

WEST DUNBARTONSHIRE COUNCIL**Report by the Strategic Lead for Regeneration****Council: 30 October 2019**

Subject: Glasgow City Region City Deal – Update**1. Purpose**

- 1.1** To note the progress with the implementation of the Glasgow City Region, City Deal.

2. Recommendations

- 2.1** It is recommended that Council:

- i) notes the progress of the Glasgow City Region (GCR) City Deal, and
- ii) notes progress with the Council's project for the Exxon site.

3. Background

- 3.1** The Glasgow City Region City Deal Infrastructure programme equates to £1.13bn of investment during period 2015-2035. Projects are progressing and have reached various stages from Strategic, Outline and Full Business Case stages of approval.

4. Main Issues

- 4.1** The delays experienced by Exxon in procuring their approach to remediating the site will continue for up to three months. This obviously delays progress in reaching a commercial agreement and the finalisation of the Environment Impact Assessment.

5. Glasgow City Region City Deal Update

- 5.1** The Glasgow City Region, Chief Executives' Group met on 29 August 2019 and approved the following project:
- i) The FBC and funding requirement of £4.66m for Glasgow City Council's Metropolitan Glasgow Strategic Drainage Partnership - Garrowhill Baillieston Surface Water Management project. This project will support the construction of sustainable urban drainage and supporting infrastructure to provide strategic surface water drainage, alleviating the risk of flooding and reducing the volume and rate of surface water

discharging to the combined sewer network. This will create additional drainage capacity and facilitate the regeneration of development sites. The addition of green infrastructure improvements will also enhance habitat creation and biodiversity.

5.2 Glasgow City Region Programme Status

5.2.1 There was submitted a Programme Status report by the Director of Regional Economic Growth to Cabinet on 8 October 2019 providing information on the status and progress of projects within the Glasgow City Region. This report is available as a background report. The Cabinet approved Infrastructure Change Control for the following project:

- i) Glasgow City Council: Metropolitan Glasgow Strategic Drainage Partnership (MGSDP) change in Timeline for Cardowan Surface Water Management Plan (SWMP): Construction end date delayed from May 2019 to December 2019 (7 month delay) due the translocation of fossorial water voles from the permanent works area, noted
- ii) updates from the Portfolio Groups and Intelligence Hub to be added to the future Programme Status Reports as stated in section D5, and authorised
- iii) the previous years' Working Matters grant payments due to member authorities of £0.133m as per table at C.1 in the programme status report.

5.2.2 The formal process for agreeing the release of the City Deal grant funding will be a series of five-yearly Gateway Reviews, commencing in 2019. Gateway Review 1 will be conducted by the National Evaluation Panel and reported to Government. In total there will be three Gateway Reviews (2019, 2024, and 2029) that will unlock the full £1 billion of funding from the UK and Scottish Governments.

5.2.3 SQW Limited presented an update to the Cabinet on 8 October 2019 on their evaluation work as part of the Gateway Review (GR) 1 process. The presentation is available as a background report.

5.2.4 The SQW presentation highlights progress focused on twelve projects/sub-projects expected to be most advanced by GR 1. By June 2019:

- 12 projects in scope had spent £158m, 90% of target;
- Total Fund spend was £168m, 86% of target;
- In June 2018, the total forecast Fund spend figure by GR1 was £320m or £289m including the £30m risk adjustment;
- Latest spend forecast to GR1 is £230m for all 21 projects;
- Two of the 12 projects have been completed Cathkin Relief Road & Gartcosh-Glenboig Link Road, and

- All of the 10 ongoing projects have been delayed to varying degrees, but are expected to be completed by GR2.

The City Deal is a 20 year programme, however there is some early evidence of outcomes through follow-on investments at Canal and North Gateway, Newton Community Growth Area (CGA), and the Glasgow Airport Investment Area (GAIA) project.

5.3 Annual Performance Report 2018/19

5.3.1 The fourth Annual Performance Report for the Glasgow City Region City Deal is for the period 1 April 2018 to 31 March 2019. The report is a requirement set out within the Assurance Framework with the aim of informing key stakeholders of the overall Programme status and to provide an indication of whether it is considered to be on track to successfully navigate the first Gateway in 2019. The report is available as a background report.

5.3.2 The report outlines progress made in the City Deal, with a number of significant milestones achieved including infrastructure spend approved of £263m as at end of March 2019 (annual reporting period). At the end of June 2019, Q1 2019/20 the spend approved is at £303.2m.

5.3.3 Progress continues in the delivery and impact of the infrastructure projects. The three Employability and Skills projects are now completed as are the three Innovation and Business Growth projects. There has been 8,085 young people supported into work through the Youth Gateway and 369 jobs created at Tontine in Glasgow. In North Lanarkshire, companies based at MediCity have raised over £11 million in private investment.

5.4 Glasgow City Region Programme Business Case 2019

5.4.1 The refreshed Programme Business Case (PBC) was approved at Cabinet on 8 October 2019 and this report which includes the Business Case Executive summary is available as a background report. The Programme Business Case concludes the following:

- a) As at March 2019, the Strategic Case shows there continues to be strong support and a clear, ongoing need for the City Deal Programme's targeted investment in the Region's people, businesses, physical and environmental assets, helping to support economic convergence across the Region and to protect and improve the Region's economic competitiveness on a national and global stage.
- b) The Socio-Economic Case shows that, despite challenging economic conditions the Programme remains on target to achieve the original aspirational outcomes with regards to job creation and GVA growth set out within the City Deal Agreement while maintaining an overall positive value for money profile.

- c) The Commercial Case shows the Programme is on target to achieve the private sector leverage outcome set out within the City Deal Agreement. Community Benefit Clauses within contracts are helping to secure and deliver additional benefits for businesses and communities throughout the construction phase of the Programme.
- d) The Financial Case shows that, with a number of projects already complete, the Programme remains within budget. While the forecasted rate of expenditure has been slower than initially estimated, spend to date is significantly higher than grant receipts. Data also shows, there is a potential opportunity to reduce the significant cost of borrowing faced by the Member Authorities by changing the profile of annual grant payments to more closely match forecasted spend.
- e) The Management Case shows that sound Programme and Project-level governance and management arrangements are in place and Programme monitoring shows delivery remains on track with no major slippage reported. Evaluations Plans are being developed to ensure project and Programme outcomes can be determined and subsequent impacts estimated.

5.5 Glasgow City Region Assurance Framework

- 5.5.1** The Glasgow City Region City Deal Agreement required the development of an Assurance Framework. The first version was approved by Cabinet in 2015, with the Framework advising that it would be reviewed on a six-monthly basis.
- 5.5.2** While a number of reviews have been undertaken of the Assurance Framework 2015, the document has not been fully updated since 2015. The Glasgow City Region City Deal Programme Management Office (PMO) has now completed a full refresh, resulting in the creation of the Assurance, Governance and Programme Management Framework 2019 (v2.4) along with a suite of Key Supporting Governance Documents which allow for the operationalisation of the principles with the Framework. These documents can be made available upon request.
- 5.5.3** The PMO has been liaising closely with both the UK and Scottish Governments on the refresh of the Assurance Framework and the development of the Key Supporting Governance Documents. The governments have advised that their formal comments will be provided on this version (2.4) following the approval by Cabinet on 8 October 2019
- 5.5.4** Where, following feedback from government on this version (2.4), further changes are required, the Director of Regional Economic Growth will bring a further version (2.5) to Cabinet advising of, and seeking approval for, any required final changes.

5.5.5 It is possible that the final version, as agreed with UK and Scottish government officers, may also be required to be submitted to relevant Scottish and UK government ministers for their formal endorsement, as per the process for agreeing the Assurance Framework 2015. Clarification is awaited from government officials on their requirements.

5.6 Strathclyde Partnership for Transport (SPT) Strathclyde Bus Improvement Programme (SBIP)

5.6.1 A joint proposal for the SBIP Pilot and its Integration with East Dunbartonshire Council's (EDC) Place and Growth Programme was presented and approved at Cabinet on 8 October 2019. With EDC leading and involving SPT together with Glasgow City Council (GCC).

5.6.2 There was an initial allocation of £30m funding as part of the original City Deal in 2013/14 for an SBIP to transform bus services across the City region being led by SPT, in particular the early projects identified included five key bus corridors into Glasgow City. SPT at the time were seeking £295m to achieve improvements on their defined strategic bus corridors.

5.6.3 A new Strategic Business case from EDC will seek to identify a number of shared priorities and benefits that could be delivered by aligning the proposed Place and Growth Programme and the SBIP, as well as strengthening links to the ongoing City Deal supported development in the north of the city around the Sighthill area. The alignment is most evident through the proposed investment in the infrastructure of the A803 route corridor to J15 on the M8, and the Bishopbriggs Relief Road and its links to the A80. The discussions have indicated that investing in bus connectivity on this route would develop links to other key sites along the road of this bus route corridor, including to:

- i) the ongoing City Deal supported regeneration works at Sighthill;
- ii) further and higher education opportunities at Collegelands, Glasgow Kelvin College;
- iii) primary health services at Stobhill Hospital and the Royal Infirmary, and
- iv) a range of employment and retail opportunities along the A803 and Bishopbriggs Relief Road.

5.6.4 The Glasgow City Region Cabinet on 8 October 2019 agreed the following:

- i) note that work which has already been undertaken to develop collaborative partnership working between EDC, SPT and GCC;
- ii) note the opportunity to leverage an additional funding contribution from EDC into the overall City Deal Programme;

- iii) approve the proposal to refocus the Strathclyde Bus Improvement Programme (SBIP) towards a SBIP Pilot integrated with East Dunbartonshire Council's Place and Growth Programme, with this integrated project retaining the status afforded by the Assurance Framework 2019 to projects on the 'Initial Project List', while noting that, provided there is successful delivery of the SBIP pilot as part of the EDC Place and Growth project, SPT and Local Authorities will incorporate further corridor improvements into future capital investment programmes, including city deal projects;
- iv) approve the request to transfer Project Sponsor status to EDC;
- v) approve the request for EDC to progress with the development of the Integrated SBIP Pilot/Place and Growth Programme Strategic Business Case (SBC), and
- vi) note EDC's intention to submit a SBC to Cabinet in December 2019 for approval.

5.7 Glasgow City Region- West Partnership (Education)

- 5.7.1** The West Partnership- Regional Improvement Plan (RIP) 2019-22 was endorsed by the City Region Education Committee on 27 August 2019 and it was agreed that this would be reported to the Cabinet and that each Local Authority on the RIP would maintain local democratic oversight of the plan.

5.8 Finance Group Update

- 5.8.1** At the Financial Group meeting on 10 September 2019 it was noted that there could be a delay in planned business cases from being presented to Cabinet due to limited availability of "internal" procurement and Legal assistance, however if required, consideration will be given to sourcing from elsewhere.
- 5.8.2** Within the general funding, the actual spend for 2019/20 to Q1 was £10.9m compared with a profiled spend of £11.5m, representing 15% of the expected spend of £72.9m for 2019/20. Cumulative spend to date as at Q1 2019/20 was £167.7m. The initial 5-year projected spend was £281.8m and the latest 5-Year projected spend was £229.7m representing a reduction of £52.1m. Funding approved to date totalled £303.2m. The cumulative grant allocation to the end of 2019/20 was £150m.
- 5.8.3** An update briefing on City Region Community Benefits was circulated to members on 5 September 2019.

5.9 Labour Market Working Group (LMG) Update

- 5.9.1** A West Dunbartonshire's proposal has been developed jointly between Working4U and Work Connect as part of a follow on programme to Working

Matters and will be delivered with the support of local services. The proposal was agreed in September 2019 and the support measures are in place. It is anticipated that the project will support 45 people through the personal development activity and as a result will increase confidence and motivation, build resilience and develop attributes for work.

6. West Dunbartonshire Council City Deal Project

- 6.1** ExxonMobil representatives met with Council officers on 8 October 2019 to discuss the progress they are making with their procurement of and implementation of their remediation strategy.
- 6.2** The Council has met with all third party landowners and a number of limited discussions are progressing in parallel with the Council's negotiations with ExxonMobil.
- 6.3** The refreshed Outline Business Case (OBC) for the Exxon site project was approved at Council on 28 November 2018, approved at the Chief Executives' group on 31 January 2019, and also approved at Cabinet on 12 February 2019. With ExxonMobil site remediation works being delayed and subsequent delays in an agreement being reached on a potential site transfer there will likely be an impact on the submission date of the Final Business Case (FBC). Officers are looking at a refresh of the programme of works. This will be reported back to Council.
- 6.4** Councils Officers have entered into a confidentiality agreement with ExxonMobil and are not able to release any commercially sensitive information to members at this stage. When Council is being asked to make decisions regarding the transfer of the ExxonMobil site into Council ownership all necessary information will be provided to ensure Members can make an informed decision.

7. People Implications

- 7.1** There are a number of senior officers involved in the City Region initiative across services of the Council and as part of the project board.

8. Financial Implications

- 8.1** The Council approved refreshed Outline Business Case for the Exxon project has an overall Council budget approval of £34.05m, with a secured City Deal contribution at 86% of original Cabinet budget of £27.897m equating to £23.991m. The projected capital cost to the Council, should no further funding be made available and secured from City Deal would be £10.059m.
- 8.2** The expenditure for the City Deal project for 2018/19 was £0.304m. As at 30 September 2019 the total project Capital expenditure was £1.477m. Spend continues to be minimised to avoid irrecoverable costs should the project not proceed in its current form.
- 8.3** The OBC approved budget expenditure for the City Deal Exxon project remains at £2.948m. This will provide sufficient funding to take us to the Final Business Case.

9. Risk Analysis

- 9.1** There are a number of project risks associated with the development at the ExxonMobil project site and these are contained within the risk register of the refreshed OBC.

10. Equalities Impact Assessment

- 10.1** An Equalities Impact Assessment is not necessary for this report.

11. Consultation

- 11.1** Consultation with all key stakeholders is progressing as we continue to work as part of the Glasgow City Region.
- 11.2** Regular communication is produced regarding progress with the Glasgow City Region on the website <http://www.glasgowcityregion.co.uk/>.

12. Strategic Assessment

- 12.1** At its meeting on 25 October 2017, the Council agreed that one of its main strategic priorities for 2017 - 2022 is:
- A Strong local economy and improved employment opportunities
- 12.2** The proposals within this report are specifically designed to deliver on this priority.

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Date: 11 October 2019

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Appendix:	Nil
Background Reports:	Programme Status Report SQW Report- Evaluation Gateway 1(Presentation) Annual Performance Report 2018/19 Programme Business Case 2019- Cabinet Report and Executive Summary Link: W:\Members Background Paper\2019\30 October 2019\City Region Background Reports

Background Papers:

Glasgow City Region City Deal - Council updates on the following dates: 28 August 2019, 29 May 2019, 14 February 2019, 28 November 2018, 29 August 2018, 27 June 2018, 31 May 2018, 5 March 2018, 20 December 2017, 25 October 2017, 30 August 2017, 28 June 2017, 26 April 2017, 22 February 2017, 21 December 2016, 26 October 2016, 31 August 2016, 29 June 2016, 27 April 2016, 24 February 2016, 16 December 2015, 25 August 2015.

Wards Affected:

All

