

Department of Corporate and Community Services

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TO: Councillors T Buchanan (Chair); C Bamforth; D Devlin; A Lafferty; C Merrick; and P O'Kane.

CABINET

Please find attached the undernoted item marked "to follow" on the agenda or the meeting of the Cabinet on 13 May

Caroline Innes

C INNES

DEPUTY CHIEF EXECUTIVE

Undernote Referred to

Item 5 - Glasgow City Region City Deal Update - Report by Director of Environment

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EAST RENFREWSHIRE COUNCIL

CABINET

13 May 2021

Report by Director of Environment

GLASGOW CITY REGION CITY DEAL UPDATE

PURPOSE OF REPORT

1. The purpose of this report is to update the Cabinet in relation to progress with the Glasgow City Region City Deal projects in East Renfrewshire. The report also makes proposals for revising the programme in terms of scope, cost and timescale given that all city deal projects have to be delivered by 2025 in terms of the current funding arrangements. Glasgow City Region Project Management Office have asked City Region Member Authorities (MA's) to revise their programmes taking into account deliverability and the effects of the Covid-19 pandemic on costs and timescales.

RECOMMENDATIONS

2. It is recommended that the Cabinet:
- a) notes the progress made on the development and implementation of East Renfrewshire's £44 million City Deal programme.
 - b) approves the revised projects and budgets to be delivered within the remaining resources available; and
 - c) notes that the revised projects and budgets will now be submitted to the Glasgow City Region Project Management Office for approval through the appropriate City Region governance channels.

BACKGROUND

3. The £1.13 billion City Deal infrastructure fund across the Glasgow City region is aimed at enabling a programme of works that will add considerably to the value of the local regional economy over a number of years.

4. East Renfrewshire is benefiting from a £44 million investment package comprising £38 million investment from the Scottish and UK Governments and co-funded by the Council through a £6 million capital contribution.

5. In terms of the City Deal investment, a programme of ambitious projects was approved (entitled the M77 Strategic Corridor Programme) by the Council in 2015 to stimulate economic growth, improve transport links, increase leisure opportunities, support business development, unlock residential land and generate economic benefits measured as additional Gross Value Added (GVA) and employment.

6. These projects were developed in accordance with a set of criteria applied to City Deal schemes which aimed to create economic growth at the City region and the UK level.

7. The projects were scrutinised by the UK and Scottish Governments to ensure that economic growth would be achieved.

8. **M77 Strategic Corridor Programme: key objectives**

- The original key objectives for the M77 Strategic Corridor Programme were to:
 - Deliver improvements to the road transport network that will enhance accessibility and connectivity within the region and beyond to major centres of commercial opportunity, and open up sites for development
 - Deliver new infrastructure and services/facilities to help develop Dams to Darnley Country Park as a popular visitor destination
 - Enhance the public transport network and promote active travel
 - Support an entrepreneurial culture within East Renfrewshire
 - Support the ongoing regeneration of Barrhead
- The economic and social opportunities that the M77 Strategic Corridor Programme was seeking to achieve were:
 - Meeting demand for new housing and growing the resident population base
 - Supporting regeneration in deprived communities
 - Stimulating enterprise and innovation to deliver sustainable inclusive growth
- The programme comprised three Strategic Investment Zones supported by individual projects. These are;
 - Strategic Investment Zone 1: M77 Junction 5 to Barrhead comprising Balgraystone Road upgrading, Leven Valley Link Road and Aurs Road upgrading.
 - Strategic Investment Zone 2: M77 to Country Park and Barrhead comprising a proposed new Barrhead South Rail Station, Dams to Darnley Country Park Visitor Centre, regeneration of Levern Works (new industrial units and land preparation) and enhancing Barrhead Foundry Links.
 - Strategic Investment Zone 3: M77 Junction 4 comprising Greenlaw Business Centre

9. In terms of current City Deal funding arrangements all projects approved have to be delivered by 2025.

10. Covid has caused delays to projects by several Glasgow City Region member authorities. Given the need to deliver projects by 2025 several Councils are reconsidering the scope, timescales and costs of their projects.

11. In this respect the City Deal Programme Management Office (PMO) have asked all Glasgow City Region Member Authorities to review their programmes/projects and be objective about what they can actually deliver within the remaining timeframe for the current city deal. They have also advised that they have informed the Scottish Government that they should expect changes to the programmes/projects within the City Deal Programme.

12. This report provides a progress update on the City Deal programme to date and makes proposals to revise the project list required to maximise benefits and meet City Deal delivery timescales of up to 2025.

REPORT

13. Completed projects

Levern Works Regeneration

- Prepared vacant land in Barrhead for business growth and commercial investment.
- Completed in 2016 this was jointly funded by City Deal funding and Scottish Government Regeneration Capital Grant Fund. The project comprised two elements:
- Crossmill Business Park - The development of ten 72sqm commercial units in Barrhead in 2016. The project is complete and units are now fully let enabling a number of small businesses to grow.
- Former Nestle factory site at Glasgow Rd - Preparation of part of the site for private sector investment. This is complete.

The Cabinet in January 2017 approved the Council entering into an agreement for the development of a significant portion of the site with developer London & Scottish Ltd. A planning application was granted in June 2020 to construct a major retail discount park on 7.63 acres of the site. The plans indicate the site could include several discount retailers, a drive thru café, a restaurant/pub and a number of smaller retail units. The Council will retain a four acre plot for further development. It is expected that this project will boost economic growth and provide substantial local job opportunities particularly in the Dunterlie/Crossmill area. Discussions are ongoing with London and Scottish Ltd regarding the development of the site.

Greenlaw Business Centre/The Greenlaw Works/The Foundry

- Provided quality office space in Newton Mearns to boost business growth (along with some modifications to the Foundry in Barrhead).
- The building projects at Greenlaw and the Foundry are complete.
- Extending to over 20,000 sq.ft, the Greenlaw facility will enable the Council to increase its support for small businesses by meeting a growing demand for quality office space in the area. It has a range of office suites, a high quality internal and external environment and is located in Newton Mearns adjacent to Junction 4 of the M77. The business centre creates the final element of the existing retail and commercial centre in the Greenlaw area providing employment opportunities.
- The facility was due to open in spring 2020 but is temporarily closed due to Covid-19 restrictions. The adjacent car park associated with the building is currently being used as a Covid Testing Unit by the NHS.
- Interest continues to be expressed by the business community covering a wide range of business activities.
- Once the relevant Covid restrictions are eased and further consideration given to future NHS requirements regarding Covid testing centres (and any potential impact on the future use of the car park) the marketing and letting of the building will recommence.

Balgraystone Road Improvement

- Accelerated residential development in Barrhead and improved accessibility to the Country Park and planned rail station.
- The project is complete. The road opened in October 2020. This project was the subject of a full report to the Cabinet in February 2021. The following added value outcomes have been achieved.
 - New residential development opportunities have been opened up to support the regeneration of Barrhead the first phase of which includes a development of around 40 council homes.
 - Access and utility services to the new housing developments have been enabled.
 - Better access to Dams to Darnley Country Park and the proposed new rail station has been created further enabling a future rail and bus interchange.
 - Along with planned improvements to Aurs Road this project will support the wider long term economic objective of delivering a new sustainable community in Barrhead South of up to 1050 new homes within the next decade.

14. **Capital resources/projects not yet committed**

- The original capital programme provision along with changes made since 2016/17 with regard to revised estimated project totals is attached for reference (Appendix 1).
- The current remaining unspent and not yet committed capital provision as reflected within the Council's General Fund Capital Programme approved by the Council in March 2021 is as follows;

Project	Remaining Capital Provision
	£
Barrhead South Access (Train Station)	8,786,000
Country Park Visitor Centre & Infrastructure	4,536,000
Levern Valley Accessibility Project (this comprises the Aurs Rd & Link Rd combined)	18,524,000
Total	31,846,000

15. **Proposed project revisions**

- The Strategic Business Case for the M77 Strategic Corridor Programme was prepared over five years ago.
- The original estimates were provided in a relatively short timescale several years ago. Since then the projects have been worked up and the scope amended where appropriate to reflect changing circumstances including the interrelationship between projects, the opportunity to provide added value wherever possible and to account for construction contract inflation. Construction inflation alone from 2015/16 to 2020/21 is 21.48%.
- Other issues which have impacted to date include extensive consultation and negotiation being required in relation to dependencies upon statutory bodies (Transport Scotland and Scottish Water) on the train station, Aurs road and the visitor centre projects. In addition extensive consultation has been required with Sustrans on potential grant funding for a considerably enhanced Aurs Road project. These

matters and the impacts of Covid-19 has resulted in changing scopes, longer timelines and therefore increased costs.

- The projects now need to be reviewed/redefined including the appropriate budgetary provision attached to them.
- In view of all these matters consideration has been given to the options now available to the Council focused around trying to ensure that the M77 Strategic Corridor Programme can deliver all the originally envisaged benefits of the Programme by 2025.
- Inflation for the following two years is predicted to be around 2.5% per annum therefore around 5% in total and has been reflected in the costs outlined below. However, the ongoing impact of coronavirus on the construction industry may affect the future predictions adversely.

16. New Rail Station at Barrhead South

- Improving access to jobs, services and communities.
- A proposed new purpose built rail station and bus interchange at Barrhead South (on the Glasgow to Neilston line) will provide improved access to jobs and services for the existing community of Auchinback and the new residents from the surrounding planned housing developments some of which are already under construction. The station will offer excellent commuter links and provide a direct public transport link to the country park.
- Considerable work has been undertaken to move this project forward. In particular this has involved preparing and submitting a revised Scottish Transport Appraisal Guidance (STAG), working with Transport Scotland, SPT and Network Rail. Approval of the STAG lies with Transport Scotland and is required prior to moving into the Governance for Rail Investment Projects (GRIP) stages. The project is now in the second stage of the STAG process which should be complete in the next six months. This project has been delayed because Transport Scotland were not able to respond to our STAG1 submission as all of their available staff were working on issues relating to the pandemic. This has put pressure on the programme and the budget. Now that Transport Scotland are more able to engage steady progress should be made with a proposed start on site late 2023 with completion in 2025.
- The revised cost of delivering the new station is currently estimated at £18 million as opposed to the remaining provision of £8.786 million within the Council's General Fund Capital Programme. This cost is based upon a construction start in 2023.
- The costs for the station have increased for several reasons. Following the original estimated budget (2015) there have been necessary changes to the scope of the project. These include;
 - Improved accessibility legal requirements now necessitate the need for lifts and an overhead bridge to ensure that the station is Disability Discrimination Act compliant. This was not part of the original scope.
 - Constraints to the contractor's working methods as Scottish Water's Amlaird pipeline is located on the periphery of the site now identified as the most suitable location for the new station this was not identified when the original costs were prepared.

- Ground condition issues have changed with spoil from surrounding works having been put on the site requiring the levels to be reduced significantly and the need for a more onerous surface water removal system (SUDS).
- Recent similar projects for Network Rail have had to include for works to overhead lines and signalling and no allowance was made for these works when the original budget was set.
- The original budget estimated budget was set with a construction contract start date of August 2018. However, due to Transport Scotland's approval of the STAG report, the revised start date for construction of the station is now October 2023. The BCIS shows an anticipated increase in tender prices for inflation of 20% from 2018 to 2023.
- Since the inception of the City Deal Programme a new rail station at Robroyston has been built on the Queen St station to Cumbernauld line. This was completed in 2019 at a cost of £14M.
- This revised budget of £18M for the new rail station at Barrhead South has been benchmarked against Robroyston Station.
- It is proposed therefore that provision of £18 million from the remaining City Deal resources be made for this scheme.

17. Country Park Visitor Facilities

- Creating visitor facilities sympathetic to the surroundings at Dams to Darnley Country Park.
- The Covid pandemic has seen a huge increase in the numbers of people visiting the country park and changes in the way that they use it.
- In view of this the previous design concept around mainly a major visitor centre is currently under review.
- Proposed enhancements now under consideration (and directly linked to the boardwalk section of Balgraystone Reservoir and the wider realignment of Aurs road project) are now focusing on dispersing facilities/attractions across the entire country Park area and potentially could include;
 - Smaller visitor facility than originally envisaged but with high quality cafe/ restaurant and outdoor covered area – proposed location under review
 - Toilets at strategic locations
 - Improved parking dispersed across various locations
 - Family picnic/barbecue areas at various locations.
 - Good quality play areas
 - informal playspace
 - Flexible events spaces.
 - Improved footway connectivity within the whole Park
 - Links to the wider cycle network
 - Mountain bike hire
 - Mini skate park
 - Attenuation ponds providing visual attractions
 - Sustainable drainage and reedbeds
 - Three dimensional visually attractive landscaping
 - Activity zones
 - Open spaces
 - Parkland areas

- Wildflower meadows
 - Community orchard
 - Boules court
 - Sheltered treeplanting belts
 - Illuminated features
 - Increased flora and fauna areas
 - watersports (non-motorised)
- It is planned for work to commence in 2023 following the completion of the Aurs Road project which is required to enable the visitor facilities project.
 - Funded separately from developer contributions, a wake boarding facility (highly popular water sport which uses an overhead cable to pull participants across the water) is proposed to be co-located with the visitor facilities.
 - The tender for the appointment of the design team will be prepared and issued in 2021. Once appointed the scheme design will be developed and an Outline Business Case developed.
 - The latest feasibility work on the Country Park Visitor Facilities suggests that the Council's ambitions along with the economic and other benefits of the project could be met for less than the existing funding allocation.
 - The revised estimated cost of the scheme based upon a start date of 2023 is now £2.5 million as opposed to the current provision shown in appendix 1.
 - It is proposed therefore that provision of £2.5 million from the remaining City Deal resources be made for this scheme.

18. Aurs Road Improvement

- Improving local connections between Newton Mearns and Barrhead and enabling visitor facilities at the Country Park.
- The original scheme considered simply straightening large sections of the Aurs road and strengthening the weak bridge. However, as the scheme has been developed and with extensive consultation with and input from Sustrans a much improved and transformational scheme has been prepared.
- The enhanced scheme now integrates closely with the proposed visitor facilities and the Balgraystone road upgrade, covers a wider physical area and will provide additional benefits in terms of active travel links into the surrounding communities.
- Specifically, it is now proposed that Aurs Road will be improved in various ways all the way between the Springfield Road and Stewarton Road junctions. Enhancements include two sections of realignment, the creation of a roundabout, the replacement of the weak road bridge, the addition of a boardwalk along the eastern edge of Balgray reservoir and the reallocation of road space to accommodate cyclists and walkers. This will:
 - Form a safer, more direct local route between Newton Mearns and Barrhead with improved connections for walking and cycling
 - Enable a bus route between the communities by replacing the weak bridge and realigning the road

- Help create/open up a new site for developing visitor facilities at Dams to Darnley Country Park (constructing the visitor facilities is a separate project) to create inward investment and new jobs.
 - Enable a continuous 4km walking and cycling circuit around Balgray reservoir through the addition of a boardwalk (which provides the missing link) that will connect to existing paths and create a vibrant and attractive environment for people to use for leisure and exercise.
- An artist's impression of the scheme is attached which shows the scale of ambition (Appendix 2).
 - Scottish Water currently own and operate the reservoirs in this area and so this project has various risks and interdependencies.
 - Work is ongoing with Scottish Water on Heads of Terms to agree the detail of requirements for both culvert works and the main Aurs road project. There are many complexities in agreeing the Heads of Terms but both parties are committed to reaching agreement. Progress has been slowed due to Covid-19 issues affecting the various organisations involved. Land acquisitions with several local landowners are currently being progressed and negotiations are going well.
 - Detailed design of the project is complete and work has started on preparing the planning application and the tender documents. Once the Heads of Terms are agreed with Scottish Water and the land acquisitions are agreed a planning application will be submitted.
 - The cost of the enhanced scheme as proposed is currently estimated at £17 million.
 - The city deal project team are working closely with Sustrans to try and secure/lever in £4.6 million of potential grant funding from Sustrans to deliver the enhanced scheme.
 - In addition it is proposed to contribute around £1 million from developer contributions towards this project.
 - This means that if the additional funding from Sustrans is secured and £1 million allocated from developer contributions the net remaining cost to deliver the scheme would be £11.4 million. This is based upon a start date of spring 2022.
 - However, should Sustrans funding not become available a further report will be submitted to the Cabinet outlining the options for the Council which in those circumstances would be to provide additional resources to provide the enhanced scheme or scale back the scheme to an affordable level within existing resources.
 - It is proposed therefore that provision of £11.4 million be made from the remaining City Deal capital resources for this scheme.

19. Levern Valley Link /Newton Mearns to Barrhead new road connection

- There is no start/completion date for this project. This has always been the least developed project in relation to the original programme.
- The aspiration for this project was to identify a new route to connect Newton Mearns and Barrhead creating easier access to the M77 with the potential to open up future development and investment opportunities.

- Initial feasibility work identified several options for the project ranging from longer links connecting M77 Junction 5 to the south end of the Balgraystone Road upgrade project to shorter links only providing access to new development sites around M77 Junction 5.
- However, as part of the feasibility work the possibility of a potential future more strategic major link road south of East Renfrewshire and into Renfrewshire connecting near Glasgow airport/Linwood also emerged as a credible alternative. This requires further discussion with Renfrewshire Council which will take time.
- In addition there are potential links regarding this project and an emerging Glasgow Metro proposal which could involve trams running from Glasgow out to Newton Mearns and Neilston. This proposal is being taken forward at the Glasgow City Region level through the City Region Cabinet.
- Having considered these issues it has been concluded that this project in any local form should be deferred to some future date so that full and proper consideration can be given to a more strategic road link into Renfrewshire alongside the potential Glasgow Metro. These schemes could perhaps be funded from alternative sources in the future such as a second phase of City Deal or alternative currently emerging potential infrastructure funding from the UK and/or Scottish Governments.
- A more strategic route is likely to enhance the potential benefits in the longer term but will take time to develop and could not be delivered within the existing City Deal delivery timetable.
- It should also be noted that some of the earlier perceived underlying need for the Lavern Valley Link road will be met through the investment in the other key City Deal projects such as the enhanced Balgraystone Road, the upgrading of Aurs Road and the Barrhead railway station. All of those schemes will help connect towns and villages within East Renfrewshire and will open up economic development and employment opportunities.
- It is proposed that feasibility work including collaboration with neighbouring local authorities will continue to consider options for a new more strategic road link running west from M77 Junction 5 as part of the preparation of Local Development Plan 3.
- It is proposed therefore for the reasons explained that none of the remaining City Deal resources be allocated to the delivery of this project.
- A further report regarding this potential project will be brought back to the Council at some time in the future.

20. Proposed Revision to the Programme

- The table below provides a revised proposed City Deal funding allocation for the remaining projects.

Project	Current Uncommitted City Deal Capital Resources Available	Revised Cost	Difference
Barrhead South Access (railway station)	£ 8,786,000	£ 18,000,000	-£ + 9,214,000
Country Park Visitor Centre & Infrastructure	£ 4,536,000	£ 2,500,000	£ 2,036,000
Levern Valley Accessibility Project (Aurs Rd only)	£ 18,524,000	£ 17,000,000	£ 1,524,000
Total	£ 31,846,000	£ 37,500,000	-£ + 5,654,000

- Clearly, the proposed revised costs exceed the existing capital provision by £5.654 million.
- However, as previously explained developer contributions of around £1 million and also significant anticipated additional grant funding of £4.60 million from Sustrans is expected to support the enhanced ambitions of the Aurs Road project. Added together this would provide an additional £5.6 million which would cover the estimated shortfall. As stated a revised reduced scheme is being considered as a fallback position should this funding from Sustrans for any reason not materialise.

21. Updated Programme Benefits

- Benefits from City Deal projects are calculated under the economic measure Gross Value Added (GVA).
- In making changes to East Renfrewshire's City Deal programme it is important to demonstrate that any change of scope/reallocation of funding does not have an adverse effect on the total net GVA impacts delivered by the overall Programme at the City Region level.
- Based on an appraisal by Ekos (economic consultants) to support the Strategic Business Case (SBC) in 2018, the three projects that comprise Barrhead South (Barrhead South Station, Aurs Road and Balgraystone Road) and the Levern Valley Link Road were estimated at that time to generate a net Gross Added Value (GVA) of £76m over 25 years.
- An updated appraisal was commissioned in 2021. The appraisal shows;
 - that the three projects (Barrhead South Station, Aurs Road and Balgraystone Road) **excluding the link road** are estimated to generate £110.8m net GVA at the city-region level over 25 years.
 - This represents an **uplift of £34.8m (+45.8%)** from the 2018 Strategic Business Case appraisal.

- This is a conservative estimate for those projects two of which (Aurs road and Barrhead South Station) are still being developed and may provide even further GVA benefits.
 - Prioritising these three projects is therefore expected to substantially increase the GVA and the return on public sector investment.
- By concentrating on and maximising the outcomes of the Barrhead South projects and removing the Levern Valley Link project the Council would be generating far better results than first anticipated.
 - Postponing delivery of the Level Valley Link Road is estimated to have a minimal impact in terms of the net additional activity and impacts that will be delivered through the proposed revised programme.

FINANCE AND EFFICIENCY

22. Costs associated with the feasibility and construction work of the revised projects will be met from the existing Council's Capital Plan City Deal resources, Sustrans grant and developer contributions. This report is not requesting any additional funding.

CONSULTATION AND PARTNERSHIP WORKING

23. There has been consultation with the Glasgow City Region City Deal Programme Management Office with regard to the proposed revisions outlined in this report.

IMPLICATIONS OF THE PROPOSALS

24. There are no IT, staffing, financial or equalities implications at this point in time.

CONCLUSION

25. East Renfrewshire's £44 million City Deal programme is a clear example of long-term planning by the Council to stimulate sustainable inclusive economic growth.

26. Significant economic benefits have already been achieved with four complex projects now complete.

27. The review of the M77 Strategic Corridor Programme has shown that the delivery of the originally envisaged objectives and benefits (GVA) can be enhanced within the original overall budget of £44 million through the reallocation of remaining funding to support those projects with the greatest impact.

28. In particular the revised proposed programme continues to improve transport links, increase leisure opportunities, support business development, create jobs and unlock residential land.

29. Feasibility work on a strategic link road will continue to enable a future project to be realised should further funding become available.

RECOMMENDATIONS

30. It is recommended that the Cabinet:
- a) notes the progress made on the development and implementation of East Renfrewshire's £44 million City Deal programme.
 - b) approves the revised projects and budgets to be delivered within the remaining resources available; and
 - c) notes that the revised projects and budgets will now be submitted to the Glasgow City Region Project Management Office for approval through the appropriate City Region governance channels.

Director of Environment

Further information can be obtained from: Andrew Cahill (Director of Environment Officer) on 0141 577 3036 or Andrew.Cahill@eastrenfrewshire.gov.uk

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April 2021

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	NEW LINK ROAD	LEVERN WORKS	NEW RAIL STATION (INCLUDING BALGRAYSTONE RD IMPROVEMENT)	COUNTRY PARK INFRASTRUCTURE & VISITOR CENTRE	FOUNDRY & GREENLAW BUSINESS CENTRE	TOTAL	
Original Budget	21,826	920	11,500	5,612	4,142	44,000	
2016/17	21,189	912	11,500	4,836	5,603	44,040	
2017/18	21,190	912	11,554	4,836	5,603	44,095	
2018/19	20,180	912	12,564	4,836	5,603	44,095	Oct-18 cabinet
2019/20	20,505	912	12,564	4,836	5,722	44,539	Dec-19 council
2020/21	20,707	912	12,564	4,836	5,722	44,741	Nov-20 cabinet
2021/22	20,707	912	13,134	4,836	5,722	45,311	Mar-21 cabinet
additional funding							
2018/19					120	120	
				55		55	
2019/20	480			35		515	
2020/21				470		470	
				100		100	
						<u>1,260</u>	

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