

To: Leadership Board

On: 24 February 2021

Report by: Chief Executive and Director of Finance and Resources

Heading: Renfrewshire's City Deal Projects – Final Delivery Phase

1. Summary

- 1.1 This report is to update the Board on the progress of Renfrewshire Council's two City Deal Projects as they enter their final delivery phase, and to enable that, to seek approval of the Final Business Case for the Clyde Waterfront and Renfrew Riverside Project which has been submitted to the City Region for its consideration in line with City Region governance requirements. The report also provides an update on the status of the regional airport access project.
- 1.2 Renfrewshire Council is delivering an ambitious regeneration agenda, focused on creating the infrastructure and business environment that will generate economic growth, jobs and ensure that the area is a fairer, more inclusive place where all our people, communities and businesses thrive. As a partner in the Glasgow City Region Deal, signed in 2014, Renfrewshire Council along with the Scottish Government, the UK Government and the other Member Authorities is tasked with growing the economy through the delivery of £1.13bn of infrastructure projects and supporting economic development activity.
- 1.3 When the City Deal projects were approved in 2014, no one could have predicted the scale of the global economic shock we would be experiencing from the pandemic just at the point the projects entered their final delivery phase; and how central they would become to the recovery of the Renfrewshire economy. Both projects are reaching critical milestones in their delivery, just at the point the economy most needs investment at this scale, bringing with it the generation of jobs in the short to medium term. With the additional challenges now being experienced within our communities as a consequence of the Covid_19 pandemic we find ourselves in the fortunate position of being able to provide a much needed boost to the economy by having these two projects on site during 2021, sustaining and protecting existing jobs, and generating new jobs in the construction industry and its supply chain, providing work for local, regional and national companies, helping to sustain the local and regional economy through this very difficult period. These projects, together with the recent investment announced by the Council on its housing stock, and its ongoing investment in its cultural infrastructure means that the Council is doing everything it can to support the

recovery of the local economy from the economic shock of Covid playing its full role as an anchor institution at a local level, and delivering on its commitments in the Renfrewshire Economic Recovery Plan, agreed by Council in December 2020. The programme for the CWRR project and our ability to move to construction within months, provides additional jobs and the chance for local suppliers and contractors to seize opportunities from the City deal programme at a time when they need it most. The social and economic outcomes from CWRR also delivers substantial benefits to Renfrewshire in the medium and long term and provide a significant contribution towards our economic and social ambitions for the whole area.

2. Recommendations

2.1 The Leadership Board is asked to:

- i) Note the progress in relation to delivery of the AMIDS site and the intention to procure a development partner for the next stage of its development, to secure the longer term economic benefits.
 - ii) Approve the Final Business Case for the Clyde Waterfront and Renfrewshire Riverside project, and authorise the Chief Executive to make such changes to the Business Case (in consultation with the Council Leader) that may be required to satisfy the City Deal Governance procedures.
 - iii) Note the changes in relation to the Airport Access City Deal Project;
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3. Advanced Manufacturing Innovation District Scotland (AMIDS)

3.1 The establishment of the Advanced Innovation District Scotland (AMIDS) has only been possible as a consequence of the catalyst provided by the City Deal Glasgow Airport Investment Area (GAIA) project.

3.2 GAIA which comprises: the realignment of Abbotsinch Road between Arran Avenue and Greenock Road / Inchinnan Road and a new road bridge across the White Cart, improves facilities for cyclists and pedestrians, improves connections between the Westway, Inchinnan and Airport Business Parks. The GAIA project also includes the provision of cycling infrastructure including a new pedestrian and cycling bridge over the Black Cart water. The council appointed a contractor, Wills Bros Limited in June 2019 and works on site are well progressed (despite construction shut down due to the Covid_19 pandemic and delay in the completion of the Black Cart Bridge) and are due to be completed in summer 2021.

3.3 The delivery of AMIDS is now at a critical stage, between infrastructure delivery and securing the investment which will bring the employment, skills development and economic growth which are the primary aims of GAIA, and by consequence AMIDS. This context is recognised within the Renfrewshire Economic Strategy 2020-2030 where AMIDS is noted as a key component.

3.4 The Renfrewshire Economic Recovery Plan, compiled with the Renfrewshire Economic Leadership Panel, and endorsed by Council in December 2020, has AMIDS, and the skills and employers who will locate there, at its core. With the challenges that Covid_19 has created within our communities and businesses,

AMIDS provides a unique opportunity to aid Renfrewshire's swift and inclusive recovery.

- 3.5 Significant work has been undertaken to realise the ambition of the Advanced Manufacturing Innovation District Scotland (AMIDS). This has involved working closely with, local and national stakeholders and partners including Scottish Government and Scottish Enterprise. This collaboration has resulted in both the new National Manufacturing Institute Scotland (NMIS) and the Medicines Manufacturing Innovation Centre (UK) (MMIC) being located at AMIDS. Construction of both NMIS and MMIC commenced on site in 2020, with both facilities aiming to be operational during 2021/2022.
- 3.6 The City Deal team have developed a high-quality public realm design for the whole of Netherton Campus including an important central square, Netherton Square, which will be the arrival and focal point of the AMIDS site. A procurement process is now underway with plans that a contractor be appointed in summer 2021 to deliver the Netherton Square project, which focusses on the area immediately adjacent to both the NMIS and MMIC facilities. The City Deal team is working with both NMIS and MMIC to enable completion of construction in alignment with the planned opening dates for these facilities.
- 3.7 A procurement process is also underway for an innovative fifth generation district heating network for the AMIDS site, the first of its kind in Scotland. This will enhance the sustainable credentials of AMIDS in line with the Council's ambition for carbon reduction and long-term sustainability and provide an additional attraction for employers we would wish to locate at AMIDS.
- 3.8 The innovation eco-system that is being created at AMIDS has also resulted in the Lightweight Manufacturing Centre (LMC) and a research and development initiative by Boeing, locating at Westway. It is estimated that circa £185m of investment has already been made so far at AMIDS, with more to come. None of this would have been possible without the City Deal infrastructure investment by the Council.
- 3.9 To ensure the progressive and effective delivery of AMIDS, the City Deal Team are working with specialist commercial property and legal advisers to scope and attract a development partner, who will continue to drive the investment and delivery of the AMIDS site for future occupiers. It is intended to start a competitive procurement process for this partner during 2021. This is a recognised approach for such employment centres and a model which has been utilised by Renfrewshire Council to drive other smaller projects in the past.
- 3.10 In parallel proposals are being developed to convene a Strategic Engagement Steering Group with our partners to ensure the AMIDS vision, as a key development location in Scotland for national and international investors, is delivered.

4. Clyde Waterfront Renfrew Riverside Project

- 4.1 At the commencement of the City Deal programme in 2014, the Glasgow Airport Investment Area (GAIA) project and the Clyde Waterfront and Renfrew Riverside (CWRR) Project were viewed as complementary. Whilst each project individually contributed to economic growth, it was accepted, that the combined social and economic outcomes from both would be greater than the sum of the two individual parts, and that the absolute maximum potential of AMIDS would be achieved with the construction of CWRR. It was also recognised that the development opportunities provided by CWRR will gain increased investor attention as a result of AMIDS.

- 4.2 The Outline Business Case for CWRR was approved by members in July 2018 with authority given to officers to progress the design, statutory approval processes and procurement exercise, to enable the completion of the final business case, prior to onsite commencement of the project.
- 4.3 All statutory consents required to complete the CWRR project have been secured:
- Planning consent was granted by Scottish Ministers on 16th November 2018 under reference 17/0486/PP.
 - Marine licences, which permit works within Tidal areas were granted by Marine Scotland in August 2019 and the period for the works extended in August 2019 under references MS-00007685 and MS-00007686.
 - On 17th December 2019, Scottish Ministers confirmed the CWRR scheme under Section 75(3) of the Roads (Scotland) Act 1984. This proves Renfrewshire Council with the authority to construct the bridge over the navigable waters of the River Clyde.
- 4.4 Since approval of the OBC (July 2018) there has been some change in the contracting market, as well as local and national economic conditions through Brexit and the Covid_19 pandemic. Such changes will undoubtedly have an effect on projects of the scale of CWRR, however, despite this a review of the outcomes show that the CWRR project remains a unique opportunity to contribute to the social and economic growth of Renfrewshire and to play a significant role in local recovery post covid.
- 4.5 The CWRR project progressed through a significant and complex procurement process over the course of 2019 and 2020, quickly adapting and continuing remotely during the pandemic and lockdown. The outcome of the procurement exercise and an update of the economic outcomes of the project (to ensure current circumstances are recognised) have been incorporated into a Final Business Case (FBC) for the project. This is available for review by members by contacting Barbara Walker or Norman Yardley in the City Deal team.
- 4.6 The economic outcomes from the project remain the most significant within the whole of the City Deal programme, providing the opportunity and environment to attract an estimated £230m of Private Sector investment over 25 years into the project area. Value for money checks on the project reveal a healthy benefit to cost ratio of 10.2 for public sector spend and 3.1 for the combined public and private sector spend, following investment in development and business creation. These indicators demonstrate a solid, evidence based, justification for the project.
- 4.7 As an outcome of the CWRR Project, 1,442 net additional operational jobs will result from new business creation at a local level, with 1,647 net additional temporary construction jobs, 694 of which are estimated to be from the CWRR infrastructure construction. Included in these additional jobs resulting from construction of the CWRR project, there will be a minimum of 17 new entrant job opportunities and 25 work experience opportunities. Subject to approval of the FBC, these construction jobs could start being realised during 2021. In light of the economic conditions post pandemic this project also has the ability to sustain a significant number of existing jobs in the construction industry.
- 4.8 The Construction Contract for the CWRR project requires that subcontract and supplier opportunities over a value of £10,000 are advertised through the PCS Tender portal. This requirement ensures that as the large-scale project is broken into smaller work parcels, local companies and SME's have the opportunity to bid for packages of work. Additionally, a commitment of a minimum of 12 days will be spent by the Contractor undertaking supply chain development, to encourage and coach, local

organisations and SME's how to prepare to enable access to this and therefore other public sector work opportunities.

- 4.9 CWRR provides an alternative route around Renfrew Town centre (for traffic travelling from and to locations out with the area) by delivering the North Renfrew Development Road. This has a consequential improvement in air quality and public transport reliability, within the town centre.
- 4.10 The project also provides access to development opportunities along Meadowside Street, increases the potential to reinvigorate Blythswood Retail Park and improves access for the communities on both sides of the River Clyde to facilities and employers on the other side (e.g. QEUH, Jubilee Hospital, BAE, Yoker train station etc). The project also increases the employee catchment area for businesses planning to locate at AMIDS, while improving links to suppliers and customers.
- 4.11 Subject to approval of the FBC at this Leadership Board and at the GCR Chief Executive Group on 25th February (following approval by Leadership Board) in accordance with the City Deal governance arrangements, the recommendation report for contract award will be presented to Finance, Resources and Customer Services Policy Board. Following approval of the FBC and the report recommending contract award, the formal contract award will be made by the end of March.

5. Financial Update

- 5.1 The City Deal infrastructure investment programme is funded predominantly via the provision of national UK and Scottish government grants. For CWRR and the GAIA projects this grant provision totals approximately £112 million. This grant level was fixed at the outset of the programme and is not intended to vary. As members will recall this is supplemented by a Council contribution which is funded via prudential borrowing and which will ultimately result in a long-term annual debt servicing cost charged to the Council's revenue budget over the very long term.
- 5.2 As outlined in the Financial Update report to the December Council meeting, a level of financial provision has been built into the Council's long term revenue planning arrangements since the outset of the City Deal programme to ensure the financial commitment arising from the prudential borrowing is appropriately planned for and accommodated. The scale of borrowing that is assessed as being required to be undertaken by the Council to deliver both these city deal projects is now set at up to £37 million. This borrowing requirement can be comfortably accommodated within the annual revenue provision that has been established in the Council's long-term financial plans since 2014. Although there has been an upward movement in the investment cost to deliver the CWRR project since its inception in 2014, this has been more than offset by beneficial falls in borrowing rates to historically low levels coupled with greater flexibility linked to the confirmed design life of the CWRR bridge structure. As confirmed to the Council in December this updated borrowing commitment has been appropriately incorporated into the Council's capital investment plans.

6. Airport Access Project

- 6.1 As instructed by the Glasgow City Region Cabinet in April 2019, the AAP Project Team (jointly led at that time by Glasgow City and Renfrewshire Council) developed a revised Outline Business Case (OBC) for the Airport Access Project, based on people mover systems technology.
- 6.2 The revised OBC demonstrated a positive case for a Cable Pulled Transit (CPT) system between Paisley Gilmour Street and Glasgow Airport. This would, essentially,

provide a 2-vehicle set shuttle system, each capable of carrying around 100 passengers in two carriages and which would run at ground level on a segregated track, elevated on the approaches to the airport and Paisley Gilmour Street. The identified route largely followed the existing disused Renfrew to Paisley railway line thereby minimising disruption to existing roads.

- 6.3 Also in April 2019 the Connectivity Commission (commissioned by Glasgow City Council) made a recommendation that a Glasgow Metro system should be developed, with the first route to be constructed being the link between Paisley Gilmour Street and Glasgow Airport, capable of being extended to Glasgow City Centre along a proposed route running from the City Centre, via the QEUH, Braehead, Renfrew, AMIDS and Glasgow Airport to Paisley Gilmour Street. This route is known as the South Clyde Growth Corridor.
- 6.4 The Scottish Government stated in the Programme for Government 2019 - 2020 that they are committed to working with the regional partners to consider the Connectivity Commission's recommendations and, as part of STPR2 (which was originally due to be published in Spring 2021) will consider the potential for a Glasgow Metro. STPR2 has been delayed due to Covid with an Initial Report published on 3 February 2021 and the full Phase 2 Review now not expected until the end of 2021. The Initial Report defines short term transport investment priorities in the face of general uncertainty post covid. This report recommends that the Glasgow Metro feasibility is developed within STPR2 Phase 2 (expected end 2021) and Transport Scotland have committed to work with Glasgow City Council, Strathclyde Partnership for Transport and other regional partners on the Strategic Business Case for Glasgow Metro.
- 6.5 In April 2020, as a consequence of the Scottish Government's commitment to a Metro, Cabinet noted the positive business case for CPT and confirmed that should the Metro not progress, the CPT system can be taken forward to meet the City Deal objectives. Cabinet agreed to pause the CPT project whilst the Glasgow Metro feasibility study is undertaken, which would incorporate a link to Glasgow Airport via a link from Paisley Gilmour Street. Cabinet further agreed that Glasgow City Council should assume the lead role in progressing the feasibility study for the Metro.
- 6.6 Cabinet approved some AAP funding for the Metro feasibility study and noted the remaining AAP funding would be ring fenced for either the section of Metro between Gilmour Street and the airport or for the alternative CPT system should the Metro not progress and noted Renfrewshire Council are to be closely involved in the governance of the project going forward.
- 6.7 The GCC led project team are currently scoping a technical brief and costs for the feasibility study which will consider a Glasgow wide Metro system.
- 6.8 Renfrewshire Council continue to collaborate and attend strategic engagement meetings with the Metro Team and other stakeholders and attend the Joint AAP Chief Executives Group. Future reports on progress of the Metro Feasibility Study will be taken by GCC to the City Region Chief Executives Group and Cabinet.

Implications of the Report

1. **Financial** – The financial implications arising from the Council's participation in City Deal are set out in detail in item 3 (a) Recovery and Renewal Plans – Financial Update section 5.6, of the report approved by Council on 17th December 2020. The funding requirement can be comfortably accommodated within the existing revenue provision that has already been built into the Council's financial plans
2. **HR & Organisational Development** - none

3. **Community/Council Planning –**

- *Our Renfrewshire is thriving* – The AMIDS development and CWRR project will facilitate new development opportunities and business growth with both projects improving skills development, educational and health opportunities for people within the local communities as well as aiding employees to access these major existing and new employment centres.
The projects align with and aid the outcomes of the Renfrewshire Economic Strategy 2020 -2030 and the Renfrewshire Economic Recovery Plan
- *Our Renfrewshire is well* - The new safer walking and cycling infrastructure incorporated within AMIDS and CWRR, will help encourage active travel by children and young people, as well as adults.
- *Reshaping our place, our economy and our future* – AMIDS and the completed CWRR infrastructure will provide connectivity and access to new and existing jobs for people in our communities. During the project construction period hundreds of new jobs will be created and as a result of new business creation it is estimated that thousands of additional new permanent jobs will be created.
- *Tackling inequality, ensuring opportunities for all* – the successful labour market programmes have targeted hard to reach citizens.
- *Creating a sustainable Renfrewshire for all to enjoy* - The completed infrastructure will include segregated provision for walking and cycling, it will also enable improved public transport links. AMIDS incorporates an overarching sustainable transport plan, which will be further developed as occupiers locate in the area. CWRR opens up development opportunities, which through the LDP will be managed as sustainable linked communities.
- *Working together to improve outcomes* - Officers are working closely with local communities, neighbouring councils, private sector organisations, Scottish Government, Scottish Enterprise and other partners to ensure the maximisation of positive outcomes from the projects noted within this report.

4. **Legal** - none

5. **Property/Assets** – land acquisition required to deliver AMIDS and CWRR is already owned by Renfrewshire Council, subject of conditional contract or subject of a confirmed Compulsory Purchase Order. All land acquisition matters have been approved by relevant ILE Boards.

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** – the CWRR Project tender will be taken to FRCS Board for approval.
10. **Risk** – Project specific and Programme level risk registers have been established. These are kept under regular review and reported to the Council's internal City Deal Programme Board.
11. **Privacy Impact** - none
12. **COSLA Policy Position** – not applicable

List of Background Papers

CWRR FBC

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