive of the Council with the Senior Responsible Officer (SRO) for co-ordination and management of the overall programme on the 20 October 2021.

2. Background

- 2.1. The Cabinet in October 2017 agreed that the approval of full business cases would be delegated to the Chief Executives' Group (CEG), providing the Programme Management Office (PMO) and CEG is content that the FBC does not represent a substantial change from the approved Outline Business Case.
- 2.2. 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 CWWEIQ Govan-Partick Bridge FBC

- 3.1. The appraisal of this business case was carried out in line with the appraisal template, and the PMO considers that the FBC is consistent with the requirements of H.M. Treasury Green Book. While the PMO considers that the FBC 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 FBC is consistent with the content of the Clyde Waterfront West End Innovation Quarter Augmented OBC previously approved by Cabinet in December 2018 and the update to the economic case which has been undertaken by Stantec as part of the Reprogramming Report submitted to the Chief Executives' Group on 25 November 2021.
- 3.3. Following approval from the Cabinet, the CWWEIQ: Improving Connectivity between Glasgow University and Queen Elizabeth University Hospital-Govan Partick Bridge FBC will move into the construction phase which will be monitored by the Member Authority and progress will be reported via the PMO report. The project will begin to achieve the benefit realisation goals and those will be monitored by the Member Authority and the PMO.
- 3.4. The monitoring and evaluation of the CWWEIQ: Improving Connectivity between Glasgow University and Queen Elizabeth University Hospital-Govan Partick Bridge FBC will continue to inform the overarching Programme Business Case.
- 3.5. The Executive Summary for the project is attached as Appendix 1.

- 3.6. A copy of the PMO's appraisal assessment of this business case is available from the Clerk.

4. RAG (Red/Amber/Green) Status

- 4.1. The current status of the CWWEIQ: Improving Connectivity between Glasgow University and Queen Elizabeth University Hospital-Govan Partick Bridge is Amber for Scope, Timeline, Finance and Benefits Realisation.

5. Scope

- 5.1. The scope of the CWWEIQ: Improving Connectivity between Glasgow University and Queen Elizabeth University Hospital-Govan Partick Bridge FBC is consistent with the content of the augmented OBC previously approved by Cabinet.
- 5.2. The FBC identifies that the project will deliver two direct outputs:
- 1 pedestrian/cycle bridge; and
 - 5,765 square metres of public realm enhanced.

6. Programme Milestones

- 6.1. The key milestone dates included in the FBC are as follows:
- FBC Approval: 25 November 2021 (CEG) / 7 December (GCR Cabinet)
 - Contract Award: 10 December 2021 (Indicative)
 - Construction start: 10 January 2021
 - Construction end: 1 November 2023.

7. Finance

- 7.1. The total cost of the project is £39.935m which will be solely funded from City Deal Grant and Glasgow City Council Member Authority contribution. This FBC is part of the CWWEIQ OBC which has total funding of £113.9m with £10.055m previously approved of which £0.458m related to this project. This FBC is seeking approval of the remaining £39.477m of funding. This funding will be spent on construction, land acquisition, project management and design and external consultants' costs. This funding request is within the overall project funding allocation that has already been approved.
- 7.2. 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.
- 7.3. The FBC financial case is contingent on approval of the Glasgow CWFWEIQ Programme Revision Proposal by the 7th December Glasgow City Region Cabinet.

8. Benefits Realisation

- 8.1. The CWWEIQ Govan-Partick Bridge FBC has identified and quantified the project outputs and provided completed individual benefits trackers as required by the Assurance Framework. The benefits that will be delivered by this project align with those set out within the updated economic case set out within the Glasgow CWFWEIQ Programme Revision Proposal.

- 8.2. Overall, the project will contribute to the wider enabling infrastructure delivered by the sub-projects within the CWWEIQ project.
- 8.3. In terms of GVA, the updated economic case submitted by GCC sets out a reduction in the overall net additional GVA that will be delivered by the project – reducing from £1.47 billion to £1.37 billion. However this remains a significant economic benefit that will be delivered by the project.
- 8.4. The updated economic case also sets out a revised benefit cost ratio (BCR). Net additional GVA at GCR over 25 years £1,369.7m / Total Public Sector costs of £106.8m = a BCR of 12.8:1. This remains a very positive BCR and represents value for money.
- 8.5. In terms of private sector investment, this has been revised in the updated economic case, this has decreased slightly to £405.0 million (-£24.4 million from the £429.4m). This remains a significant level of private sector investment being leveraged by the City Deal investment.

9. Recommendations

- 9.1. It is proposed that the Cabinet:
 - a) notes the content of this report;
 - b) notes the PMO Appraisal, Project Risk Register and Project Risk Register are available on request from the Clerk;
 - c) notes that the funding for the Project as outlined within the FBC relies upon the approval of the Glasgow CWFWEIQ Programme Revision Proposal by the 7th December Glasgow City Region Cabinet;
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Executive Summary

Introduction

The purpose of this Full Business Case (FBC) is to seek approval to invest **£39.477m** of City Deal Funding in the **Improving Connectivity between Glasgow University and QEUH: Govan-Partick Bridge** project component which is part of the overall Clyde Waterfront and West End Innovation Quarter (CWWEIQ) project.

This FBC continues to build the case from the Strategic Business Case (SBC) and from the Outline Business Case (OBC) which secured approval for £113.9M City Deal Funding for the CWWEIQ interventions. This project still satisfies the investment objectives and business needs as set out in the OBC.

The Strategic Case

The CWWEIQ project will accelerate investment and development activity within the waterfront corridor to support an area of significant economic potential, to create high value employment and activity and to redistribute economic and social opportunity. Currently the river corridor does not operate as a cohesive and functioning 'place' and there are a range of deep-rooted market failures and wider challenges that have been constraining activity. In order to deliver waterfront regeneration there are three key issues that need to be addressed:

- **Stimulate development in areas where it is presently constrained by the costs of remediation, site access or other issues;**
- **Provide high quality and effective links along both sides of the River Clyde, between the City Centre and the West End, and between business and research clusters, key institutions, existing and planned visitor infrastructure, and residential communities; and**
- **Maintain and enhance the quality of this part of Glasgow as a place to invest, live and work in, with a focus on 'gateway' routes and entry points for the areas main business, cultural and institutional facilities.**

The project area has a number of economic assets, which will be used to drive sustainable and inclusive economic growth and tackle physical and social deprivation within waterfront communities. Through adopting a strategic and holistic approach to waterfront regeneration, the project will:

1. **Contribute to increased GVA across the city region;**
2. **Facilitate regeneration of vacant and derelict sites within the locality for employment and housing purposes;**
3. **Exploit opportunities offered by the QEUH and Glasgow University to enhance clustering and stimulate growth in the Life Science and Higher Education sectors and to further connect to and maximise the benefits of existing high value added industries in the locality; and**
4. **Spread the benefits of the City Deal investment to reduce the incidence of multiple deprivation particularly in Govan.**

The Govan-Partick Bridge project aims to deliver improvements to active travel infrastructure in order to enhance connectivity between the University of Glasgow and Queen Elizabeth University Hospital facilitating colocation opportunities within the emerging Innovation Quarter.

While meeting this primary aim the proposals will also enhance accessibility within the project area helping to foster the creation of a cross-river cultural quarter by improving links between major assets including Kelvingrove, Kelvin Hall, The Riverside Museum, Govan Old and Fairfield Heritage Centre.

Deliverable Outcomes and Benefits

The scope of work includes:

- The **Govan-Partick Bridge** involves the construction of a 3-span cable stayed opening pedestrian/cycle bridge from Govan to Partick across the River Clyde. The bridge has a main span of 68.22m and two back spans of 30.88m and 15.68m. The south span and main span rotate around the south pier slewing ring. The deck width is a minimum of 6.0 metres. The main span is held with cable stays attached to an inclined A frame pylon.
- The **North Approach** comprises the construction of an extension to Pointhouse Quay at the confluence of the River Kelvin and River Clyde, west of the existing quay at the Riverside Museum. The Extension comprises 65 metres of sheet piled wall, 62 metres of reinforced concrete retaining wall, infilled and landscaped to form the north approach to the bridge.
- The **South Approach** comprises the construction of a 32 metre sheet piled wall, reinforced concrete piled platform, reinforced concrete abutment and the infilling / landscaping of the former Govan Ferry Inlet to form the south bridge landing and approach ramp.
- **The Lay-by Berth** comprises the construction of an access road (approx. 120m), installation of timber fenders on the quay wall, repairs to 150 metres of quay wall parapet and the design and installation of statutory lighting.
- **Operation and Maintenance** of the bridge will be the responsibility of the contractor a period of 24 months from the completion date.

The following table states the deliverables, outcomes and wider deliverables of the **Improving Connectivity between Glasgow University and QEUH: Govan-Partick Bridge project**. The Economic Benefits remain unchanged from the approved augmented OBC and are shown for reference in the final column.

Deliverables	Outcomes	Wider deliverables	Benefits
• 1nr pedestrian and cycle bridge. • 5,765 sqm of enhanced public realm. • 143 construction jobs supported.	• To increase active travel journeys made by foot and cycle and reduce the need to travel by car. • Increase of use of public spaces. • Increase accessibility of within the project area by providing a new river crossing.	• Contribute to increased GVA across the city region • Foster the creation of a cross-river cultural quarter • The creation of an inspirational waterfront quarter that becomes an	Quantified in the CWWEIQ OBC • Total discounted net additional GVA £1,474.2m at City Region Level over a 25 Year Period. • 3,955 net direct jobs across the City Region by 2043 Discussed qualitatively • Land value uplift • Improved connectivity • Increase in active travel uptake

		asset for the City.	• Enhanced socio-economic mix • Enhanced quality of life • Reduced traffic queue length • Reduced journey times
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Timescales

The Improving Connectivity between Glasgow University and QEUH project delivery structure is shown in Appendix C. The following contractual milestones and delivery dates have been established.

Site Start: 10 January 2022
Site Completion: 1 November 2023

The Economic Case

The Augmented OBC for CWWEIQ was approved by Cabinet in December 2018. The OBC Economic Case is summarised in the table below. The OBC Economic Case has been reviewed and the outputs updated in line with the detailed analysis undertaken by Stantec as part of the Reprogramming Report submitted to the Chief Executives Group for approval on 25 November 2021.

	Benefit Cost Ratio [over 25 year period] GCR Level (Total public sector costs / Total discounted net additional GVA)	Benefit Cost Ratio [over 25 year period] Scotland Level (Total public sector costs / Total discounted net additional GVA)	Total discounted net additional GVA (£m) GCR Level By 2034/35	Total discounted net additional GVA (£m) Scotland Level By 2034/35	Total discounted net additional GVA (£m) GCR Level Over a 25 Year Period	Total discounted net additional GVA (£m) Scotland Level Over a 25 year period
CWWEIQ	Public Sector Costs Benefit-Cost Ratio = 15.5	Public Sector Costs Benefit-Cost Ratio = 16.0	£887.3m	£917.0m	£1,474.2m	£1,520.3m

The activities outlined in this FBC contribute to the CWWEIQ economic case by delivering all outputs specific to this project by Q3 2023/24. The details of the expected phasing at each gateway review are included at Appendix A.

The Commercial Case

A single procurement exercise has been undertaken for the **Improving Connectivity between Glasgow University and Queen Elizabeth University Hospital: Govan-Partick Bridge** project for the following reason:

- There are similarities between the various work elements making up the overall project; and
- By using a single procurement (one main contractor) economies of scale and improved value for money is achieved.

All works will be progressed under a single tender which is the subject of this business case.

Three bids were received which were assessed against a cost-quality assessment process. The outcome from the evaluation process is summarised in the table below:

Supplier	Tender Price	Score
Farrans	£29,501,075.33	100.00
BAM Nuttall	-	90.90
George Leslie	-	85.89

The outcome from the evaluation process is that Farrans has been identified as the preferred contractor. Contract award is programmed for December 2021 following approval of the FBC, with site start scheduled for early 2022. The proposed works will deliver a new pedestrian and cycle bridge across the River Clyde and 5,765sqm of enhanced public realm. The Tender Package is contained in Appendix E.

The mandatory specified Community Benefits to be delivered by the supplier are outlined below:

- **EMP01 New Employee - Full Time Job (from Priority Group) 4nr = 120 points**
- **EMP02 New Employee - Full Time Job (non-Priority Group) 7nr = 140 points**
- **EMP04 Apprentice New Start - Full Time (from Priority Group) 5nr = 100 points**
- **EMP06 New Entrant Graduate - Full Time (from Priority Group) 1nr = 10 points**
- **SKL01 MCR Pathways 1-2-1 Mentoring Programme 1nr = 25 points**
- **SKL02 School Mentoring or Enterprise Programme 1nr = 10 points**
- **SKL04 Taster Sessions (Council or Delivery Partner Programmes) 2nr = 10 points**
- **SKL05 Work Experience Placement - School 5nr = 50 points**
- **SKL06 Work Experience Placement - Non School 5nr = 25 points**
- **SKL07 Career Event 5nr = 25 points**
- **SKL08 Workplace Visit 5nr = 20 points**
- **SKL09 Volunteering Opportunity 5nr = 20 points**
- **CHN01 Supply Chain Briefings 2nr = 20 points**
- **CHN02 Business Mentoring 4nr = 40 points**
- **COM01 Community Engagement - Financial Support 20nr = 100 points**
- **COM02 Community Engagement - Non-Financial Support 5nr = 20 points**

The preferred funding option contained within the OBC has not changed. Works will be funded through City Deal (86% City Deal, 14% Glasgow City Council).

The Financial Case

Following a single procurement process, the cost of delivering the **Improving Connectivity between Glasgow University and Queen Elizabeth University Hospital: Govan-Partick Bridge project** is **£39,934,805.96** which will be solely funded through City Deal.

A breakdown of funding contributions to deliver the total cost of the project is provided below:

	Total £000
Glasgow City Council City Deal contribution – Approved by Executive Committee (June 2015) (14%)	5,591
City Deal Funding (86%)	34,344
Total City Deal Funding Required	39,935
Other External Funding	-
Total Funding	39,935

A breakdown of the projects costs in the standard City Deal categories is detailed below:

	TOTAL EXPENDITURE £000
Feasibility Costs	-
Construction	35,628
Land Acquisition	292
Equipment	-
Land Remediation	-
Project Management & Design	795
External Consultants Costs	2,618
Other Third Party Costs	602
Other Costs	-
TOTAL COST	39,935

The revenue implications of maintaining the assets formed by the project will be funded by GCC's Revenue budget. This cost is expected to be on average £125K per year. It should be noted that this is an average calculation based on the life expectancy of the asset.

A contingency of £4,425,000 has been included in the project budget. This contingency figure allows for unexpected costs to be provided for. This level of contingency reflects the level of risk and uncertainty in the project's delivery. An additional allowance of £1,833,000 has been made to address the risk of further material price inflation between the tender submission date and order of materials. No optimism bias will be required as the construction phase of the project is currently being awarded.

The Sustainability Case

The Sustainability Case as detailed within the CWWEIQ OBC has been reviewed and remains valid. Transport is responsible for nearly 30% of the EU's total CO2 emissions, of which 72% comes from road transportation. This project will promote increased uptake in active travel helping to reduce carbon emissions in line with the recommendations of the Council's Climate Emergency Working Group.

The Management Case

The Management Case for CWWEIQ has been established within the approved augmented OBC. The relevant sections have been reviewed and remain valid. Activity within this FBC will be managed by GCC in accordance with the standards required by the City Deal governing principles. Project roles have been assigned to Senior Responsible Officer, Project Sponsor, Project Manager and an internal Project Team.