

To: Leadership Board

On: 30 November 2016

---

Report by: Director of Development and Housing Services

---

Heading: City Deal – Outline Business Cases & Projects Update

---

1. **Summary**

- 1.1 This report is to update the Board on the progress of the Renfrewshire Council City Deal projects being delivered as part of the overall Glasgow City Region City Deal.
  - 1.2 The report seeks approval from the Board to submit the Outline Business Cases (OBCs) for the two Renfrewshire City Deal projects (**Renfrew Riverside & Clyde Waterfront Project** and **Glasgow Airport Investment Area Project**) to the Glasgow City Region Cabinet for approval.
  - 1.3 The report seeks approval from the Board to submit the Outline Business Case (OBC) for the **Airport Access Project** (being delivered jointly with Glasgow City Council) to the Glasgow City Region Cabinet for approval.
  - 1.4 The report seeks approval from the Board to authorise the Director of Development and Housing Services to make such minor changes to the OBCs that may be requested by the City Deal Programme Management Office (PMO) prior to submission to Cabinet.
- 

2. **Recommendations**

- 2.1 It is recommended that the Board:
  - (i) Note the progress to date on delivering the Renfrewshire City Deal projects.

- (ii) Approve the Outline Business Cases (OBCs) for the following projects for submission to the Glasgow City Region Cabinet for approval:
- Clyde Waterfront and Renfrew Riverside (CWRR) Project
  - Glasgow Airport Investment Area (GAIA) Project
  - Airport Access (AAP) Project
- (iii) Authorise the Director of Development and Housing Services to make such minor changes to the OBCs that may be requested City Deal Programme Management Office (PMO) prior to submission to Cabinet.
- 

### 3. Background

- 3.1 The Glasgow City Region City Deal Infrastructure Fund Programme, with an overall value of £1.13billion, will see a significant investment on three infrastructure projects in the Renfrewshire area, together with additional investment into employment support through the Labour Market projects.
- 3.2 The Infrastructure Fund Programme of twenty infrastructure projects is forecast to deliver a significant uplift in the economy of the City Region over the lifetime of the programme. The predicted benefits include:
- £2.2 billion additional GVA per annum to the City Region
  - 29,000 permanent additional jobs and improved access to employment opportunities
  - 15,000 construction jobs
  - Unlocking £3.3 billion of private sector investment
  - Spreading the benefits of economic growth across the Glasgow City Region, ensuring that deprived areas benefit from the growth.
- 3.3 Within Renfrewshire, there will be an investment of £274million on 3 projects:
- Glasgow Airport Investment Area (GAIA)
  - Clyde Waterfront & Renfrew Riverside (CWRR)
  - Airport Access Project

The Airport Access project is fully funded by government grant to the approved level of £144.3 million. The GAIA and CWRR projects will receive government grant funding of £112million with the balance of £17.7 million provided directly by the Council.

- 3.4 Good progress continues to be made on the development of the projects which has led to the completion of the Outline Business Cases (OBCs) for the three projects. Further information on the projects and progress is provided in Section 4.

- 3.5 The latest information on the City Deal projects is also available on the Council website at [www.renfrewshire.gov.uk/citydeal](http://www.renfrewshire.gov.uk/citydeal). Information on the overall City Deal programme is available on the Glasgow City Region City Deal website at [www.glasgowcityregion.co.uk](http://www.glasgowcityregion.co.uk).
- 

#### **4. Infrastructure Projects Progress (to date)**

- 4.1 Following on from approval of the Strategic Business Cases (SBCs) by the Leadership Board last year, work has continued on the development of the projects to the Outline Business Case (OBC) stage.
- 4.2 The 3 Renfrewshire projects will provide a significant catalyst for economic growth in the Renfrewshire area, building on the existing strengths of the local economy and a number of other initiatives being undertaken by the Council, all of which will assist in creating the conditions for new local employment. Additionally, connectivity improvements delivered by the projects, and the overall programme, will greatly improve access to job opportunities across the City Region for Renfrewshire residents. There will be significant local business and investment opportunities over the lifetime of City Deal. In addition to new permanent jobs and increased accessibility to new and existing jobs across the City Region, the construction of the projects will provide a large number of local job opportunities in Renfrewshire, with additional Community Benefit clauses incorporated into the contracts.
- 4.3 The **Glasgow Airport Investment Area Project (GAIA)** will deliver investment in road infrastructure enabling the development of additional key business sites in the vicinity of the airport, the continued growth of Glasgow Airport and will improve conditions for existing businesses. Improvements to walking and cycling links will be incorporated in to the project to promote active travel. Glasgow Airport is a key driver for the Renfrewshire economy and supports 4,500 jobs on site, many of which are filled by Renfrewshire residents, and over 7,300 across Scotland. In addition to helping the airport to continue to grow local job opportunities, the project will help provide better connectivity for existing and new businesses, building on the significant manufacturing strengths within Renfrewshire and providing new employment opportunities. From the work that has been undertaken through the masterplanning process and through working with stakeholders, it is estimated that the implementation of the long term vision for the Airport Investment Area has the potential to deliver up to 10,000 new jobs. Further information on the project scope is included in the OBC appended to this report.

- 4.4 The **Clyde Waterfront and Renfrew Riverside Project (CWRR)** includes a new opening bridge over the River Clyde between Renfrew and Yoker/Clydebank along with the construction of the Renfrew North Development Road. This, together with other infrastructure improvements, will enhance accessibility to key development sites along the River Clyde, providing new housing and business/employment opportunities. The project will also improve connectivity for Renfrewshire residents to employment, education, healthcare and leisure facilities. Further information on the project scope is included in the OBC appended to this report.
- 4.5 The **Airport Access Project (AAP)**, due to its importance to the overall Infrastructure Fund Programme, is designated as one of only two 'Regional' projects in the programme. The project is being jointly delivered by Renfrewshire Council and Glasgow City Council. The project aims to deliver a new direct rail link between Glasgow Airport and Glasgow Central Station, stopping at Paisley Gilmour Street station. The project will assist in reducing the over-reliance on access to the airport from the increasingly congested M8, assist in achieving modal shift to more sustainable forms of transport and provide additional travel options for local residents working at the airport.
- 4.6 The scope for each of the projects has gone through a process of refinement and development, as work has progressed towards OBC, in order to ensure that the maximum economic and employment benefits for Renfrewshire, Renfrewshire residents and the City Region are realised through the infrastructure investment. As detailed in the financial implications section of the report, the detailed cost estimates for the projects developed through the OBC development remain within the established funding envelope but will require formal approval from the City Deal Cabinet to vire resources from GAIA to CWRR.

#### **GAIA & CWRR**

- 4.7 The GAIA and CWRR projects are both at a similar stage in terms of project development. A Lead consultant, a traffic modelling consultant and a masterplanning consultant have been appointed to assist in taking forward the projects. Work was undertaken to identify the optimum locations for the bridges and associated roads, paths and cycle ways. The various options were refined and assessed in an appraisal process to establish the most appropriate and effective option. The appraisal process took in to account opportunities and constraints and was informed by a detailed traffic modelling exercise, environmental surveys, a masterplanning exercise and consultation with key stakeholders to ensure that the relevant issues were given appropriate consideration in the appraisal. This appraisal process resulted in the development of the preferred options for the infrastructure elements that will deliver maximum benefits for Renfrewshire. These options are outlined in the OBCs.

- 4.8 The appraisal process also included a number of events during April, May and June 2016 to provide information and opportunities for public engagement. This included meeting Local Area Committees and Community Councils as well as public exhibitions to allow stakeholders and the general public to contribute to, and comment on, the various options and the emerging designs. The public events were well attended and the feedback received indicated that the proposals were viewed very positively by the majority of attendees. A further series of public exhibitions are planned for December 2016 which will inform the public of the emerging preferred options and seek input into the design of these.
- 4.9 Following approval of the OBCs, work will continue on developing the preferred options and progressing through the statutory processes with the aim of commencing construction in spring 2018.

### **Airport Access Project**

- 4.10 A considerable amount of work has been undertaken on the appraisal of the two options that were identified in the SBC for further development (i.e. Tram Train & Personal Rapid Transport). This work has looked at a range of issues, including costs, benefits, passenger numbers and the economics of the options. The information has informed the development of the OBC, which reaffirms that tram-train is the best performing option and should be taken forward as the preferred option.
- 4.11 A considerable amount of dialogue has taken place with key stakeholders, including Transport Scotland, Network Rail and Glasgow Airport, to ensure that the project development takes in to account the views of stakeholders and also to try to ensure that there is collegiate working amongst stakeholders to ensure the best overall outcomes for the City Region and its residents.
- 4.12 Due to the technical complexities of this project, the AAP has a significantly longer development process. Construction is currently scheduled to commence in 2022, with the scheme expected to be completed and operational by 2025. The opportunity, however, exists to accelerate the delivery of this project if key stakeholders get behind the project and work collegiately with the Councils on its delivery.

---

## **5. Labour Market Projects**

- 5.1 A key driver of the Glasgow City Region is its ambition to reduce unemployment across the region. The City Deal is an excellent opportunity to blend new, aligned and enhanced employability programmes, to support specific groups identified as suffering greater disadvantage in the labour market. The City Deal **Labour Market** projects are designed to ensure that the benefits flow to all sectors of the population of the City Region.

There are three labour market projects currently being progressed as part of City Deal

- New £9million **Working Matters Programme** which is an integrated employment initiative that aims to support unemployed people in receipt of Employment Support Allowance (ESA) into sustainable employment. £4.5 million of additional funding will be received from DWP, with match funding from existing resources from member authorities. Renfrewshire will receive £450,000 additional funding through the programme.
  - Aligned £15million **Youth Gateway Programme** that builds on existing and successful Member Authority employability programmes, utilising existing and planned investment into skills, training and employment support for young people to underpin a Glasgow City Region employment and support services for those aged 16-29. Renfrewshire Council is currently taking the lead for the Youth Guarantee Programme.
  - Enhanced £600,000 **In Work Progression** Pilot in Glasgow to help develop and test support that employers can provide to boost earnings, design career paths and ultimately reduce the reliance on in-work benefits in sectors with high concentrations of low pay.
- 5.2 Good progress is being made in Renfrewshire on the delivery of the Labour Market programme. Working Matters and Youth Gateway continue to progress with both programmes ahead of schedule in terms of targets.
- 5.3 The Working Matters project commenced on 24 August 2015 and will now run to 31 August 2018. Within Renfrewshire, it is anticipated that some 450 long term unemployed will be supported through the programme, with referrals currently running ahead of target. To date, the majority of referrals are people aged 30 years or more with an average length of unemployment of over 10 years, with some more than 20 years. Discussions are continuing at a local level with DWP to review and refine the handover process to reduce the numbers failing to take up the offer of assistance and on developing new guidance on voluntary referrals which it is hoped will generate positive / quick job outcomes for the programme.
- 5.4 Renfrewshire Council is taking the lead on the Youth Gateway programme on behalf of the other City Deal member authorities. Youth Gateway remains on track to exceed all targets (number supported, number into work and spend) at both programme level and Renfrewshire level. As the Youth Gateway outputs are ahead of target, more focus will now be placed on the wider intention to develop a future joined up and consistent City Region employability service for young people. This future service would be based on best practise in current approaches and agreement across the 8 areas on a single mainstreamed employability service (with each area potentially then building on that with additional localised services).
-

## **6. Business Case Process – Infrastructure Projects**

- 6.1 The Assurance Framework (AF) that governs City Deal sets out the process that requires to be followed for the preparation, submission and approval of Business Cases for City Deal Infrastructure Projects.
- 6.2 Three stages of Business Cases are required by the AF:
- Strategic Business Case (SBC)
  - Outline Business Case (OBC)
  - Final Business Case (FBC)
- 6.3 The AF sets out the purpose of each stage of the Business Case and provides a framework which must be followed in the preparation of Business Cases.
- 6.4 Business Cases will be assessed and scrutinised by a central independent assessment team located within the PMO. This team will make recommendations for decision on the Business Cases to the City Deal Cabinet via the Clyde Valley Chief Executives Group.
- 6.5 Under the AF, each stage of the Business Case requires to be approved by the member authority before being submitted to the Glasgow City Region Cabinet for approval.
- 

## **7. Outline Business Cases (OBCs)**

- 7.1 The purpose of the Outline Business Case (OBC) is, as set out in the Assurance Framework, to revisit the SBC in more detail and to identify a preferred option that optimises value for money. It should also set out the likely preferred option, demonstrate its affordability and sustainability and detail the procurement strategy, together with the management arrangements for successful roll out of the project. The OBC for each project is attached as an appendix to this report.
- 7.2 Subject to Board approval of the OBCs, they will be submitted for approval by the Glasgow and Clyde Valley City Deal Cabinet at its meeting on 13 December 2016.
- 7.3 The more detailed scope of each of the projects will continue to be refined and developed as work progresses on the project towards Final Business Case. This will ensure that the maximum economic and employment benefits for Renfrewshire and the City Region are realised through the infrastructure investment.
-

## Implications of the Report

1. **Financial** - There are significant financial implications arising from the Council's participation in City Deal. These are set out in detail in section 6.13 of the report approved by Council on 14 August 2014. In particular the Council will receive almost £112 million of government grants towards the GAIA and CWRR projects set out at section 4.3 and 4.4 with the Council contributing £17.7 million. Through the development of designs for the preferred options, detailed cost estimates have now been established for both GAIA (£39.1m) and CWRR (£90.6m). These detailed cost estimates have moved from the initial SBC outline cost estimates but remain within the overall £129.7 million funding envelope and support the continued delivery of the full infrastructure delivery originally envisaged for these projects. There will be a requirement for formal approval from the City Deal cabinet to vire £12.3 million of resources from GAIA to CWRR to align with the updated cost estimates. The Airport Access project is fully funded by grant to the approved level of £144.3 million.
2. **HR & Organisational Development** - A staffing structure has been agreed and implemented for the City Deal, with costs met through the City Deal funding.
3. **Community Planning – Jobs and the Economy** - The Renfrewshire City Deal projects will result in a significant increase in jobs and improved economic conditions in Renfrewshire and will increase the accessibility to the wider job market across the Glasgow City Region for residents of Renfrewshire. Delivery of improved access to Glasgow Airport will support passenger growth and the consequent economic benefits of increased jobs and visitors within Renfrewshire, together with improved access for local residents working at the airport.
4. **Legal** - The Council has formally signed up to the City Deal Cabinet Agreement. Further legal agreements are likely to be required in due course as the projects develop.
5. **Property/Assets** - The projects will, upon completion, require to be operated and maintained. The models for these are under discussion with relevant Stakeholders and any implications for Renfrewshire will be accommodated within the Council's financial planning arrangements.
6. **Information Technology** - None
7. **Equality & 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. 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** – An initial procurement strategy has been developed for the projects in line with both the Council's Procurement Strategy and the City Deal Procurement Strategy, which has been approved by the City Deal Cabinet to optimise the overall procurement approach to City Deal.
  10. **Risk** - Project specific and Programme level risk registers have been established. These will be kept under regular review and reported to the Council's internal City Deal Programme Board and/or the Airport Access Joint Chief Executive Steering Board.
  11. **Privacy Impact** - None
- 

#### **List of Background Papers**

None

---

**Author:** Stephen McFadden, Project Director – City Deal, 0141 618 5709