

To: Leadership Board

On: 1 May 2019

Report by: Chief Executive

Heading: GAIA South Project – Strategic Business Case

1. Summary

- 1.1 Previous reports to Board in February 2018 and April 2018 noted the changing context of the Glasgow Airport Investment Area (GAIA) City Deal project and that the potential for the GAIA site has been radically altered following the Scottish Government's announcement in December 2017 that the new National Manufacturing Institute Scotland (NMIS) would be located on the key GAIA site as the anchor for the new Advanced Manufacturing Innovation District Scotland (AMIDS). In April 2018, the Board noted that a separate business case would continue to be developed for a complementary GAIA project to build on this.
- 1.2 This report updates Board on the work that has been subsequently undertaken to develop a Strategic Business Case (SBC) for such a complementary project, the Glasgow Airport Investment Area South (GAIA South) Project.
- 1.3 The report sets out that the changing context arising from GAIA/AMIDS, other developments taking place in and around Paisley Town Centre and in relation to key sites in north Paisley now provides the opportunity to adopt an integrated and holistic approach to promoting development in the Cart Corridor and the area to the north of Paisley. Such an approach has the potential to bring together these developments to deliver significant positive change through increasing economic activity and linking residents to the significant job opportunities that will arise through AMIDS and assist in delivering inclusive growth.
- 1.4 The report notes that the SBC has reaffirmed the strong case for such a complementary project and seeks the agreement of Board to further develop the proposals for the project in an Outline Business Case (OBC).

2. Recommendations

2.1 Leadership Board is asked to:

- i) Note the further work that has been undertaken on developing proposals for the North Paisley / White Cart corridor area, as set out in the GAIA South Strategic Business Case (SBC) and the wider benefits that can be delivered from an integrated approach to a development strategy that will link several ongoing initiatives;
- ii) Approve the Strategic Business Case for the GAIA South project
- iii) Approve the progression of further work to develop the proposals in an Outline Business Case (OBC), and;
- iv) Note that further work will be undertaken through the OBC development to identify potential funding sources to take forward the proposals.

3. Background

- 3.1 The White Cart corridor has long been recognised as one of the most underused assets in the local area and a number of initiatives have been pursued over a period of years to promote development in this area, with limited success.
- 3.2 A number of recent developments have occurred that now provide the opportunity to adopt an integrated and holistic approach to development in the Cart corridor, and the area to the north of Paisley, that has the potential to bring together these developments to deliver significant positive change. In the absence of such an approach, it is likely that developments will take place in a piecemeal fashion, if at all, and the opportunity to maximise economic outcomes and inclusive growth will be compromised.
- 3.3 Members will recall that in February 2018 and April 2018, reports were submitted to Board setting out the changing context of the Glasgow Airport Investment Area (GAIA) City Deal project. The potential for the GAIA site has been radically altered following the Scottish Government's announcement in December 2017 that the new National Manufacturing Institute Scotland (NMIS) would be located on the key GAIA site. This was followed by the announcement in June 2018 that the site would also be the location for the UK's new Medicines Manufacturing Innovation Centre (MMIC). These unique national facilities will be the anchor tenants for the new Advanced Manufacturing Innovation District Scotland (AMIDS) that the Council is now taking forward in partnership with Scottish Enterprise and Scottish Government. As set out in the report to Board on 20th February 2019, that

provided an update on AMIDS, the development of AMIDS has the potential to create thousands of new jobs for Renfrewshire.

- 3.4 The report to Board in April 2018 noted the case for better connecting AMIDS to Paisley and Renfrewshire, providing much improved access to new job opportunities for Renfrewshire residents, including from the Gallowhill and Shortroods areas. It also noted that this would open up new development sites within Paisley North, creating additional economic activity, enhance the opportunities that will arise from the West College Scotland campus redevelopment, from the redevelopment of the Chivas site and by providing links with the other significant investment plans of the Council in and around Paisley.
- 3.5 The April 2018 report noted that the preliminary work that had been undertaken on investigating the opportunities for a complementary project reinforced that there was a strong economic case for such a project and that work would continue to develop a business case which fully explored the opportunities for such a project.
- 3.6 Since April 2018, additional work has been undertaken to further explore the economic potential for a complementary project that will build on the changing context arising from the developments in relation to AMIDS and other opportunities in the Cart corridor/Paisley North. This report notes the work that has been carried out in developing the Strategic Business Case (SBC) for the complementary project and seeks Board approval for the SBC and that further work should be undertaken to develop the proposals in more detail in an Outline Business Case (OBC).

4. Current Position

- 4.1 Since April 2018, Council Officers have continued to engage with Stakeholders on the status of a number of potential developments that are likely to take place in the area between Paisley and AMIDS. Work has been undertaken to better understand how these opportunities could be brought together in a more integrated and planned manner and how these and the linkages that could be formed with AMIDS and other Council initiatives can deliver improved overall outcomes for the benefit of Renfrewshire.
- 4.2 With the announcement in January 2017, of the closure of the Chivas plant in Paisley, and the planned investment by West College Scotland in improved facilities at the adjacent site on Renfrew Road, it is clear that a unique opportunity now exists to ensure that the development of these two significant sites link better to the overall White Cart corridor, adjacent residential communities in Shortroods and Gallowhill, and also to the skills centres being created at NMIS/AMIDS.
- 4.3 It is recognised that despite planned investment in and around Glasgow Airport, particularly AMIDS, employment-related development between the airport and the approaches to Paisley Town Centre has generally stagnated. Additionally, the strategic investment in cultural assets which is ongoing in Paisley, will have improved potential for positive outcomes, if linked to the

growing employment and skills offering created at AMIDS. As a critical gateway linking Paisley Town Centre to AMIDS and the airport, promoting improved economic activity in the White Cart Corridor (bounded by the M8, Weir St/ Old Sneddon St, Love St/ Inchinnan Rd, and Renfrew Road), will be important if we are to fully capture and extend the economic benefits of planned City Deal investment for Renfrewshire and local residents.

- 4.4 Taking all of the above in to account, a Strategic Business Case (SBC) has been developed for this area that has explored the opportunities that exist to draw together the ongoing developments, through a number of potential infrastructure interventions that would assist in maximising the opportunities and the economic benefits that would flow from such interventions.
- 4.5 Through the development of the SBC, work was undertaken to examine a series of potential interventions which could deliver the desired outcomes. A number of potential infrastructure intervention options were considered and evaluated against the following objectives:
- i. Stimulate increased economic and development activity in the local and wider area.
 - ii. Attract and retain an increased working age population.
 - iii. Improve strategic, gateway and local access connections and perceptions between: Paisley Town Centre; Paisley Gilmour Street (transport hub); AMIDS/Glasgow Airport and the neighbouring communities.
 - iv. Improve integration of the area and key institutions (such as West College Scotland): north and south of Paisley Gilmour Street and east and west of the White Cart.
 - v. Capture the benefits of major infrastructure improvements and associated development for Paisley Town Centre, Paisley, Renfrewshire and reinforce the value of planned investment at GAIA/AMIDS.
- 4.6 The intervention options examined are set out in the SBC and these were assessed against a number of criteria including: Strategic fit with the project objectives, local, regional and national policy; value for money; affordability and deliverability.
- 4.7 This exercise identified the new 'Gateway Route' from AMIDS/Glasgow Airport to Paisley Town Centre to be the most effective project option. While further work will be required to confirm precise alignments and locations for the proposed infrastructure and to ensure that the proposals maximise the economic and inclusive growth benefits, the project elements envisaged include:
- A new 'Gateway Route' for vehicles and active travel between AMIDS/Glasgow Airport and Paisley Town Centre by way of a new road

bridge across the White Cart at Paisley Harbour (Inchinnan Road to Harbour Road/Abercorn Street).

- New pedestrian and cycle infrastructure linking Paisley Town Centre with Renfrew and AMIDS along the White Cart corridor (to better connect Shortroods, Gallowhill, West College Scotland campus, the Chivas site and AMIDS), including:
 - Public realm improvements and a cycle routes linking County Square, the existing pedestrian/cycle bridge over the White Cart connecting Carlile Place, Renfrew / Paisley cycleway;
 - Enhancements along Inchinnan Road, including segregated cycle ways and landscaping;
 - Public Realm improvements on Renfrew Road;
 - Road improvements along Abercorn Street, from Old Sneddon Street to Harbour Road, including addition of segregated cycle routes and landscaping;
- New East -West road link from Renfrew Road, to the Abercorn area, via the Chivas site and linking to the infrastructure which crosses the White Cart to maximise the connectivity to existing infrastructure and the opportunity for new investment in this location;
- Street scape and traffic calming works on Love Street, to improve the environment for local residents and pedestrians, facilitated by the removal of traffic from Love Street by the new “Gateway Route”.

4.8 The scope set out above is a refinement of that initially set out in the February 2018 report to Board. A sketch showing the indicative location of the proposed key infrastructure is included in the SBC (refer to Figure 1.01 within the SBC Executive Summary). The proposed infrastructure, including more detail on locations, will be reviewed and further developed, in consultation with stakeholders, including local residents and the public, as work is taken forward on the project.

4.9 For the SBC, an economic appraisal has been undertaken which demonstrates that delivery of the preferred option would result in the following benefits:

- some 450 additional operational jobs
- £202.6m net additional GVA.
- a benefit cost ratio (BCR) of 5.0 against public-sector costs
- a benefits cost ratio (BCR) of 2.3 once private sector costs are included.

4.10 The SBC development included work to assess the estimated cost of the preferred option for the GAIA South project, based on costing work undertaken for the GAIA City Deal project. The estimated cost is £40.578m, including allowance for Optimism Bias (44%) and construction price inflation to the mid-point of the anticipated construction period.

At this early stage in project development, a number of potential funding sources have been identified for further development and consideration. Potential funding sources will be explored further through the development of an Outline Business Case (OBC).

- 4.11 A copy of the GAIA South Strategic Business Case Executive Summary is included within Appendix A.

5.0 **Next Steps**

- 5.1 The work that has been undertaken in developing the SBC has demonstrated that there is a strong case for taking forward a complementary project that will provide better connections between Paisley, AMIDS, the Airport, the Paisley North development sites and that this will create additional economic activity and link communities and Renfrewshire residents to new job opportunities, supporting inclusive growth.
 - 5.2 Subject to Board approval, the work that has been undertaken to date will be further developed and refined, in consultation with stakeholders, through the development of an Outline Business Case (OBC). This work will include a further review of options to ensure that the economic benefits and inclusive growth opportunities are maximised, together with close liaison with stakeholders to ensure that the potential for enhanced economic activity and integration with other Council initiatives are maximised. The OBC work would also include further work to identify potential funding sources for delivery of the project.
 - 5.3 It is anticipated that an Outline Business Case could be presented for consideration by April 2020. Subject to satisfactory progression of an OBC, identification of funding sources and satisfactory progression of relevant statutory processes, it is anticipated that construction work could potentially commence in 2022 for completion by the end of 2024.
 - 5.4 As the GAIA South project is complementary to the GAIA City Deal project and has interdependencies with the Airport Access Project, it is proposed to manage this work stream within the City Deal team. The interdependency of the GAIA South project with other on-going projects including: the Town Centre Regeneration Strategy; Public Realm Programme; Cultural Heritage etc will be managed through regular co-ordination with the relevant Council teams.
-

Implications of the Report

- 1. **Financial** – There will be significant financial implications associated with taking forward a GAIA South Project. The funding options and funding package for delivery of the project will be explored as part of the development of an

Outline Business Case (OBC). The cost of developing the GAIA South project to OBC will be contained within existing resources.

2. **HR & Organisational Development** - none

3. **Community/Council Planning** –

- *Our Renfrewshire is thriving* – The GAIA South project will facilitate new development opportunities and business growth with the improved links between employment centres at AMIDS with the Cultural, Heritage, retail and hospitality offerings at Paisley Town Centre.
- *Our Renfrewshire is well* - The new safer walking and cycling infrastructure will help encourage active travel by children and young people, as well as adults.
- *Reshaping our place, our economy and our future* - The completed GAIA South infrastructure will provide connectivity and access to new and existing jobs for people in our communities as well as increasing links over the White Cart and improving resilience in the local roads network. During the project construction period there will be opportunities for employment. The resulting development will create new permanent employment.
- *Tackling inequality, ensuring opportunities for all* – delivery of the better connections for local residents to employment and skills opportunities will support inclusive growth
- *Creating a sustainable Renfrewshire for all to enjoy* - The completed infrastructure will include improved provision for walking and cycling, while improved road network will increase the reliability of public transport.
- *Working together to improve outcomes* - Officers will work closely with teams on complimentary projects, stakeholders and the public to ensure the maximisation of outcomes in a collegiate manner.

4. **Legal** - none

5. **Property/Assets** – none at this stage. land acquisition proposals will be set out in the OBC

6. **Information Technology** - none

7. **Equality & Human Rights** -

- (a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report because it is for noting only. If required following

implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.

8. **Health & Safety** - none
 9. **Procurement** – any procurement for services to deliver the OBC will be undertaken in accordance with Council procedures.
 10. **Risk** – a project specific Programme and Risk Register has been established. These will be kept under regular review as the project develops.
 11. **Privacy Impact** - none
 12. **COSLA Policy Position** – not applicable
-

List of Background Papers

Leadership Board 21st February 2018 –Item 4 – City Deal – Clyde Waterfront & Renfrew Riverside

Leadership Board 25th April 2018 – Item 8 – Clyde Waterfront & Renfrew Riverside and Glasgow Airport Investment Area – Update

Leadership Board 20th February 2019 – Item 5 – Glasgow Airport Investment Area Full Business Case and update on AMIDS

SMcF/NY
Mar 2019

Author: Norman Yardley, City Deal Project Manager; Tel: 0141 618 7040

Appendix A – Executive Summary of the Glasgow Airport Investment Area South Strategic Business Case

The complete Strategic Business Case can be accessed via the following link: [J:\GAIA \(South\) Business Case](#)

Executive Summary

Strategic Case

In December 2017, the Scottish Government announced that the National Manufacturing Institute for Scotland (NMIS) would be located at the Advanced Manufacturing Innovation District Scotland (AMIDS). This was followed in July 2018 by the announcement that the UK's Medicines Manufacturing Innovation Centre (MMIC) would be located adjacent. These developments which are a direct result of the infrastructure investment at the Glasgow Airport Investment Area (GAIA) and the creation and development of strategic relationships with key stakeholders, will commence construction during 2019.

In parallel, Paisley's UK City of Culture 2021 bid provided a sharp focus for developing supporting interventions to reposition the improvement and future development of Paisley Town Centre as a cultural hub. A programme of cultural activity was developed alongside a suite of placemaking enhancements. As a critical gateway which will link the cultural, retail and hospitality facilities at Paisley Town Centre, as well as Paisley Gilmour Street Station and the wider City Region, to GAIA and the airport, the development of the White Cart corridor is a priority if Renfrewshire is to fully capture and extend the benefits of the City Deal investment. The Glasgow Airport Investment Area South (GAIA South) project will achieve that outcome.

The planned redevelopment by West College Scotland and the future vacation of the Chivas facility at Renfrew Road, create both challenges and opportunities, which can be aided by the GAIA South project. By including an infrastructure link from Renfrew Road to the Abercorn area, then west of the White Cart via a new road bridge, the College is effectively linked to the skills development and employment opportunities being delivered at GAIA. Additionally, the areas of Gallowhill, the Chivas site and Abercorn gain access to this major employment centre at GAIA. This link will therefore not only increase local transport resilience, but also significantly improve the potential for residents in these areas and for private sector response on currently unused or underused land.

By improving the strategic gateway and local access between GAIA, Glasgow Airport, Paisley Town Centre and the neighbouring communities, the GAIA South project will enhance the character and economic potential of the area north of Gilmour Street Station. This area which has seen some recent residential development, remains significantly undeveloped (many vacant properties and sites) and lacking in investment. By improving access, the aesthetic environment, active travel links to main hubs, and the physical links to surrounding communities and GAIA, this area would acquire all of the assets which would attract private sector investment.

In summary, the GAIA South project creates the environment where: further education facilities link to skills and employment already being delivered at GAIA; residential communities gain access to a wider range of opportunities; Paisley Town Centre is easily accessible by the many thousands of new employees at GAIA; and Paisley North, Chivas and Abercorn, see improved market and economic conditions - which through private sector response - see delivery of enhanced conditions. In addition, the White Cart is opened up as an attractive and environmentally beneficial asset for Renfrewshire.

The GAIA South project also aids delivery of: The Council's commitment to economic growth, as noted in the Strategic Economic Framework; the Paisley Town Centre Action Plan; housing supply within brown field sites which are close to employment opportunities.

Economic Case

The economic case identifies the market failure currently affecting economic activity in the White Cart corridor and defines clear objectives and critical success factors for future improvement. Following consideration of a long list of options, which might address the needs, a short-list of options was compiled. All options were critically analysed against the relevant criteria.

Short-listed options were appraised in line with HM Treasury Green Book guidance¹. The anticipated economic impact of each option has been presented at three spatial levels; Renfrewshire, City Region and Scotland, with a Benefit Cost Ratio (BCR) calculated at City Region level to determine a relative value for money.

The process described identifies the preferred approach to: improving economic conditions in the North Paisley, Abercorn and Harbour Road areas; enhancing opportunities for residents in Gallowhill and Shortroods; effectively addressing the opportunities and challenges at West College Scotland and Chivas; maximising the spread of economic improvements generated by the success of the GAIA project and building on regeneration and cultural strategies in Paisley Town Centre, means the Gateway Option (Option 7 of schemes examined) is the preferred option.

The preferred option for delivery of the GAIA South project involves the creation of:

- Road improvements along Abercorn Street, from Old Sneddon Street to Harbour Road, including addition of segregated cycle routes and landscaping;
- New road link from Renfrew Road, to the Abercorn area and linking to the infrastructure which crosses the White Cart;
- A new road bridge across the White Cart linking Harbour Road to Inchinnan Road;
- Road improvements along Inchinnan Road, including segregated cycle ways and landscaping;
- Public realm improvements and a cycle routes linking County Square, the existing pedestrian/cycle bridge over the White Cart connecting Carlile Place, Renfrew / Paisley cycleway;
- Street scape and traffic calming works on Love Street.
- Aesthetic and environmental improvements on Renfrew Road.

This option, which is identified as the most effective following critical evaluation, generates benefits for the City Region which result in:

- some 450 additional operational jobs
- £202.6m net additional GVA.
- a benefit cost ratio (BCR) of 5.0 against public-sector costs
- a benefits cost ratio (BCR) of 2.3 once private sector costs are included.

Commercial Case

No appointments have been made at this point to develop the project and subject to approval, options for engaging external support, and the structure and form of appointments will be presented and approved by Programme Board prior to progression.

All procurement required for the project will comply with the Standing Instructions of Renfrewshire Council and where necessary OJEU legislation. All tenders will include appropriate conditions to ensure delivery of community benefits.

The construction of the project may be undertaken as a traditional construction project, or a Design and Construct model. This will be considered further at the appropriate stage and will include consultation with stakeholders, the contracting market and following full evaluation of the risks associated with the project.

¹ HM Treasury Green Book Guidance, 2018

As the completed assets will see the delivery of primarily upgraded or new roads and bridge infrastructure, any increase in revenue commitment will become the responsibility of the Environmental and Communities service. These revenue costs, in relation to wider considerations are envisaged to be minimal.

Financial Case

Costs for the project have been developed through the options appraisal process using information gathered from other projects and high-level estimates. The costs also include an appropriate level of optimism bias (44%), risk and contingency having assessed the status of the project development. The optimism bias allowance equates to £8m.

Costs have also been inflated up to Q3 2023 (mid- point of construction phase) based on the BCIS General Civil Engineering Cost indices and forecasts. The forecast applied has taken account of the impact of the Brexit result on the indices. This equates to £5.9m which again is contained within the construction costs.

Following the process described, the cost for the most effective option is assessed as £40.578m.

No funding packing has yet been agreed for this project and this Strategic Business Case seeks the authorisation to proceed in developing an Outline Business Case for the project including the development of funding proposals for its delivery.

The projected cost to progress the project to the detail required to compile an Outline Business Case can be contained within existing resources. The workstreams required to progress to OBC include: consulting stakeholders and the local community, refinement of the scope, alignment and routes of infrastructure, and evaluation of technical impacts including traffic flows, ground conditions and environmental aspects.

A number of potential funding sources for the GAIA South project, have been identified for further development and consideration. There is also potential to investigate a funding package for the programme which will combine funding from a variety of funding sources. This aspect will be progressed in parallel with development of the OBC.

The project currently only envisages expenditure on assets which at the point of delivery of the project are owned, or will be owned, by Renfrewshire Council.

Management Case

The project will be managed using the existing resources within Renfrewshire Council, with the appropriate use of specialist consultants where required.

Governance arrangements already utilised within Renfrewshire Council, for major projects will be adopted in the progression of this project. Any governance structures will require to accommodate the needs of the appropriate funding body or bodies.

A risk Register has been compiled for the project to aid the management and mitigation of risks to delivery, cost and programme. This register will be regularly reviewed and updated, with reports on any changes to risk being reported in accordance with the Governance process.

A draft programme has been compiled to gauge the timescale for delivery of the project and allow necessary adjustment of financial aspects to cover inflation. The draft programme notes:

- | | |
|--------------------------------------------------------|-----------------|
| • Project Scope and Cost Estimates Agreed | - May 2019 |
| • Commencement of Procurement of Professional Services | - June 2019 |
| • Traffic Modelling Consultant appointed | - November 2019 |
| • Lead Consultant Appointed | - December 2019 |
| • Topographic Surveys commenced | - March 2020 |

Appendix A - GAIA South Project Strategic Business Case

- Outline Business Case Approved - April 2020

Subject to identification of appropriate project funding and approval of OBC:

- Environmental surveys commenced - Q4 2020
- Ground Investigation - Q4 2020
- Finalise Specimen Designs - Q4 2020
- Commencement of Statutory Process (Planning, CPO, etc.) - Q1 2021
- Planning Approval of GAIA South project - Q3 2021
- Completion of Statutory Process - Q1 2022
- Construction Contract Tender - Q3 2021
- Award Construction Tender - Q2 2022
- Construction Start - Q2 2022
- Construction Completion - Q4 2024

Supporting Images

Figure 1.01 attached, provides an indication of the interventions included within the most effective option of those evaluated. The precise alignment and design of the planned works will be refined following further technical evaluation and consultation with stakeholders and the public. Figure 1.01 should therefore be regarded as indicative at this stage.

Sketch Views are included to indicate the potential outcomes which could be derived from the improved connectivity, environment and social inclusion provided by successful completion of the GAIA South project.

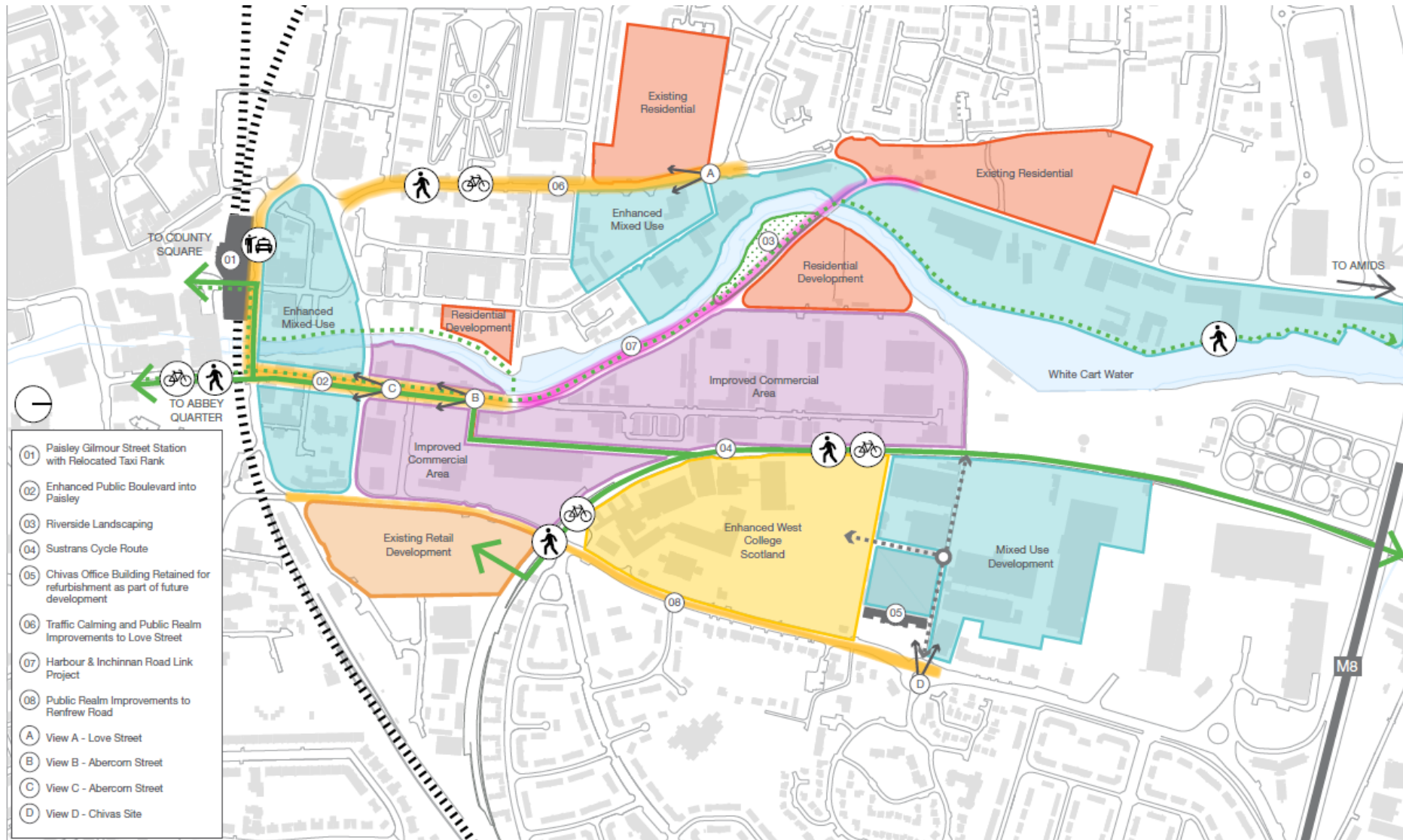


Figure 1.01 Indicative GAIA South project and outcomes.

View C - Abercorn Street
Enhanced mixed use area
surrounding Wallneuk North
Church



View D - Chivas Site
Chivas building retained for
refurbishment forming gateway
to future mixed use development

