

North Lanarkshire Council Report

Enterprise and Growth Committee

approval noting

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North Lanarkshire City Deal Programme Update Programme of Work – PO21

From Pamela Humphries, Head of Planning and Regeneration

Email brysonk@northlan.gov.uk

Telephone Kate Bryson, Enterprise
Projects Manager,
07957 989774

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 conclusion of activity within the labour market and innovation strands. This report also seeks approval to commence the procurement of Network Rail to construct the bridge crossing of the West Coast Main Line railway as part of the Ravenscraig Infrastructure Access project.

Recommendations

It is recommended that the Committee:

- 1) Note the status and recent progress of North Lanarkshire City Deal infrastructure subprojects;
- 2) Note the closure of the Working Matters Successor programme and final performance;
- 3) Note the final performance results for MediCity project with the Council's 5 year revenue support now concluded; and
- 4) Approve the commencement of the procurement of Network Rail to construct the bridge crossing of the West Coast Main Line railway as part of the Ravenscraig Infrastructure Access project.

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.
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2. Report: North Lanarkshire City Deal Programme Update

2.1 Motherwell Town Centre Transport Interchange (MTCTI)

2.1.1 Redevelopment of Motherwell Rail Station by ScotRail's appointed contractor, Balfour Beatty remains ongoing, with the completion of phase one (a replacement car park for ScotRail staff and British Transport Police) and the progression of phase two, comprising significant upgrading work to the existing building and platforms. ScotRail's works are expected to take 16 months to complete, with access to the station and platforms for passengers maintained at all times.

2.1.2 A feasibility exercise previously approved by Committee, under the 3rd party SCAPE Civils Scotland framework, has commenced with Balfour Beatty to better understand the costs and methodology for carrying out the Muir Street works. Use of this framework has the potential to maximise coordinated delivery between ScotRail's Motherwell Rail Station and the Council's Muir Street contracts, with associated programme and delivery efficiency gains. The outcome of the feasibility stage will be noted at a future Committee. If this proves the most advantageous procurement route it is anticipated that the invitation to tender will be issued to Balfour Beatty in the last quarter of 2020/21.

2.2 Ravenscraig Infrastructure Access

2.2.1 As reported and approved in August, a phased approach is to be taken to the development of the infrastructure comprising the Ravenscraig Infrastructure Access project, with construction works being delivered in a number of packages. The first of these is commencing with the construction of the bridge crossing of the West Coast Main Line railway (the "WCML Crossing").

- 2.2.2 The Council has been working with Network Rail and their framework contractor throughout 2020 to develop the detailed proposals for this element of the project and these form a part of a detailed planning application to be submitted in February 2021. The current commission with Network Rail is being undertaken through an agreement to provide design services which will formally conclude in April 2021 – this commission, under a Network Rail Development Services Agreement, covers stages 3 - Option Selection and 4 - Option Development of Network Rail’s Governance for Railway Investment Projects (“GRIP”) process.
- 2.2.3 The next step following this is to enter into an agreement for the delivery of the pre-construction design and construction (GRIP 5 and 6). The Council is now seeking approval to commence procurement of Network Rail following the conclusion of the current commission.
- 2.2.4 Whilst it is possible for third parties to design and construct rail infrastructure, it is more common and it is the strong preference of Network Rail, for works directly affecting the existing railway and which will have a significant impact on operation, to be delivered by Network Rail on behalf of those requiring the infrastructure. It is therefore proposed that the Council enter an agreement with Network Rail for the delivery of the WCML Crossing. Network Rail will, in turn, enter a contract for construction with one of their framework contractors.
- 2.2.5 It is acknowledged that although the value of the contract (estimated at £20m including Network Rail and contractor costs) will exceed the Public Contract Regulation threshold for Works, the Council is not in a position to undergo a conventional procurement process to contract with a body other than Network Rail. Committee should also note that since 2014, Network Rail has been classified as a public sector body and as such is bound by public procurement regulations.
- 2.2.6 The relevant framework contractor for these works and this location is BAM Nuttall who were appointed in 2019, following a competitive process, to provide renewal and enhancement works to rail structures in Scotland for a five year period. Network Rail retain the ability to appoint other contractors for works and, with the Council, will continue to review costs throughout the remainder of the current commission and the pre-construction processes, undertaking regular reviews of value for money of the costs proposed by the framework contractor. Should it be deemed necessary, a competitive process will be run with contractors appointed to other Network Rail frameworks. The detail of this process of procuring Network Rail and their contractor will be set out in the Sourcing Methodology.
- 2.2.7 Subject to planning and other approvals, it is proposed that the contract be awarded in Quarter 3 2021/22 with enabling works commencing in spring 2022.

2.3 East Airdrie Link Road (EALR)

- 2.3.1 Stage 2 options appraisal work is progressing. Project affordability issues have been identified through emerging Stage 2 cost estimates and a robust value for money review is ongoing. A revised short list of options which include some early road alignment terminations to the north have been agreed. To further improve cost certainty and determine viability of route options, additional focused investigations are being implemented in the form of peat probing work on site and further procurement and analysis of more detailed mining data.

- 2.3.2 Elected Members will be aware that the Council is currently developing a revised 5 year capital programme from 2021/22 to 2025/26. As part of the affordability and scoping exercise, the programme team has submitted a capital bid proposal to support the current funding gap. This capital bid proposal, as well as those submitted for other Council priorities, is currently being considered by the Council's Strategic Capital Delivery Group (SCDG) before being presented to Policy and Strategy Committee in March 2021.
- 2.3.3 Our approach to the ground investigation work has also altered. Covid-19 restrictions were prohibitive during the original programmed investigations and available information was considered sufficient to permit progression of Stage 2 option generation and appraisal. Limiting the ground investigations to the preferred route alignment, once identified, provides improved value for money. In addition it advances this work in terms of overall project programme.
- 2.3.4 The invitation to tender for the ground investigation works was issued in December 2020, based on the most viable EALR road alignment options. This will allow refinement at contract award, following preferred route identification. This work stage will be run concurrently with the recommencement of procurement for professional services to develop the design for the preferred route once identified. Identification of the preferred route is anticipated March 2021.

2.4 Eurocentral Park & Ride

- 2.4.1 A workshop was held in October with key stakeholders including Transport Scotland, SPT and Sustrans to develop the brief for a feasibility study to further examine the potential benefits of a Low Carbon Travel Hub at this location. It is intended that consultants will be appointed early 2021 to progress the feasibility study. Subject to the findings, it would be anticipated that an Outline Business Case would be submitted to the GCR Cabinet in October 2021. Findings of the feasibility study will be reported to Committee in due course.

2.5 Orchard Farm Roundabout

- 2.5.1 Discussions remain ongoing with the developer, P.D. Stirling and other possible funding body Scottish Enterprise with regards to the future development of the OBC for the infrastructure to support the Mossend International Rail freight Park (MIRP). This follows recent confirmation of commercial funding being secured to expand the current rail terminal and realise plans to establish Scotland's first 775-metre electric rail terminal.
- 2.5.2 A steering group composing senior officers from all parties was established in December 2020 to drive forward a collective work programme to progress the case for public sector investment necessary to deliver the MRIP project. Subject to this work progressing and commercial backing also being obtained for the wider MIRP project a future OBC is anticipated to be developed for approval in late 2021.

2.6 Labour Market and Innovation Strand Update

- 2.6.1 The short-term working matters successor programme dedicated to support ex-offenders within North Lanarkshire was concluded in Autumn 2020. Final performance targets achieved for this short-term programme are outlined below, highlighting the success achieved in terms of clients obtaining employment.

Working Matters Successor Progress (Aug 19-Sept 2020)	Target	Actual
Registrations	48	65
Volunteering	3	0
Vocational Certification	24	21
Job Starts	8	12

2.6.2 Despite closure of this particular employability programme, the regional Skills and Employment group will continue to examine other opportunities for new initiatives as identified in the recently approved GCR Economic Recovery Plan. This Plan established a number of priorities for the region based on current economic conditions:

- To Project Jobs and Businesses;
- Provide Residents with Skills to Flourish in the Future Economy;
- Stimulate New Long Term Employment Opportunities; and
- Supporting Businesses and Communities to Adapt.

2.6.3 The MediCity project which offered dedicated business support to medtech incubator businesses from the facility at Newhouse has now reached the end of its revenue funding period. Final performance against targets set over the five year funding period from 2015 is summarised in the table overleaf.

2.6.4 The majority of targets set for MediCity were realised over the 5 year period, and is evident from the results shown there was some significant achievements including:

- More than treble the amount of private sector investment secure by supported businesses;
- A further 51 jobs created in excess of the 150 target; and
- More than double the target number of companies working with Business Gateway and an excess of businesses obtaining High Growth business support.

2.6.5 Targets relating to number of Develop programmes provided was slightly missed, this was due to an agreed change to operating a single accelerator programme per year in the final 2 years of the project. The change was made to improve the quality and number of later stage opportunities supported.

2.6.6 Further whilst the new products and services launched metric over 5 years have not quite reached target, there is sustained and continued increase in the numbers of new products and CE marking activities in the later stages of the project. As this is a trailing metric (time taken to productise and CE mark concepts is significant) MediCity expect this to continue to grow beyond the end of the monitoring period.

Finalised MediCity Scotland 5yr Performance		
	Cumulative 5yr Target	Total Achieved
No. of workshops/events delivered	24	26
No. Develop Programmes provided (to support MedTech companies)	10	8
Number of companies receiving a minimum of 4 days one to one support since project start date	80	70
Number of companies working with SE (<i>accepted into High Growth Spin Out programmes</i>)	10	19
Number of companies working with Business Gateway	28	68
Number of supported companies receiving more than £100k of private investment by way of formal binding written offers	12	17
Private Investment secured to date by MediCity based companies	£7.5m	£26.25m
New products or services launched into the Medtech, healthcare or wellbeing market	40	26
No. of Jobs created in high potential start-ups	150	201
Direct jobs in MediCity	3	3

Q20 Period End Date (30th Sept 2020) reported as total achieved

- 2.6.7 Total grant funding of £864,741 for eligible business development activity was awarded to BioCity Limited over the five year period. This revenue funding comprised £380,921 (44%) of contributions from the Council with the remaining 56% of funding paid by Scottish Enterprise.

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 GCR City Deal programme delivery and that it is also committed to supporting the delivery of the Fairer Scotland Action Plan. Future NLC subproject OBC/FBC development will be scrutinised to ensure it meets the duties of the Fairer Scotland Action Plan.

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 City Deal grant allocation for 2020/21 has been confirmed at £2.128m and is based on eligible expenditure up to quarter three (31st December 2020). This allocation will fully meet anticipated Council capital for infrastructure activity up to that period and addresses previous 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 current capital programme.

4.1.2 As noted the value of the contract for the WCML crossing is estimated at £20m including Network Rail and contractor costs. This includes provision for optimism bias in line with City Deal and industry norms which is held as the project develops to final construction design and an allowance for contingency which is retained for the period of works. Further allowances are made within the project cashflow for inflation over the period.

4.2 HR/Policy/Legislative Impact

4.2.1 The agreement between the Council and Network Rail for the delivery of the WCML Crossing will be in the form of an Implementation Agreement which are national and UK wide templates developed by Network Rail.

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.

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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Pamela Humphries
Head of Planning and Regeneration