

# North Lanarkshire Council Report

## Enterprise and Growth Committee

approval  noting

Ref EPT/KB

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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. This report also seeks approval to progress procurement activity in relation to the Motherwell Town Centre Transport Interchange project and the East Airdrie Link Road. A further, separate, report to this committee addresses specific issues in relation to the Ravenscraig Infrastructure Access subproject.

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### 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.
  - 2) Approve utilisation of a 3<sup>rd</sup> party framework, SCAPE Civils Scotland Civil Engineering and Infrastructure Framework, for the Muir Street procurement subject to the conclusion of the sourcing methodology.
  - 3) Note the intention to procure site investigation works to progress the development of the East Airdrie Link Road subproject.
  - 4) Approve the recommencement of procurement for Professional Services associated with the development of East Airdrie Link Road up to the increased value of £5m.
  - 5) Note approval was confirmed from both UK and Scottish Government that the GCR City Deal had successfully passed its first five year gateway approval and the associated release of a further £250m of capital funding for the region.
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## 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 GCR 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 The Council obtained GCR Cabinet approval on the 9<sup>th</sup> 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**.

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

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## **2. Report: North Lanarkshire City Deal Programme Update**

### **2.1 Motherwell Town Centre Transport Interchange (MTCTI)**

- 2.1.1 All funding is now in place to deliver the redevelopment of Motherwell Rail Station and ScotRail's appointed contractor Balfour Beatty commenced work on site at the end of June. This is a crucial project milestone and provides certainty for the transport integration works on Muir Street which will be delivered by the Council. Funding for the station investment is being provided by Transport Scotland, SPT and ScotRail. This investment will be complemented with funding already committed by the Council and Strathclyde Partnership for Transport (SPT), enabling the creation of an improved transport integration hub in Motherwell town centre.
- 2.1.2 The station works are expected to take 16 months to complete. Work will be delivered in phases with access to the station and platforms for passengers maintained at all times. The taxi rank at the station forecourt will be unavailable during the works, however taxis can make use of the feeder rank on Muir Street. Two disabled parking bays will also be provided close to the station forecourt throughout the works. The first phase of the works will create a replacement car park for ScotRail staff and the British Transport Police at a site to the immediate north of platform 1, accessed from Muir Street, with work starting at the station in early August.
- 2.1.3 Council officers will continue to work closely in partnership with ScotRail, SPT and Transport Scotland, with an operational group in place throughout the station works. This will complement the existing Motherwell Rail Station Steering Group and Joint Communication Group. Regular dialogue has progressed over recent months on programme integration between the station works and the Council's plans for Muir Street. The current aim is to start work on Muir Street in autumn 2021 for completion by spring 2022. Opportunities are being explored to bring this delivery timescale forward and maximise delivery coordination between the two contracts in order to minimise disruption to local businesses and residents.
- 2.1.4 Works to expand park and ride provision for Motherwell Rail Station and improve active travel links between the station and Strathclyde Country Park are nearly complete. Work had to stop at the car parks in March due to the coronavirus pandemic. The car parks are however open to public use, with tree planting, lighting and barrier works to be completed. The contractor, Newlay Civil Engineering, has advised that they intend to complete the works by September.

#### **Muir Street Works Procurement**

- 2.1.5 A decision was taken to withdraw the progression of the Invitation to Tender stage of this project due to the length of time that had lapsed since the latest ESPD was issued. This delay occurred due to unforeseen programme issues that arose internally, with 3rd parties and also the coronavirus pandemic. As the Motherwell Rail Station contract has now been awarded and increased programme certainty is available, the Council are now in an improved position to recommence procurement activity.

- 2.1.6 A revised sourcing methodology is being prepared for the Muir Street Contract which will explore the use of both the relevant SCAPE Civils Scotland Civil Engineering and Infrastructure Framework and the Glasgow City Council (GCC) Construction and Trades Framework. As Balfour Beatty are the sole supplier on SCAPE, exploring this procurement route could provide the opportunity to maximise coordinated delivery between the Motherwell Rail Station and Muir Street contracts, with associated programme and delivery efficiency gains.
- 2.1.7 Approval is therefore sought to progress the use of the 3rd party SCAPE framework for the Muir Street procurement to commence a feasibility exercise. This would enable the Council to engage with Balfour Beatty to better understand the costs and methodology for carrying out the works, without any agreement being entered into or costs incurred by the Council. This work would uncover if efficiency gains are possible and at what cost.
- 2.1.8 To ensure best value, the sourcing methodology would then benchmark against the GCC Construction and Trades framework rates and the most economically advantageous procurement route selected. The outcome of this procurement activity will be noted at a future Committee.

## **2.2 East Airdrie Link Road (EALR)**

- 2.2.1 Stage 1 option generation and sifting is complete. Stage 1 public events scheduled for March 2020 were cancelled due to the emergence of Covid-19 and were replaced with virtual viewing only of the public event wall boards provided on the NLC website. Stage 1 public feedback was obtained to inform the Stage 2 option development and appraisal process.
- 2.2.2 Stage 2 option development is complete, with cost estimates and appraisal work progressing. Ecological and landscape surveys of the route options have been undertaken and stakeholder engagement is ongoing. Stage 2 public events are planned for October 2020, these will present the developed short listed options and their appraisal. A further opportunity for public feedback will be made available at and following the Stage 2 public events. These events can be implemented virtually if required. Conclusion of the Stage 2 appraisal is anticipated November/December 2020, when the preferred route for the East Airdrie Link Road will be identified.
- 2.2.3 Initial market testing for the required ground investigation works necessary to support project development for EALR is currently being undertaken. The current professional services commission includes for the preparation of the scope, contract and assisting in the procurement of the ground investigation works together with their management and reporting. It is intended that the ground investigation work will be undertaken following identification of the preferred route at the end of Stage 2 as outlined above. The value of the ground investigation works contract is estimated to be below £2M.
- 2.2.4 The ground investigation procurement will be conducted in accordance with the Scottish Procurement Regulations and the GCR Procurement Strategy. Where the cost of the works is expected to exceed the Public Contract Regulation threshold for works, the procurement will be undertaken through either an OJEU Restricted Procedure or OJEU Open Procedure. To date, we have been unable to identify suitable available frameworks. The Sourcing Methodology will be finalised once the review is completed.

- 2.2.5 With the current options generation and appraisal exercise expected to identify the preferred route by the end of 2020, consideration needs to be given to the procurement of follow on professional services contract(s) necessary to develop and deliver the EALR project. To maintain overall project programme, this work must commence prior to the conclusion of the current commission awarded to AECOM consultancy services.
- 2.2.6 Committee should note the historic approval to procure these Professional Services for EALR by the Council's Special Planning and Transportation Committee on 20<sup>th</sup> April 2017 up to a value of £4m. This was based on construction completing in spring 2025. The anticipated value of the professional services necessary to deliver the project has increased following further consultant/market feedback together with the lapse of time and revised construction completion date, now forecast for autumn 2026.
- 2.2.7 The scope of the professional services sought remains unchanged from the 2017 approval, encompassing multidisciplinary consultancy services such as: design and engineering, Principal Designer services under the Construction (Design and Management) 2015 Regulations, technical and economic assessments, planning, cost consultancy, project and contract management, together with site supervision and quality control. The contract(s) will cover a period of 6 years commencing early in 2021 (with option to extend). The anticipated value of the contract(s) has now increased to a total of £5m. The outcome of this procurement activity for professional services will be brought back to Committee for approval in line with General Contract Standing Orders.
- 2.2.8 Committee should note this procurement does not include the construction of the infrastructure itself. Further approvals will be sought for the construction activity in due course and brought back to committee. Consideration will also be made to the status of the Enterprise Strategic Commercial Partnership as a potential route to undertake these works.
- 2.2.9 The procurement will be conducted in accordance with the Scottish Procurement Regulations and the Glasgow City Region Procurement Strategy. The procurement will be undertaken through either an OJEU Restricted Procedure or call off contract from a suitable framework agreement via a mini competition process. A review of the suitability of available frameworks will be undertaken and the Sourcing Methodology will be finalised once this review is completed.

## **2.3 Eurocentral Park & Ride**

- 2.3.1 The Eurocentral Park and Ride project has been under review and an expanded scope is being explored to move from a 250/500 space park and ride facility to a Low Carbon Travel Hub. The physical infrastructure of the park and ride would continue to be delivered, but consideration is being given to the generation and storage of renewable energy through solar canopies and battery storage, providing energy primarily for smart EV charging of cars and bikes. Low carbon transport opportunities could include EV car hire, EV bus charging, bike hire and ebike charging. The proposal may also offer income generation benefits whereby surplus energy is fed into the grid or to local users. Due to the proximity of the National Cycle Route 75, safe connectivity to Maxim Business location from local communities would also be viewed as a key consideration.

- 2.3.2 The increased scope of the park and ride aims to provide significant low carbon opportunities along a key central Scotland strategic route and local communities, enhances public transport, supports Maxim Business Park and improves accessibility to strategic employment sites at Eurocentral. Due to the central location and proximity to the M8/A8 and M73/M74, there are substantial connectivity benefits both north and south and east and west, contributing to the development of a Scottish low carbon highway.
- 2.3.3 A feasibility study will be carried out to further examine the potential scope of a Low Carbon Travel Hub at this location, to understand low carbon demand and public transport use at present and the future (especially in light of the coronavirus pandemic), to set out high level costs and the feasibility of the current park and ride site. The park and ride has a budget allocation of £4.2m under the current City Deal programme and it is hoped that additional funding may be made available through current or new Scottish Government low carbon funding schemes. Findings of the feasibility study will be reported to Committee in due course.

## **2.4 Orchard Farm Roundabout**

- 2.4.1 The Orchard Farm roundabout project comprises a £2m funding contribution to a new junction from the A8, providing an access to Mossend International Rail freight Park (MIRP) and Mossend Rail head to the south plus access to large development sites to the north of the A8. The roundabout/junction forms critical infrastructure to enable to development of the MIRP (MIRP has secured Planning Permission in Principle) and remove HGV and commercial vehicles and majority of cars from the local road network to the south of the development location in Bellshill.
- 2.4.2 The project has been on hold due to limited engagement with the developer, P.D. Stirling on this aspect of the scheme, however since January positive discussions with the Council and Scottish Enterprise and the developer have taken place. The roundabout forms one part of the wider infrastructure requirements for the delivery of the MIRP and therefore the Council and Scottish Enterprise are currently examining the funding arrangements and state aid implications of the wider infrastructure project which is fundamental to the overall development of MIRP.
- 2.4.3 The roundabout/junction secured planning approval on 30 January 2020. The developer has also prepared a business case for the wider infrastructure proposals necessary to take forward MRIP to Scottish Enterprise during March 2020. Subject to further discussions between all parties and the outcome of the business case review, it is intended that an outline business case for the roundabout would be prepared by the Council over 2020/21 and submitted to Committee in August 21 for consideration.

## **2.5 Labour Market and Innovation Strand Update**

- 2.5.1 The short-term working matters successor programme dedicated to support ex-offenders within North Lanarkshire is on track to achieve performance targets and as shown in the table below has exceeded the number of registrations and clients moving into employment.

<b>Working Matters Successor Progress (Aug 19-July 2020)</b>	<b>Target</b>	<b>Actual</b>
Registrations	48	65
Volunteering	3	0
Vocational Certification	24	18
Job Starts	8	9

2.5.2 The MediCity project which received 5 years of revenue funding from 2015 from both the Council and Scottish Enterprise continues to perform well against targets set. In particular, the target for private investment raised by Medtech business start-ups is now almost £19.7m, with a further £1.1m raised in the latest quarter. The 73 businesses assisted through the dedicated business development support offered at MediCity to date has resulted in 26 Med-Tech products being launched into the market. The number of new medtech associated jobs created through the project has risen by 7 this quarter to 156 in total.

<b>MediCity Scotland 5 yr Performance Targets</b>		
	<b>Cumulative 5yr Target</b>	<b>Achieved (Q18)</b>
No. of workshops/events delivered	24	26
No. of BioCity Accelerator Programme (Previously DEVELOP) organised by MediCity	10	7
Number of companies provided with 4 days of support outside "develop" programs (INV03)	81	73
Number of companies working with SE ( <i>accepted into High Growth Spin Out programmes</i> )	10	13
Number of companies working with Business Gateway	28	24
Private Investment secured to date by MediCity based companies	£13.9	£19.7m
New products or services launched into the Medtech, healthcare or wellbeing market	40	26
No. of Jobs created in high potential start-ups	150	156
Direct jobs in MediCity	3	3

Q18 reflect the period Jan-March 2020.

## **2.6 GCR City Deal Gateway One Approval**

- 2.6.1 Confirmation was received on the 16<sup>th</sup> of May from both UK and Scottish Government that Glasgow City Region had successfully passed its first gateway review (covering the first 5 year period of the City Deal from 1<sup>st</sup> April 2015). This approval unlocks the second instalment of £250m of capital funding to support the delivery of GCR City Deal programme to 2024/25. Approval was contingent on some minor amendments to the GCR Assurance Framework which the Council are supportive of and will be implemented by the GCR Programme Management Office this year.
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## **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.
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## **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 (*74% intervention rate*) leaving a potential balance of £53.2m to be met by the Council (*26% contribution*). The above financial implications of the City Deal are incorporated within the Council's Medium and Long Term Financial Plan and budgetary implications have been approved by Policy and Strategy Committee.
- 4.1.2 City Deal grant allocation for 2020/21 has been confirmed at £4.941m. This allocation will fully meet anticipated Council capital expenditure for the current financial year at £4.33m for infrastructure activity and address Q4 2019/20 eligible expenditure of £641,575. This allocation ensures City Deal activity for 2020/21 does not create any additional burden on the Council's capital programme.

## **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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**6. Supporting Documents**

- 6.1 Letter dated 15<sup>th</sup> May 2020 from UK and Scottish Government confirming to the GCR Gateway One approval and conditions available on request.

A handwritten signature in black ink, appearing to read 'P. Humphries'.

**Pamela Humphries**  
**Head of Planning and Regeneration**