

North Lanarkshire Council Report

Policy and Strategy

approval noting

Ref EPT/KB

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City Deal Updated Programme Proposals

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Executive Summary

Following the addition of the Ravenscraig Infrastructure Access project to the Glasgow City Region (GCR) City Deal Infrastructure Programme in December 2017, the Council's City Deal proposals have been reviewed and realigned to ensure our Programme continues to deliver the maximum economic benefit for both North Lanarkshire and the wider region.

This report sets out modifications to the Council's City Deal Programme which will see the realignment of resources from the 'A8/M8 Corridor Access Improvements' and 'Gartcosh/Glenboig Community Growth Area' Strategic Business Cases (SBCs) to the 'Pan Lanarkshire Orbital Transport Corridor' SBC to deliver the transport infrastructure improvements needed to realise the full development potential of Ravenscraig and the wider area.

Approval of an increased capital contribution to deliver the Council's modified City Deal Programme is now being sought following agreement by the GCR City Deal Chief Executives' Group on 28 February 2019, to the movement of funding between the three SBCs within the Council's City Deal infrastructure programme. This is prior to the Group's recommendation being progressed to the GCR City Deal Cabinet on the 9th of April for a final decision.

Recommendations

It is recommended that the Policy and Strategy Committee:

- 1) Note the content of the report;
- 2) Note the approval by Glasgow City Region (GCR) City Deal Chief Executives' Group on 28th of February 2019 to the proposed movement of £6.1m from the 'A8/M8 Corridor Access Improvements' and £60.1m from the 'Gartcosh/Glenboig Community Growth Area' Strategic Business Cases in favour of Ravenscraig Infrastructure Access (RIA) subproject and that this approval will be progressed to the GCR Cabinet on the 9th of April 2019 for a final decision;
- 3) Agree to further capital contributions to the Council's City Deal programme of £29.7m to address the funding gap for the Ravenscraig Infrastructure Access subproject; and

- 4) Agree to a further £264,000 of Council revenue funding to cover early feasibility costs incurred to date which will be utilised by the Council and partners in the development and delivery of the Gartcosh/Glenboig Community Growth Area.
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Supporting Documents

Council business plan to 2020 The North Lanarkshire Council City Deal Programme will contribute to the Council's business plan priority of improving economic opportunities and outcomes by facilitating regeneration and will support economic growth by providing improved transport infrastructure.

1. Background

Ravenscraig Regeneration Context

- 1.1 A revised Strategic Business Case (SBC) for the Pan Lanarkshire Orbital Transport Corridor incorporating the Ravenscraig Infrastructure Access (RIA) subproject was approved by Enterprise and Housing Committee in August 2017. Further Committee approval was granted in February 2018 for the realignment of the Council's City Deal Programme to reflect the change in emphasis needed to deliver the full extent of the Pan Lanarkshire Orbital Transport Corridor.
- 1.2 At 455 hectares, Ravenscraig is one of Europe's largest brownfield regeneration sites and accounts for 13% of the regions vacant and derelict land. Addressing resident proximity to dereliction is one of the key measures identified in supporting Scottish Government's Inclusive Growth agenda and some of Scotland's most deprived communities¹ are located within close proximity to the Ravenscraig site.
- 1.3 Currently 43% of all GCR vacant and derelict land is within a top 15% SIMD datazones, compared with 29% nationally. Prioritising GCR City Deal investment to support the regeneration of the Ravenscraig site will directly address wider Government Policy areas including the Inclusive Growth Agenda, National Planning Policy² and commitment to reduce prevalence of derelict land.
- 1.4 Given the scale and challenging ground conditions pertaining to the Ravenscraig site, the requirement for public sector investment has been historically recognised. During the early development of the GCR City Deal infrastructure programme an approved Tax Incremental Finance (TIF) scheme was in place to fund the scope of the road infrastructure works encompassed within the RIA subproject. Consequently the RIA proposal did not form part of the GCR City Deal Infrastructure Programme in terms of the financial ask, however the approved TIF investment and associated commercial development were assumed within the overall GCR City Deal Programme and baseline economic modelling.

¹ Scotland's highest ranking/top 5% SIMD communities of Craigneuk (54th and 57th) and Forgewood are located adjacent to the Ravenscraig site.

² Ravenscraig is identified as one of 14 National Developments within National Planning Framework 3.

- 1.5 In response to the subsequent withdrawal of the TIF scheme in 2015³ and with the support and clear direction from Scottish Government in recognition of the national importance of regenerating the Ravenscraig site, the RIA subproject was put forward for inclusion in the GCR City Deal Programme, with a revised Pan Lanarkshire Orbital Transport Corridor SBC being approved by GCR Cabinet in December 2017. In recognition that the GCR Infrastructure Programme was fully committed, the revised SBC approval was established at that time with no increase in grant allocation. The Council was tasked instead to identify solutions to address the financial gap resulting from the addition of the RIA subproject.
- 1.6 The RIA subproject will provide all the necessary strategic road infrastructure required to complete the Pan Lanarkshire Orbital Transport Corridor route and unlock the development of the revised Ravenscraig Masterplan which includes the following development components⁴:
- 3,000 housing units
 - 19,000 sqm office space;
 - 63,000 sqm industrial space;
 - 30,000 sqm retail space;
 - 5 primary schools and associated nursery provision;
 - Extension to Ravenscraig Regional Sports Facility; and
 - New 7ha town centre park.
- 1.7 Delivery of the revised Ravenscraig Masterplan concept “Forging a new Place, A New Future” will be led by Ravenscraig Limited, a joint venture between Scottish Enterprise, Tata Steel and Wilson Bowden Developments.
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2. Report

- 2.1 The Council’s City Deal infrastructure programme is currently encompassed within three broad SBCs as outlined:
- A8/M8 Corridor Access Improvements;
 - Gartcosh/Glenboig Community Growth Area; and
 - Pan Lanarkshire Orbital Transport Corridor.
- 2.2 The Council seeks to modify their current infrastructure programme, prioritising higher economic return investment within the same three broad SBCs as outlined in **Section 2.1**. This proposal alongside a further £29.7m Council capital contribution will provide the necessary gap funding to deliver the RIA subproject.
- 2.3 **Figure A** provides an illustration of the proposed changes to the Council’s City Deal Infrastructure Programme, with the number of subprojects shifting from 12 to 6. **Table 1** provides further information relating to each individual subproject which will not be progressed by the Council under the modified programme.

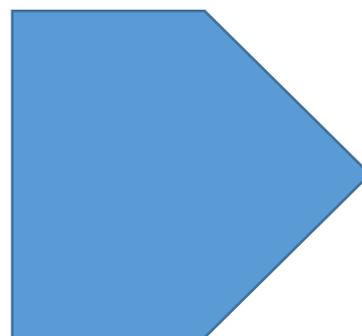
³ Original retail component (58,000 sqm with anchor experiential shopping component) identified as not viable by Ravenscraig Ltd due to changes in retail sector. Associated Non Domestic Rates could not be generated by the site to support TIF borrowing.

⁴ Development components reflect September 2018 submission of Revised Ravenscraig Masterplan.

Table 1 – NLC Programme Modification	
Subproject	Rationale for not taking forward in current City Deal Programme
A8/M8 Corridor Access Improvements (SBC)	
Holytown Link Road	Proportion of the transportation benefits sought from this subproject will be met through the delivery of the Ravenscraig Infrastructure Access (North) Project.
Gartcosh/Glenboig Community Growth Area (SBC)	
A80 Link Road	Subproject not compatible with the delivery of the wider CGA if delivered within the current timeframe of the City Deal Programme. Investment would be ahead of need.
Cardowan to Lochend Link Road	Subproject not viable due to insufficient wider market case, State Aid barriers, increased project scope and associated costs.
Gartsherrie Link Road	Expanding market supply of rail freight facilities elsewhere within North Lanarkshire has reduced the rationale for further public sector investment in this sector within the current GCR City Deal Programme.
Gartcosh Station P&R	Land constraints and insufficient demand at present for this investment. Better placed for delivery via alternative funding sources given relationship with potential new hospital investment and role of wider site owners including Scottish Enterprise and Police Scotland.
M80 Corridor Park & Ride / Share	Insufficient need at present due to recent investment along the M80 Corridor from SPT and Transport Scotland.

Figure A: NLC Programme Modification Overview

Current NLC Programme (£172.5m)	
GCR Contributions = £149m (86%)	
NLC Contributions = £23.5m (14%)	
A8/M8 Corridor Access (3 Subprojects)	Holytown Link Rd
	Eurocentral Park & Ride/Share
	Orchard Farm Roundabout
Glenboig/Gartcosh CGA (6 Subprojects)	Glenboig Link Rd
	Gartcosh Station Park & Ride
	M80 Park & Ride
	A80 Link Rd
	Cardowan to Lochend Link Rd
	Kilgarth/Gartsherrie Link Rd
Pan Lanarkshire Orbital Transport Corridor (3 Subprojects)	Motherwell TC Interchange
	East Airdrie Link Rd
	Ravenscraig Infrastructure Access



Modified NLC Programme (£202.2m)	
GCR Contributions = £149m (73.7%)	
NLC Contributions - £53.2m (26.3%)	
A8/M8 Corridor Access (2 Subprojects)	Eurocentral Park & Ride/Share
	Orchard Farm Roundabout
Glenboig/Gartcosh CGA (1 Subproject)	Glenboig Link Rd (Completed)
Pan Lanarkshire Orbital Transport Corridor (3 Subprojects <i>Unchanged</i>)	Motherwell TC Interchange
	East Airdrie Link Rd
	Ravenscraig Infrastructure Access

Economic Benefits: Ravenscraig Infrastructure Access (RIA)

- 2.4 To better understand the net additional economic impacts which prioritisation of the RIA subproject brings to the wider Council programme, an independent economic assessment has been completed for the land use elements stemming from the regeneration of the wider Ravenscraig site and the results are as summarised in **Table 2**.
- 2.5 Given this subproject is currently at SBC stage, the economic appraisal outlined in **Table 2** has been extremely prudent in its assumptions and attributed only 30% of the economic benefits anticipated by the delivery of the revised Ravenscraig Masterplan to investment within the RIA subproject.

Table 2: RIA Subproject Economic Impact Appraisal			
	NLC	GCR	Scotland
Permanent Employment Impacts			
Gross FTE Jobs	2,000		
Net FTE Jobs	600	700	600
Gross GVA	£108m		
Net GVA	£29m	£34m	£33m
Gross Wages	£45m		
Net Wages	£13m	£15m	£14m
One-off Construction Impacts			
Gross PYE Jobs	3,100		
Net PYE Jobs	1,900	3,200	5,100
Gross GVA	£194m		
Net GVA	£115m	£201m	£320m
Gross Wages	£79m		
Net Wages	£47m	£82m	£130m

EKOS Ltd Appraisal of Ravenscraig Revised Masterplan (2019)

- 2.6 The net additional economic impacts which investment in the RIA subproject could realise for the Council's City Deal Programme are significant, with 2,000 permanent gross jobs and an annual uplift in gross GVA of £108m. Notably due to the scale of the Ravenscraig proposals, the net additional impacts at a regional and national level exceed local authority level impacts, particularly in relation to construction activity.
- 2.7 The wider gross economic benefits deliverable by the realisation of the entire revised Ravenscraig Masterplan account for a total of **6,700 gross jobs and £360m per annum in GVA**.

Net Additional Economic Impacts – NLC Programme Modification

- 2.8 In addition to understanding the net additional economic benefits that could be realised through inclusion of the RIA subproject, the Council have also completed an assessment of the associated impact resulting from the reduction in scope of the SBCs as outlined in **Figure A**. This holistic assessment illustrates the wider impact of the proposed changes on both the Council and GCR programme.

- 2.9 **Table 3** shows the combined GVA variance as a result of the Council programme modification is considered to be in the region of £93.4m. This will be more than offset by the inclusion of the RIA subproject estimated at delivering £108m in GVA from operational impacts alone as previously summarised in **Table 2**.

Table 3: NLC Programme Modification - EIA Assessment	
A8/M8 Corridor Access SBC	
- Original GVA Target	£123.3m
- Revised GVA Target (75%)	£92.5m
- Variance Total SBC GVA	£30.8m
Gartcosh/Glenboig CGA SBC	
- Original GVA Target	£69.6m
- Current GLR GVA Target ⁵	£7.3m
- Variance Total SBC GVA	£62.6m
Combined GVA Variance	£93.4m
Ravenscraig Infrastructure Access GVA	£108m
Net NLC Programme Effect	£14.6m

All GVA Targets are shown as annualised totals.

- 2.10 The net additional economic impact on the North Lanarkshire and GCR programme through the modification of the Council's programme and prioritisation of the RIA subproject will be positive, generating a minimum of a further £14.6m in GVA as outlined in **Table 3**. This assessment excludes the further positive Transport Economic Efficiency benefits such as journey time savings which the RIA subproject will realise alongside the net additional construction impacts outlined in **Table 2**.

3. Equality and Diversity

Fairer Scotland

- 3.1 By providing the physical transport infrastructure needed to drive inclusive growth and support the economic regeneration of North Lanarkshire and the wider City Region, the Council's City Deal Infrastructure Programme will actively contribute to reducing inequalities of outcome caused by socio economic disadvantage.
- 3.2 Inclusive Growth is to be fully embedded within City Deal delivery with an existing commitment to supporting the delivery of the Fairer Scotland Action Plan.

Equality Impact Assessment

- 3.3 An Equality Impact Assessment has been carried out for the North Lanarkshire City Deal at a programme level. Further assessment will be carried out, in line with Council policy, The Fairer Scotland Duty and Equalities Act, for the projects within the programme as the detail of each proposal is developed.

⁵ Latest Glenboig Link Road Annualised Net Additional GVA figure from PBA Consultants as part of the Augmented OBC/FBC Submission.

4. Implications

Financial Impact

- 4.1 An overview of the financial implications of this modification to the Council's City Deal Infrastructure Programme is provided in **Table 4**.

Original NLC City Deal Infrastructure Programme	£172,463,000
- NLC Contributions (14%)	£23,506,707
- NLC GCR City Deal Grant Allocation	£148,956,293
Modified NLC City Deal Infrastructure Programme	£202,225,726
- Revised NLC Contributions (24%)	£53,269,433
- NLC GCR City Deal Grant Allocation (Unchanged)	£148,956,293

- 4.2 With GCR City Deal capital contributions remaining unchanged at £149m the modified Council programme will increase as shown in **Table 4** from £172.5m to £202.2m. This results in Council contributions rising from £23.5m to £53.3m. All of the additional capital contributions outlined will be considered by the Strategic Capital Delivery Group and incorporated within the Council's future financial planning assumptions.
- 4.3 **Table 5** provides further breakdown at subproject level of the modified North Lanarkshire City Deal Programme.

A8/M8 Corridor Access Project	£6,478,521
- Eurocentral Park, Ride/Share	£4,278,521
- Orchard Farm Roundabout	£2,200,000
Gartcosh/Glenboig CGA	£6,223,205
- Glenboig Link Road	£6,223,205
Pan Lanarkshire Orbital Transport Corridor	£189,524,000
- Motherwell TC Transport Interchange	£3,800,000
- East Airdrie Link Road	£84,724,000
- Ravenscraig Infrastructure Access	£101,000,000
Total NLC City Deal Programme	£202,225,726
Total NLC City Deal Grant Allocation	£148,956,293
Total NLC City Deal Contributions	£53,269,433

- 4.4 A further £264,000 of Council revenue funding will be also be required to cover early feasibility costs incurred to date for subprojects that will not be progressing as part of the modified North Lanarkshire City Deal programme. This work will not be abortive however and can will utilised by the Council and partners in the future development of wider infrastructure proposals associated with the Gartcosh/Glenboig Community Growth area.

HR/Policy/Legislative Impact

- 4.5 There is no HR, policy or legislative impacts arising from the requested movement of funding within the Council's City Deal Programme.

Environmental Impact

- 4.6 There are no specific environmental impacts associated with the proposed modification to the Council's City Deal Programme. The environmental impact of each project will be assessed and associated mitigation measures identified, as the detailed design is developed for each project.

Risk Impact

- 4.7 The risk and mitigation management of North Lanarkshire's City Deal activity is incorporated within the Council's City Deal programme risk register. The programme risk register has been reviewed in light of the inclusion of the Ravenscraig transport infrastructure access improvements and a further capital contribution is being sought to mitigate the associated funding risk to the programme.

5. Measures of success

- 5.1 As the second largest Local Authority within the GCR, North Lanarkshire's residents and businesses will directly benefit from the GCR City Deal through:
- creation of 2,000 new workplace jobs, representing a 1.6% uplift in the future jobs growth forecast for North Lanarkshire;
 - a significant share of some 15,000 temporary construction jobs anticipated to be generated by the development of the Infrastructure Investment Fund projects – construction being a predominant local employment sector;
 - estimated 9.2% of North Lanarkshire working age residents having heightened access to employment opportunities within the wider GCR area;
 - additional tender opportunities as a result of GCR City Deal investment for North Lanarkshire Business and SME's;
 - community benefits derived from all GCR City Deal contracts awarded over £50,000; and
 - a proportionate share of the £2.2bn per annum Gross Value Added (GVA) increase in the GCR area over the lifetime of City Deal, equivalent to 4% uplift in the region.
- 5.2 The economic benefits outlined in **Section 2** of this report will be in addition to those outlined for the GCR Programme in **Section 5.1**. Further significant benefits will stem from the regeneration of one of Europe's largest vacant and derelict sites alongside wider transport economic efficiency and Inclusive Growth measures. A full Treasury Greenbook Appraisal of the RIA subproject will be developed as part of the future Outline Business Case.



Des Murray
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