

North Lanarkshire Council Report

Enterprise and Growth Committee

approval noting

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North Lanarkshire City Deal Programme Update

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Executive Summary

The North Lanarkshire City Deal Programme Update report seeks to inform Enterprise and Growth Committee of the current status of North Lanarkshire City Deal Infrastructure subprojects alongside wider progress made within the labour market and innovation strand.

In preparation for the first Glasgow City Region Gateway Review by both UK and Scottish Government in the fourth quarter of 2019/20, a range of evaluation activity has been carried out alongside revisions to the core governance document of the City Deal – the Glasgow City Region Assurance Framework. This report therefore seeks to highlight some of the findings and changes resulting from this Gateway preparation activity.

Recommendations

It is recommended that the Committee:

- 1) Note recent progress of North Lanarkshire City Deal infrastructure subprojects alongside current MediCity and Working Matters Successor performance position; and
- 2) Note the extensive preparatory work that has been undertaken to support the first Glasgow City Region Gateway Review including a refresh of the Assurance, Governance and Programme Management Framework.

The Plan for North Lanarkshire

Priority Improve economic opportunities and outcomes

Ambition statement (5) Grow and improve the sustainability and diversity of North Lanarkshire's economy

1. Background – NLC City Deal Programme

1.1 The Glasgow City Region (GCR) City Deal is an agreement between the UK and Scottish Governments and the eight GCR Local Authorities, with the sole focus of creating additional economic growth. The 20 year GCR Deal was accepted by Council Leaders on 20 August 2014 and incorporated:

- implementing a £1.13bn Infrastructure Fund to improve the regional transport network, regenerate sites for economic use and improve public transport provision;
- supporting growth in the life sciences sector;
- helping small and medium enterprises to grow and develop;
- establishing programmes to support the unemployed; and
- piloting new ways of boosting the incomes of low wage employees.

1.2 Council obtained GCR Cabinet approval on the 9th of April 2019 to modify the scope of our initial £172.5m infrastructure programme to ensure our investment continued to deliver the maximum economic benefit alongside supporting the regeneration of the Ravenscraig site. A summary of the new £202.2m North Lanarkshire infrastructure programme is provided in **Table 1**.

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

1.3 In addition to the Infrastructure Fund, the City Deal included labour market and innovation strands to support regional economic growth. North Lanarkshire benefited from £1m of capital investment to support the creation of MediCity Scotland, a new dedicated Medical Technology centred business incubation facility within the BioCity Life Sciences campus, Newhouse. Furthermore, the Council was awarded £455,000 of revenue funding to deliver the “Working Matters” employability scheme from August 2015 for three years to support long-term unemployed North Lanarkshire residents back into employment or training.

2. Report: City Deal Programme Update

2.1 Motherwell Town Centre Interchange (MTCI)

- 2.1.1 Scotrail Alliance remains committed as part of their rail franchise agreement to deliver improvements to Motherwell Station comprising the station building, passenger waiting, staff facilities and accessibility to and around the station. The investment to be made at Motherwell Rail Station is anticipated to take place over 2020 and 2021.
- 2.1.2 The Station investment will be supplemented by the Council's £3.8m City Deal investment at Muir Street which comprises a new station access lane with taxi rank, drop-off and disabled parking arrangements; expanded bus stop capacity on Muir Street and improved bus waiting facilities; public realm improvements including an expanded station forecourt and improved pedestrian crossing arrangements. Works funded by SPT and other internal and external funding sources have also commenced on the complementary park and ride and active travel element of the MTCI project, referred to within a separate report to this committee.
- 2.1.3 These three subprojects concentrated around Motherwell train station and town centre will result in significant investment from partners and support the transformation of this interchange for the benefit of residents, travellers and businesses.

2.2 Ravenscraig Infrastructure Access (RIA)

- 2.2.1 The RIA subproject provides all the necessary strategic road infrastructure to support the development of the recently approved Ravenscraig Masterplan. Work is ongoing to develop the outline business case (OBC) for this subproject due for submission in the first quarter of 2020/21. The RIA infrastructure agreement which provides assurances between the Council and Ravenscraig landowners (Ravenscraig Ltd) around the future development of the site has now been finalised. A supplementary agreement that will ensure the Council benefits from any future value released from longer-term development of the site is now being established and this will be agreed prior to the submission of OBC.
- 2.2.2 Following Committee approval in August 2019 for the appointment of multidisciplinary services, work has now begun on the development of a specimen design and engineering review of concept schemes for RIA South. For RIA North, the geo-technical and geo-environmental services appointment begun in early September and drainage design work is progressing with the preliminary design now complete.
- 2.2.3 To supplement the strategic road investment the Council is also examining the North-South active travel links throughout the Ravenscraig site to help connect existing communities and provide walking and cycling routes to the Regional Sports Facility, the Park and the College. Feasibility work will take place over the remainder of 2019/20 including geotechnical review, site investigations and development of a concept design. This feasibility stage will be funded by an £85,000 Sustrans grant.

2.3 East Airdrie Link Road (EALR)

2.3.1 Traffic survey and modelling work to support the EALR subproject and wider Pan Lanarkshire Orbital Corridor are now complete and their output will support the options generation and appraisal commission outlined in a separate report to this committee. Results from the modelling exercise were extremely positive with the subproject showing a high benefit cost ratio from the transportation benefits it will create. These positive results will be a key factor in the development of the future OBC for this subproject.

2.4 Labour Market and Innovation Strand Update

2.4.1 The short-term working matters successor programme that will support ex-offenders is now live. Referral arrangements for clients have been arranged to ensure positive outcomes including attainment of vocational certificates, employment and volunteering can be achieved over the eight month pilot programme period.

2.4.2 The MediCity project continues to perform well against numerous targets set. In particular, the target for private investment raised is now almost £14m, with a further £1.5M raised in the latest reported figures (Quarter 15). This is against an original target of £5.6M. Recruitment for the Q16 programme is going well. Current expectation is that 6-10 opportunities will be applying for the programme from a range of sources across Scotland. The 53 businesses being supported through the project to date has resulted in 24 Med-Tech products being launched into the market, while the number of new jobs created through the project has risen by 25 this quarter to 135 in total. Pacla Medical; Organised Health Technologies and Novosound have all increased staff headcount.

2.5 Glasgow City Region Gateway Review

2.5.1 In preparation for the first UK and Scottish Government Gateway review of the GCR City Deal there has been a series of evaluations carried out to demonstrate the performance of the Fund from its inception in April 2015.

2.5.2 The following suite of Gateway Review documents were approved by GCR Cabinet on the 8th of October and submitted formally to the UK and Scottish Government on the 4th November 2019:

- **National Evaluation Panel – Final Gateway Review Report:** carried out by external consultants SQW and incorporating two years of primary research and evaluation to evidence the impact of the Fund to date.
- **Complementary Report:** this report was sought by UK Government to provide a high-level strategic narrative of the Fund expenditure over the last five years alongside a forward look towards future investment.
- **Gateway Readiness Improvement Plan:** this work fulfilled the requirement for an internal review of the current level of preparedness for Gateway. Peer review including audit and other City Deal scrutiny of GCR performance was undertaken in preparing this Plan.

- **Commission on Economic Growth: Gateway Review Report:** this summaries the role of the Commission and outlines how key areas of their workplan have shaped the City Deal over the past 5 years.
- **Glasgow City Region Economic Leadership Board: Gateway Review Report:** report providing reflections on the first 5 years of the City Deal and ambitions for the next stage of delivering the benefits.
- **Programme Business Case (2019):** this revised business case developed by the PMO and member authorities was added to the Gateway Review documents to provide updated context and status of the GCR programme.

2.5.3 Indications from the wide series of reports outlined above with respect to the overall performance of the GCR City Deal over the first five years since April 2015 is positive. Whilst there have been challenges with regards to programme expenditure and evolving policy changes over the first gateway period, the GCR City Deal has evidenced resilience and the reports provide confidence in our performance ahead of the formal Gateway review process.

2.6 Glasgow City Region Governance Arrangements

2.6.1 Following on from the preparations for the first Gateway Review, the City Deal Programme Management Office (PMO) have updated the key governance framework associated with the delivery of the fund. The former GCR Assurance Framework has been refreshed to the newly titled Assurance, Governance and Programme Management Framework and Council officers have been involved in its development to ensure future compliance.

2.6.2 The refreshed Assurance, Governance and Programme Management Framework was approved by GCR Cabinet on 8th of October 2019 and now encompasses the following discreet suite of documents:

- **Benefits Realisation Management Framework:** this new document sets out benefits realisation management arrangements at both the project and programme level.
- **Programme Prioritisation Framework:** this new document sets out the key components and the process which will be used to assess and prioritise proposed new City Deal Programme Projects should Infrastructure Fund Programme funds become available for allocation to a new Project(s).
- **Programme Management Toolkit:** this revised toolkit expands upon the templates for Programme and Project development, appraisal, reporting, monitoring and evaluation to be utilised by member authorities.

2.6.3 This refreshed framework provides further clarity for all member authorities with respect to governance for the evaluation of the GCR City Deal as we progress into the delivery and benefits realisation stages in our infrastructure programme through to 2025/26.

3. Equality and Diversity

3.1 Fairer Scotland

3.1.1 The City Deal Cabinet has agreed that Inclusive Growth is to be fully embedded within the City Deal delivery and that it is also committed to supporting the delivery of the Fairer Scotland Action Plan. As part of the Assurance Framework review, it is intended that guidance will be issued to set out the arrangements for complying with City Deal duties under the Fairer Scotland Action Plan. The Assurance Framework will also require that Inclusive Growth benefits are fully integrated and demonstrated at a project and programmed level through the business case development, delivery and ongoing monitoring.

3.2 Equality Impact Assessment

3.2.1 An Equality Impact Assessment has been carried out for the North Lanarkshire City Deal Programme.

4. Implications

4.1 Financial Impact

4.1.1 The modified City Deal Infrastructure Programme within North Lanarkshire will result in additional capital investment of £202.2m as summarised in **Table 1**. This investment is offset by future grant income of £149m from UK and Scottish Government (76% *intervention rate*) leaving a potential balance of £53.2m to be met by the Council (24% contribution). The above financial implications of the City Deal are incorporated within the Council's Long Term Financial Plan and budgetary implications have been approved by Policy and Strategy Committee.

4.2 HR/Policy/Legislative Impact

4.2.1 With a population of 1.8m, the GCR is critical to the Scottish and UK and Scottish economy. Accounting for 32% of national GVA and 29% of Scotland's businesses, GCR offers a unique conurbation of scale with a highly skilled labour market and facilities to compete on an international stage. City Deal allows its partner Local Authorities to exploit the collective economic power and opportunities generated by the region. The GCR City Deal and Governance structure is an integral component of the wider Glasgow City Region Economic Strategy and Action Plan (2017-2035).

4.3 Environmental Impact

4.3.1 All infrastructure projects developed by the Council as part of the GCR City Deal will be subject to relevant environmental and sustainability appraisal and as part of subsequent planning application approvals and procurement.

4.3.2 Furthermore to adhere with HM Treasury Greenbook best practice, each iteration of project business case seeking GCR City Deal funding will include a review of the sustainability considerations.

4.4 Risk Impact

- 4.4.1 The risk and mitigation management of North Lanarkshire's City Deal activity is incorporated within Council's City Deal programme risk register which is reviewed by the City Deal Board.
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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 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.
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