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East Dunbartonshire Council

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(FBC)

**EAST DUNBARTONSHIRE
COUNCIL**

THURSDAY, 14 DECEMBER 2023

REFERENCE:

EDC/020/23/DG

LEAD OFFICER:

DEPUTE CHIEF EXECUTIVE

CONTACT OFFICER:

**DAVID GEAR, PLACE & BUSINESS
DEVELOPMENT MANAGER, 07917650688**

SUBJECT TITLE:

**EAST DUNBARTONSHIRE CITY DEAL
INFRASTRUCTURE PROJECT UPDATE**

1.0 PURPOSE

1.1 The purpose of this Report is to update Council on the continuing development and work of the Glasgow City Region (**GCR**) and the progression of the Council's City Deal Project (**Project**).

2.0 RECOMMENDATIONS

It is recommended that the Council:

- 2.1** considers progress made in relation to the Project as outlined in this Report and, in particular, notes the ongoing risk relating to costs and affordability;
- 2.2** instructs Officers to continue to develop the Project as per the scope of the approved Strategic Business Case (**SBC**) and to provide further updates to future meetings of the Council as Outline Business Case (**OBC**) stage progresses;
- 2.3** agrees the revised OBC and Final Business Case (**FBC**) submission programme and that one OBC will be submitted covering all three project elements and that Officers will submit the required Change Requests to the GCR Project Management Office in relation to this approach;
- 2.4** instructs Officers to continue to enter into the necessary contracts for external services required to develop the Project within the approved upper limit of £5.8m; and
- 2.5** instructs Officers to develop Westerhill Development Road (**WDR**) Option A through Design Manual Roads & Bridges (**DMRB**) Stage 3 design, which will help inform the preparation of the Outline Business Case.

**ANN DAVIE
DEPUTE CHIEF EXECUTIVE**

3.0 BACKGROUND/MAIN ISSUES

- 3.1** This Report follows on from Report **PNCA/027/23/DG**, which was presented to Council in March 2023 and provided an update on the work of the GCR, the City Deal Programme, and the continuing development of the Project.
- 3.2** There are two key elements delivered within the GCR: delivery of a wider work programme largely informed by the Regional Economic Strategy and the delivery of the City Deal Programme, principally focused on a programme of £1.13bn of infrastructure investment.
- 3.3** In February 2020, the GCR Cabinet approved the **SBC** for the 'East Dunbartonshire Place and Growth Programme (**Project**), and allocated £30m of capital funding, with Council match funding of £4.88m. The total cost for delivering the Project outlined in the 2020 approved SBC was, at that time, estimated to be £34.88m, of which the City Deal Programme will fund £30m (86% of £34.88m) and the Council will fund £4.88m (14% of £34.88m).
- 3.4** The Project as per the approved SBC is based around a programme of three interlinked project elements which are:
- the Westerhill Development Road (**WDR**);
 - Improvement to Sustainable Transport on the A803 Route Corridor; and
 - Bishopbriggs Town Centre Regeneration.
- 3.5** The project is currently in the OBC stage. OBCs must be developed using HM Green Book methodology and comply with GCR City Deal Programme Assurance Framework. The more detailed and progressed projects are when presenting OBCs helps manage risk in relation to final actual price, which is confirmed through the FBC. OBCs provide a range of detailed information, including: affordable and deliverable preferred options; a full Economic Impact Assessment demonstrating the economic case and benefits; detailed designs and costs; statutory consents; and a procurement strategy for construction including key contractual arrangements. The GCR City Deal programme is predominately focused on economic benefits (long term GVA and employment). City Deal projects must demonstrate an acceptable level of Benefits Cost Ratio (BCR), and in developing the OBC this should be a key consideration in the selection and prioritisation of what will be taken forward.

OBC Submission

- 3.6** At the SBC stage the indicative approach outlined was to submit one OBC per project element. As the Project has progressed towards the OBC stage and given the growing affordability risk, Officers recommend one OBC is submitted that covers all three project elements. This approach gives a single point of approval, rather than committing budget to one element ahead of others being fully developed. The OBC completion will require all project elements to be well developed.
- 3.7** The OBC stage completion was initially programmed for completion spring 2024, and the FBC stage later in 2024. The overall project completion date for construction is currently approved as the end of 2026.
- 3.8** It is now expected the OBC stage will complete towards the end of 2024, and the November 2024 GCR Cabinet is being targeted for final approval of the OBC. The

FBC(s) will be finalised and submitted the months following. The overall completion date at this stage is not proposed to change and will remain at the approved December 2026. The OBC when complete will set out the selected technical solutions across the three project elements, and more detailed construction timeframes will be provided.

- 3.9** Where changes are required to be made within the programme (for example business case completion points) this is subject to a Change Control Request to the GCR. Subject to Council agreement, Officers will progress the Change Control Request with the GCR Programme Management Officer for the revised OBC completion date and submission of one OBC rather than three.

Costs and Affordability Risk

- 3.10** Since the SBC and project budget of £34.88m was approved in early 2020 a number of significant events have taken place which are impacting the economy. General economic conditions and conditions within the construction sector are causing price increases and uncertainty around costs in capital projects. These risks and issues are not particular to City Deal and are present more widely across the construction sector and are likely to continue for a period of time.

External Services & Internal Management costs

- 3.11** There is a high level of external services cost associated with the business case stages and to support the delivery of the construction stage. Currently it is estimated that £7.9m is required for contracts for external technical support needed to take the project through OBC and FBC, and construction stage. These costs are higher than originally expected, again compounded by economic conditions. Report **PNCA/021/22/DG** estimated that around £2.8m is also required for internal management costs for the full duration of the Project.
- 3.12** To date £4.79m has been committed in external contracts to support work across all three project elements, of which £1.95m has been spent to-date. These committed contracts include services such as masterplanning, design, site surveys and ground investigations, traffic modelling, economic and environmental specialists and business case consultants. Work has continued to procure a range of external services and Officers will progress work to enter into a range of contracts over the coming months required to take the project through the business case stages. These contracts will include design services, site surveys and investigations, and transport modelling.
- 3.13** These contracts will be within the currently approved upper limit for spend on external services which is £5.8m (Report ref: **PNCA/027/23/DG**). Officers will update Elected Members in future Council reports on the progress of contracts and any required adjustments to the upper spend limit. To date in the region of £1m has been spent on internal management costs across the Council.

Construction costs

- 3.14** Options for the delivery of each project element are being developed and costed as part of the OBC process. The costs to construct a new town centre civic space for Bishopbriggs are at this stage estimated to be in the region of £3m based on current RIBA 3 designs. Costed options for improvements to A803 Route Corridor are currently being developed, and updates will be provided in a future report to Council.

- 3.15** The cost indications associated with the WDR route options coupled with other costs outlined in section 3 of this Report demonstrates a significant cost pressure. Elected Members should be aware there is a scenario whereby the original SBC scope cannot be delivered fully via the funding that is available. Officers will continue to examine any additional funding opportunities for the Project. Should the preferred option identified in the OBC require additional funding above that which was approved for SBC, any overage and additional other funding sources will require to be identified. Alternatively phasing and prioritisation of the project elements based on the BCR and affordability must be considered.
- 3.16** The SBC approved allowed £700,000 of the £30m grant to be drawn down initially from the GCR. On approval of the next stage of business case, the Council will be able to draw down further from the allocated £30m. As highlighted in previous update reports, the Council is therefore working at risk where costs are above the initial £700,000.
- 3.17** Updates on programme, affordability and funding will be regularly provided to the City Deal Project Board. Risks relating to costs and affordability will also be reported, where appropriate, through the update reports to Council as the Project moves through the OBC process.
- 3.18** Following consideration Council of Report **PNCA/027/23/DG** by Council, officers were remitted to make an application to Round 3 of the UK LUF for funding to support delivery of a first phase of works in Bishopbriggs Town Centre. As detailed in Technical Note **TN-196-23** it has now been confirmed that there will be no Round 3 to which bids for funding can be made. Instead, allocations have been made directly to some projects unsuccessful in the previous round. This fund has therefore been ruled out as a potential source of funding to supplement the Project.

Project Element Updates

Bishopbriggs Town Centre

- 3.19** Updates on the town centre civic realm and Bishopbriggs Park were provided to Council in June 2023 (Report **PNCA/059/23/DG**). The Bishopbriggs Public Realm Plan, prepared in 2022, set out aims to give priority to pedestrians, cyclists and public transport vehicles, rework the existing public realm and deliver new public spaces - thereby creating new opportunities for social interaction and play, and helping to make the town centre a more active, inclusive and engaging place. This work provided a range of public realm interventions that could be taken forward as projects, including a new civic space for the town centre.
- 3.20** A range of consultations have taken place to help inform designs and RIBA 3 designs are now place for a civic space. These are subject to further review and refinement as part of the OBC process. At this this stage it is estimated improvements to generate a civic space could cost in the region of £3m. These costs are subject to more detailed design and market pricing. Through the development of options for A803 Route Corridor Improvements, other interventions in and around the town centre may be identified for delivery via City Deal funding or as future phases subject to available funding.

- 3.21** Separate but related to City Deal civic realm improvements is Bishopbriggs Park and a high level improvement plan for this space that is being developed. The City Deal and Greenspace teams have been examining options for improvements to this area. The plans have been prepared using findings from previous consultation and will set a framework from within which a range of improvements in the park area can come forward when external funding becomes available. The work aims to guide a range of improvements that enhance the quality of open space, play, connections and the area overall as a key element of the green network in Bishopbriggs.
- 3.22** Initial feasibility work to examine the viability of a dedicated serviced business incubation space identified challenges around demand for such a facility in the town centre as well as available space. Work however continues to examine alternative options to support local business that align with the objectives of the SBC, and these options along with options for physical changes to the town centre environment will be presented as part of the OBC.

A803 Route Corridor Improvements

- 3.23** As part of the collaboration between the Council, Strathclyde Partnership for Transport (**SPT**) and Glasgow City Council (**GCC**) there was a refocussing of the Strathclyde Bus Improvement Programme (**SBIP**) towards a SBIP pilot integrated with the Council's SBC. As part of the approval of the SBC, the Project is expected to deliver a step change in access by bus on the A803 route corridor to support access to employment and reduce emissions.
- 3.24** Continuing to work collaboratively with SPT and GCC, Officers are undertaking a range of activity related to this element of the Project including transport modelling, route corridor analysis, consultation with transport operators, and design options for improvements to the A803 route corridor. Preferred options will be selected and presented to Members in a future report to Council.

The Westerhill Masterplan and WDR

- 3.25** The Design Manual for Roads and Bridges (**DMRB**) contains the industry standards for roads related infrastructure design. Five potential route options were developed up to DMRB Stage 2. These options have been reviewed and a preferred route has been identified, which Elected Members are asked to approve to take to the next stage of design to support the OBC development.
- 3.26** The WDR is the completion of the Bishopbriggs Relief Road, connecting Lochgrog Roundabout to the A803. The DMRB Stage 2 design for all options currently shows pedestrian and cycling paths. It will facilitate the delivery of the Westerhill Masterplan by opening up land for future commercial development. This 'follow-on' investment will deliver economic benefits in terms of gross value added (**GVA**) and employment – a main outcome criteria in the current GCR City Deal programme Assurance Framework.
- 3.27** The five options have been tested against the objectives of the WDR and the wider East Dunbartonshire City Deal Project. Scottish Transport Appraisal Guidance (**STAG**) scoring methodology has been used to assess each option. The STAG framework is a tool used for evaluating transportation interventions in Scotland, offering a systematic approach to assess the potential impacts of design proposals, based on various design criteria. The scoring process allows for a quantitative and

consistent analysis of the project's overall impact and its alignment with both project and broader policy objectives.

- 3.28** A range of factors have been considered when examining the route options. These include: environmental conditions; traffic; masterplan and economic impacts; public, landowner and statutory body consultations; land and property impacts; costs; construction feasibility; and the overall BCR. BCR shows whether the benefits of a project (in this case economic) outweigh the costs to deliver it. DMRB Stage 2 Ground Investigations are currently being undertaken, and these will feed into the geotechnical considerations when complete, and the next stage of design.
- 3.29** Option A is the most westerly route option running north from the Lochgrog roundabout, east of the prison and joining the into the existing road network at Cole Road. Option B follows a similar line but does not join into Cole Road, rather it takes a more direct route into the A803. Options C, D and E are situated more eastward. The DMRB Stage 2 report makes a recommendation based on the specific objectives of the WDR. In addition to this consideration is given to cost, deliverability, and wider City Deal project objectives. When considered overall, Option A is selected as the preferred route option. **Appendix 1** provides a summary of each route option and of the assessment.
- 3.30** For all route options, minor to moderate benefits were observed when assessed against objectives linked to economics, masterplan and employment. As route options move eastwards across the area covered by the Westerhill Masterplan, they present minor to moderate negative impacts against objectives such as environmental impact, carbon emissions and protection of the natural environment.
- 3.31** Engineering assessment of the options shows increased negative impacts as the route progressively moves east, affecting features such as: Local Nature Conservation area; Glacial Meltwater Channel; Antonine Wall World Heritage Site; Scottish Water trunk main; and areas of peat and carbon rich soils. Environmental assessment shows Option A provides minor to moderate benefits in comparison with all other options and is observed to minimise the environmental impact of the WDR.
- 3.32** It is important to note that the longer term economic benefits will only be realised after completion of the WDR, as a result of the release of development land enabled by its delivery. These anticipated benefits, along with those relating to job creation and GVA, will be fully quantified in the developing OBC.
- 3.33** Route Option A is considered to perform well overall against the project objectives. It minimises environmental impact – for example utilising existing road networks; minimise disruption to the Antonine Wall buffer Zone, and the glacial melt water channel in this area. It attracts the second highest volume of traffic onto the WDR. Option B, performs better on traffic impacts however the impact on land is significant and outweighs the positive traffic and economic assessment, in favour of Option A. These land impacts include severance of a Local Nature Conservation area; greater impact on playing fields; and land identified for the proposed extension to Cadder Cemetery.
- 3.34** Members should note, that given the affordability risk for the project overall, Officers will now also examine the feasibility of a phased approach to the WDR as part of the preferred route option development and the OBC. The preferred route will now be

taken forward for detailed design and costing work. This will help inform the OBC. The following is the range of activity which is associated with this next stage of project development:

- Further ground investigations;
- Topographic and utility surveys;
- Confirming land requirements and securing land acquisition;
- Confirming environmental mitigation and enhancement measures;
- Detailed traffic modelling for junction design;
- Further landowner and stakeholder consultation, including public exhibition;
- Further environmental surveys;
- Environmental Impact Assessment Report;
- Stage 1 Road Safety Audit;
- Design and cost refinement;
- DMRB Stage 3 Report; and
- Preparation of a planning application and taking the project through statutory process.

3.35 The drafting of the Westerhill Masterplan is well progressed. The Westerhill Masterplan will aim to direct future growth attracting new investment and delivering long term employment opportunities in the local area and wider city region. The Westerhill Masterplan will provide planning guidance to guide the correct type of development and design. The Westerhill Masterplan delivery will be long term and underpinned by improved access at Westerhill through infrastructure investment. There is ongoing landowner and statutory stakeholder engagement to help inform the completion of the Masterplan. Officers intend to present the final Masterplan in a report to Council in spring/summer 2024.

4.0 IMPLICATIONS

The implications for the Council are as undernoted.

4.1 Frontline Service to Customers – n/a

4.2 Workforce (including any significant resource implications) – n/a

4.3 Legal Implications – the Council has entered into and will, during this OBC stage, enter into further contracts for the provision of professional services and site investigations for the Project and accordingly there will be legal obligations owed by the Council and legal risks allocated under and in terms of those contracts. The Council will also enter into legal agreements e.g. access licences, with relevant landowners to facilitate intrusive ground investigations, and will begin to negotiate the terms of potential acquisition of land with landowners. The City Deal team is engaging with Legal Services and the Procurement Service to obtain advice and support in negotiating and agreeing these contracts and managing the associated legal obligations and risks.

4.4 Financial Implications – the financing of development and management costs associated with the Project will be provided for through the Council's Capital Investment Programme, working with the GCR to re-claim the maximum amount of expenditure of this nature against the committed £30m of funding. As outlined in previous reports expenditure beyond £700,000 during the OBC stage is at the

Council's risk. As outlined in this Report, there is an ongoing and evolving risk around project affordability given the general economic conditions and conditions within the construction sector specifically. Officers will continue to monitor this risk and through the OBC process place an emphasis on deliverability within programme and budget on options which are developed and tested.

- 4.5** Procurement – the Council has entered into and will, during this OBC stage, enter into contracts for the provision of professional services and site investigations for the Project. The City Deal team is engaging with Legal Services and the Procurement Service to obtain advice and support in selecting appropriate procurement routes. Procurement routes are approved by the Project Board.
- 4.6** ICT – n/a
- 4.7** Corporate Assets – it is anticipated that land will require to be acquired and/or leased for the purposes of the Project e.g. to allow the construction of the WDR.
- 4.8** Equalities Implications – n/a at this stage. Equalities Impact Assessments will be prepared for the preferred options for each project element and these will be identified through the OBC stage.
- 4.9** Corporate Parenting – n/a
- 4.10** Sustainability – the Project has significant potential to deliver and inform a range of future sustainability benefits, including ecological improvements and peatland restoration, facilities to encourage modal shift to active travel and public transport, and public realm improvements in Bishopbriggs Town Centre. The options appraisal and strategic environmental assessment processes will include assessment of sustainability benefits as the project develops.

5.0 MANAGEMENT OF RISK

The risks and control measures relating to this Report are as follows:-

- 5.1** Risk Registers were prepared as part of the SBC and these are being regularly reviewed and updated as the Project develops through the OBC stage. Specific risks and proposed mitigation strategies are considered when required by the City Deal Project Board.
- 5.2** As outlined in previous reports to Council, expenditure to develop and manage the Project in excess of current GCR approvals will require to be undertaken by the Council 'at risk' and this is consistent with other Councils at this stage of projects. Completion and submission of OBCs for GCR approval will, subject to agreement with the GCR, enable an increase in the approved draw down amounts against the total allocation of £30m.
- 5.3** The UK construction industry is experiencing disruption to manufacturing and construction supply chains as well as shortages in labour markets. Coupled with other factors such as market saturation and inflation project costs are being impacted including projects in the City Deal programme. The pricing of options in each project element which has started through the OBC is showing costs at this stage to be over the available approved budget for the project. Accordingly, there is

a serious risk to the Project relating to affordability. Officers will continue to monitor this risk and through the OBC process place an emphasis on deliverability within programme and budget on options which are developed and tested. Officers will examine other sources of funding to ascertain what opportunities exist to increase the existing budget. Officers may also consider phasing or other alternatives in order to consider how the project can be delivered within programme and budget. Updates on affordability will be provided regularly to the internal Project Board and to Council.

- 5.4** A risk exists in relation to in house project management capacity due to the challenging recruitment market. This is creating an issue in relation to capacity and the ability to further all necessary activity relating to City Deal project development, meeting various requirements through the GCR in relation to compliance and good practice. Work is underway to adapt the City Deal team structure to try to secure a level of resource required to manage the project. Some adaptations to the City Deal team structure have been made to support the management of the project, and work continues to try increase the internal project management resource.

6.0 IMPACT

- 6.1 ECONOMIC GROWTH & RECOVERY** - the Council will continue to develop the OBC for the City Deal project. This could potentially deliver substantial economic benefits for East Dunbartonshire and the wider GCR as described in the body of this report and appending information.
- 6.2 EMPLOYMENT & SKILLS** - the Project, as a City Deal Project is intended to deliver significant employability benefits in relation to jobs and GVA. This will be demonstrated through the OBC stage.
- 6.3 CHILDREN & YOUNG PEOPLE** – n/a
- 6.4 SAFER & STRONGER COMMUNITIES** – n/a
- 6.5 ADULT HEALTH & WELLBEING** – n/a
- 6.6 OLDER ADULTS, VULNERABLE PEOPLE & CARERS** – n/a
- 6.7 CLIMATE CHANGE** - no direct impact from this Report. A key component of the project is the development of enabling road infrastructure, which by its very nature can have a range of environmental impacts through its construction and use. The current DRMB stage 2 designs show walking and cycling routes along the WDR route options. An evaluation of the potential effect of the Project on climate change mitigation and adaptation will be carried out at appropriate points.
- 6.8 STATUTORY DUTY** – n/a

7.0 POLICY CHECKLIST

7.1 This Report has been assessed against the Policy Development Checklist and has been classified as being an operational report and not a new policy or change to an existing policy document.

8.0 APPENDICES

8.1 Appendix 1 - WDR Route Option Appraisal Summary