

Report

Report to:	Executive Committee
Date of Meeting:	10 March 2021
Report by:	Executive Director (Community and Enterprise Resources)

Subject:	Glasgow City Region City Deal – Stewartfield Way / East Kilbride Sustainable Transport Capacity Enhancements, Strategic Business Case
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ set out the augmented Strategic Business Case for the Stewartfield Way/East Kilbride Sustainable Transport Capacity Enhancement project.
- ◆ advise the Committee on the next steps in developing and delivering the project.

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the augmented Strategic Business Case for the Stewartfield Way / East Kilbride Sustainable Transport Capacity Enhancements be approved;
- (2) that the proposed next steps in developing and delivering the project be approved; and
- (3) that the Outline Business Case be developed for presentation and future submission to the Executive Committee.

3. Background

3.1. The Council is 1 of 8 local authorities who, with the UK Government and the Scottish Government, are signatories to the £1.13 billion Glasgow City Region City Deal signed on 20 August 2014.

3.2. The City Deal initiative comprises an initial list of 20 key projects which are intended to collectively drive economic growth across the City Region.

3.3. The proposed Stewartfield Way / East Kilbride Sustainable Transport Capacity Enhancements project (the project) is one of four South Lanarkshire Council City Deal funded projects, the others being Cathkin Relief Road (complete), Greenhills Road (nearing completion) and the four Community Growth Areas at Newton, East Kilbride, Hamilton and Larkhall (in progress).

3.4. Governance arrangements for the City Deal initiative are set out within an Assurance Framework and this defines the requirements for the development of Business Cases for individual projects. The first level of business case, the Strategic Business Case

(SBC), was approved for the four South Lanarkshire Council projects by the Executive Committee on 26 August 2015.

3.5. A SBC for each project requires to be formally approved via the:-

- ◆ Member Authority Council
- ◆ City Deal Chief Executives' Group
- ◆ City Deal Cabinet

3.6. On 18 August 2015, the City Deal Cabinet approved SBC for all 4 South Lanarkshire Council City Deal Projects.

3.7. Members will recall that an update on the development of the project design was provided to the Executive Committee on the 25 March 2020. That report set out the results of the extensive consultation exercise undertaken during November/December 2019 and how this informed establishing the design parameters for the project before moving into the next stage of the business case. A summary of the consultation exercise is set out in section 5.0 below.

3.8. From this it was agreed to progress with the review and augmentation of the previously agreed SBC to reflect the design development. This also reflects updates to the City Deal Assurance Framework since the previous SBC approval reflecting the fact that the City Deal assessment process has become more closely aligned with the HM Treasury 'Green Book' guidance and now incorporates an appraisal template based on the Green Book 'Five Case Model' approach – Strategic, Economic, Commercial, Financial and Management. This will confirm the impacts and benefits the proposals will bring at a South Lanarkshire and City Region level.

4. Strategic Business Case

4.1. The augmented SBC for the project has confirmed it is a 'strategic fit' against the overall main objectives of the Glasgow City Region City Deal, namely:

- ◆ To increase economic growth while reducing economic inequality and disparity between people and places
- ◆ To improve connectivity within the Glasgow City Region through infrastructure investment
- ◆ To support a growing population
- ◆ To provide high quality locations for investment and economic activity.

4.2. The production of this augmented SBC is a key milestone and provides the basis for the continued development of the project. On the basis that the Executive Committee approves this SBC, it will be submitted to City Deal Chief Executives Group on 19 May 2021 and the City Deal Cabinet on 1 June 2021 for consideration and approval.

4.3. It is intended that this will then lead into the development and completion of an Outline Business Case (OBC) and ultimately a series of Full Business Cases, following completion of statutory consenting processes and project tendering arrangements. It is worth noting that given the scale and various component parts of the project, it will be implemented on a phased basis over a number of years from 2022 - 2025.

4.4. The Executive Summary of the SBC is included in Appendix 1. In accordance with HM Treasury Green Book guidance this sets out the Strategic Case, Economic Case, Commercial Case, Financial Case and Management Case for the proposal.

- 4.5. The purpose of the SBC is to ensure that the project still fits with the overall strategic objectives of the City Deal as set out in paragraph 4.1. Subject to this Committee approval, a review of the detailed economic drivers for the project will then be undertaken as part of the OBC process. It is at this stage that the business case will identify in more detail the development opportunities that these infrastructure works will open up within a defined area of East Kilbride as well as quantifying the Gross Value Added (GVA) and jobs created/supported within South Lanarkshire and the Glasgow City Region up to 2035 and within a 25-year time frame following project completion. This will demonstrate and articulate the long term economic benefits this project will deliver. These benefits will be regularly quantified and reported to the City Deal Programme Management Office (PMO) and be the subject of 5 yearly Gateway Reviews.
- 4.6. Economic impacts from the OBC options appraisal process for the project will manifest themselves in a number of ways and each will be assessed and where appropriate quantified in the OBC. These measures will include:
- Construction Jobs – These are temporary construction jobs generated by the project implementation works and also those generated by ‘follow on’ construction works enabled by the project at sites in East Kilbride.
 - Permanent Jobs Created – These are jobs, attributed to the project intervention, created as a result of the expansion of existing businesses or new businesses at a local and City Region level.
 - Land Use Benefits – This measure quantifies the area of land that will be positively influenced for development as a result of the project.
 - Floor Space Outputs – An assessment of potential development sites will quantify the amount of new or enhanced floorspace that can be attributed to the project. This will typically include housing, business and industrial uses.
 - Private Sector Investment – This measure quantifies the projected level of private sector investment in site development that will follow on from the impact of the infrastructure works.
 - GVA – Gross Value Added represents the measure of how much money a project has delivered into the economy at a local and regional level.
- 4.7. Notwithstanding the above, an initial high-level assessment has indicated that the project may create employment opportunities in the construction sector of up to 200 jobs and support up to 300 permanent employment opportunities. It is emphasised that these figures will require to be subject to further detailed review as mentioned above, however it does demonstrate the scale of the potential economic benefits.

5. Consultation Overview

- 5.1. As referred to in paragraph 3.7, an extensive multimedia campaign and consultation / information exercise was undertaken between 18 November 2019 and 20 December 2019 and reported to Executive Committee on 25 March 2020.
- 5.2. Members of the public, Elected Members, businesses and other interested parties were able to view details, images and visual fly through of the project and supporting information online. They were able to attend information events speaking direct with the project team / senior officials and thereafter encouraged to submit formal comments on the proposals via an online questionnaire. Some people also chose to write in by letter or via email.

- 5.3. The option consulted upon was to widen the existing road (all to the north) along its entire length between Philipshill and Kingsgate roundabouts to dual carriageway with roundabouts along the route enlarged to provide greater capacity. New bridges were to be provided crossing the Kittoch Water and Markethill Road.
- 5.4. Significantly, given that the flyover element was no longer deliverable the existing road and junction arrangements between Kingsgate and Mavor Avenue roundabouts was also proposed to be improved.
- 5.5. The project also proposed to introduce a new dedicated / segregated cycle route running the entire length of Stewartfield Way, linking into James Hamilton Heritage Park and to other facilities and routes throughout the town. Bus and pedestrian infrastructure is to be improved and it was expected that the project would provide an opportunity to act as a catalyst for wider investment in areas such as active travel, enhanced park and ride provision and low carbon vehicle infrastructure.
- 5.6. The campaign and consultation exercise was, at that time, the largest and most far reaching ever undertaken by the Council and provided genuine engagement with all stakeholders and interested parties.
- 5.7. It is considered that this exercise was highly successful with some 2,000 people attending consultation events and some 1,555 replies to the outline consultation were received. Respondents identified themselves as follows:

- ◆ Resident – 81%
- ◆ Visitor - 10%
- ◆ Business Owner or Manager – 4%
- ◆ Commuter – 16%
- ◆ Professional Driver – 2%
- ◆ Other – 1%

Note: some respondents identified themselves in several categories hence the percentages.

- 5.8. In terms of answers to the questions posed in the questionnaire:
- ◆ 29% of respondents considered they were regularly delayed on Stewartfield Way.
 - ◆ 45% believed delays and traffic levels have increased.
 - ◆ 56% believed the Kingsgate/Mavor Avenue corridor was a particular concern.
 - ◆ 76% believed Stewartfield Way was an important route for various transport modes.
 - ◆ 55% believed bus infrastructure needs to be improved.
 - ◆ 55% believed walking/cycling provision needs improved.
 - ◆ 32% believed there was a need to improve the operation and capacity of the Stewartfield Way corridor.
- 5.9. A total of 1,681 responses were received, incorporating 1,555 replies to the online questionnaire and 126 replies received by email or letter. Of these, 1,407 replies included additional comments, within which 5,612 individual points were raised.
- 5.10. A number of key points are noted from the consultation below:-
- ◆ There is a recognised need to improve the Stewartfield Way transport corridor.
 - ◆ In particular, a need to improve the network capacity at western and eastern ends of the corridor.

- ◆ There are local sensitivities on the proposed dualling at the Heritage Loch.
- ◆ There is a need to improve the public transport infrastructure to facilitate provision of public transport - bus and rail.
- ◆ There is support to provide opportunities for active travel
- ◆ Greater consideration should be given to climate change matters.

6. Project Description / Development

- 6.1. The emerging and developing project will deliver interventions to the transport network to provide capacity and in turn support development, to ensure that it will not have an adverse impact on existing businesses and residents using the wider East Kilbride transport network.
- 6.2. In addition, it is anticipated that the project will improve the transportation network and provide increased choice of travel methods.
- 6.3. The project comprises the following key elements which reflects the approval provided by Committee in March 2020 and those which emerged from the consultation summarised in section 5.0:
 - ◆ Consideration of the development of a dedicated / segregated cycleway / walkway along the northern side of Stewartfield Way linking into key destinations along the route; providing feeder links from key areas (e.g. Town Centre) and an overall enhanced active travel network. As well as supporting a shift to more sustainable travel this will also improve access to the planned improvements associated with the East Kilbride Rail Enhancement Project.
 - ◆ The accelerated implementation of the wider East Kilbride Active Travel Plan, with the intention of reducing car journeys while also realising the environmental and personal health benefits of active travel. This will include on and off-road cycle routes and infrastructure.
 - ◆ Development of proposals to relieve and manage existing traffic congestion at the western end of Stewartfield Way (Philipshill), to provide increased capacity (e.g. possible traffic signals). This would assist in improving access to the proposed relocated Hairmyres Station / strategic regional park and ride interchange. This should encourage a shift from those using private car for journeys into the city region to more sustainable rail travel.
 - ◆ Enhanced bus infrastructure (e.g. bus shelters, real time information, new pedestrian crossing points) along the Stewartfield Way corridor and beyond, specifically creating bus lay-by bays where possible to minimise existing congestion when passengers are boarding and alighting.
 - ◆ From the above, engage with bus operators to encourage and provide more frequent local, strategic, and 'orbital' services, again encouraging a modal shift from private car to bus.
 - ◆ Enhanced facilities for low-carbon transport e.g., provision of electric vehicle charging infrastructure to ensure that those who choose to continue with their private car journeys are encouraged to do so in more sustainable ways. This will include the creation of off-street hubs with rapid and fast charging infrastructure and potential opportunities for on-street infrastructure in some locations.
 - ◆ Development of proposals to relieve and manage existing traffic congestion at the eastern end of Stewartfield Way and around the Kingsgate / Mavor Avenue corridor to provide increased capacity to cater for future growth arising from site development. This will include a new dual carriageway from The James Hamilton Heritage Loch junction eastwards to the Kingsgate junction along with significant

reconfiguration / upgrading of existing junctions and possible new and enhanced access to the Retail Park.

- 6.4. The above elements recognise consultation feedback whereby it was identified by 55% of respondents that walking / cycling provision should be improved. In addition, the desire for improvements to walking and cycling infrastructure in East Kilbride was also evidenced via a previous consultation undertaken in relation to the Active Travel Study in East Kilbride.
- 6.5. The proposals also build upon many of the consultation responses received suggesting greater levels of investment in public transport rather than road building. Issues around the Global Climate Emergency were also strongly referenced.
- 6.6. In terms of specific consultation responses, 76% believed Stewartfield Way is an important route for various transport modes with 55% agreeing that bus infrastructure needs improved.
- 6.7. In terms of consultation responses, 56% believed the Kingsgate / Mavor Avenue corridor was a particular concern but only 32% considered operation and capacity was an issue along the whole corridor. The proposed improvement at Playsport was also well received in the consultation.
- 6.8. The project is therefore expected to consist of the above elements and over the next 12 months the elements will be appraised in detail, with final details considered and presented in the Outline Business Case.
- 6.9. While there is a need to consider the short-term effects of COVID19 on travel and transportation behaviours, it is important to look beyond the immediate horizon and make plans that ensure the transport network is capable in the long term of accommodating increasing demands resulting from new development and increased freight movement, and that opportunities for genuine sustainable travel choices are maximised. This approach supports progressing the project to the next stage.

7. Delivery Timeline/Next Steps

- 7.1. The SBC sets out an indication of when the project will progress through each stage in both the approval process and on-site delivery as follows:

◆ Initial project development work	Winter 2020/21
◆ Completion / approval of augmented SBC	Spring 2021
◆ Completion / approval of OBC	Winter 2021/22
◆ Detailed project development work	Spring 2021 to 2024
◆ Planning consents / other approvals	Spring 2021 to 2024
◆ Completion / approval of FBCs	Spring 2022 to 2024
◆ Phased Procurement	Winter 2021 to Winter 2025
◆ Phased Construction	2022 to 2025
◆ Project Monitoring	Ongoing to 2035
- 7.2. The above timescales for delivery will be refined as the project progresses through the business case process and elements become more defined. This will allow the phased construction period to be finalised and as such the above dates should be considered as being indicative at this point in time, nonetheless it does set out a timeframe for taking this project from design development to delivery.

8. Employee Implications

- 8.1. There are no current employee implications from this project as existing resources within Community & Enterprise Resources are tasked with the management and delivery of this City Deal project.
- 8.2. The project design is expected to be undertaken internally with specialist skills brought in from technical consultants, as necessary.

9. Financial Implications

- 9.1. The total cost of the Stewartfield Way project is expected to be £62.2million. Over the lifetime of the project, grant totalling £53.5million (86%) is expected from City Deal with the balance of funding £8.7million (14%) being met by the Council.
- 9.2. Consideration will also be given to how other sources of external funding can add value and increase the scope of specific elements of the works. This will be considered at the Full Business Case stage for each sub-project element. These sub-projects, which will form the key elements of the total project, will be developed in partnership with other Council Resources / Partners and brought forward for Committee consideration as part of the Full Business Case(s) approval process referred to in paragraph 4.3 above.
- 9.3. A full and robust monitoring process will be put in place following approval of projects by the City Deal Cabinet.
- 9.4. The City Deal Assurance Framework allows grant to be awarded at each Business Case stage (Strategic, Outline and Full) to meet the costs incurred by the Council leading up to the approval of the Full Business Case(s) and the formal award of contracts associated with capital expenditure.
- 9.5. Previous approval from the City Deal Cabinet to incur expenditure of up to £1.205 million on the project was received in August 2015. To date £293,000 has been incurred in developing the project and it is anticipated that additional project spend of up to £500,000 will be incurred in 2021/22.

10. Climate Change and Sustainability and Environmental Implications

- 10.1. Environmental impacts of the project will be considered by the completion of any necessary Environmental Impact Assessment (EIA) with mitigation implemented through the design and construction process where required.
- 10.2. Any project of this size will have varying degrees of impact on the local area, including the environment, wildlife, flora and fauna and potential noise and air quality. However, in developing the project detailed design will seek to mitigate any such impacts.

11. Other Implications

- 11.1. The City Deal Cabinet has a Risk and Issues Management Strategy to be applied across all City Deal projects. The purpose of this strategy is to provide a systematic and effective method by which risks can be consistently managed. It adopts a best practice approach, describes the specific risk management techniques and standards to be applied and the responsibilities for achieving effective risk management.
- 11.2. The Council is required to apply this strategy across each of its City Deal projects to ensure consistency across all City Deal projects. This will be a key tool in mitigating project risks and thereby limiting our financial risk associated with our share of City Deal project costs.

12. Equality Impact Assessment and Consultation Arrangements

12.1. This report does not introduce a new policy, function or strategy or recommend a significant change to an existing policy, function, or strategy, and, therefore, no impact assessment is required.

12.2. Consultation has taken place with relevant Resources within the Council.

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25 February 2021

Link(s) to Council Values/Ambitions/Objectives

- ◆ Improve the quality of life of everyone in South Lanarkshire.
- ◆ Support the local economy by providing the right conditions for growth.
- ◆ Improve the road network, influence improvements in public transport and encourage active travel.
- ◆ Work with communities and partners to promote high quality, thriving and sustainable communities.

Previous References

- ◆ Executive Committee, 26 August 2015
- ◆ Executive Committee, 25 March 2020

List of Background Papers

- ◆ Stewartfield Way / East Kilbride Sustainable Transport Capacity Enhancements Strategic Business Case

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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Appendix 1

Executive Summary

This Strategic Business Case (SBC) is for £62.2m City Deal funding – £53.5m City Deal (86%) and £8.7m South Lanarkshire Council (14%) – to deliver the **Stewartfield Way/ East Kilbride Sustainable Transport Capacity Enhancements project**, hereafter referred to as the project. This SBC presents an augmented version of the original SBC presented to the Glasgow City Region City Deal Programme Management Office in 2015, which secured approval for project development spend up to £1.2m.

At this stage, the SBC sets the context for an agreement in principle for the project and seeks - approval to develop the detailed proposal for intervention - to be presented in subsequent Outline and Full Business Cases (OBC/ FBCs).

The rationale for the project is to release economic growth potential within the City Region – development potential and business/ freight operations in East Kilbride are constrained by the transport network. This project completes the third and final City Deal funded transportation project for South Lanarkshire Council, with Cathkin Way completed in 2017 and Greenhill Road due to complete mid 2021.

Through the commission to augment this SBC, transportation specialists AECOM were appointed to undertake high level review of traffic modelling data. The review concludes that road infrastructure improvements along the project corridor go some way to accommodate against trips generated by potential new developments. In addition to road-based infrastructure improvements further mitigation measures (sustainable and active travel measures) should also be considered.

The review confirms the Council's view that the project is needed to release capacity for economic development activity, that the technical options that were previously considered will deliver benefits, and that there is benefit in further expanding the project beyond road improvement works to include wider green and active travel measures.

The Council will undertake further analysis of the traffic modelling in support of detailed project development – this will be prepared in advance of, and reported within, the forthcoming OBC/FBC.

Strategic Case

The strategic need for the project is based around additional economic value that will be generated through the release of development opportunities in East Kilbride.

Designated as a New Town in 1947 the town has grown exponentially over the past 70 years to become one of the largest settlements in Scotland. This growth has, however, created a unique local context with residents and businesses heavily reliant on private transport – a functional road and wider transport network is therefore of vital importance to the town.

As summarised in Chapter 2, the key challenges that the project seeks to address are:

- economic constraints – decline in employment opportunities;
- lack of commercial floorspace – retention and attraction of businesses;
- population constraints – long-term growth putting pressure on transport;
- sustainability constraints – long-term attractiveness of East Kilbride;
- capacity constraints – road network restricts brownfield site development; and
- sustainable travel constraints – infrastructure restricts modal shift to sustainable/ active travel.

The project is a long-held priority for SLC, encompassed within the local development plans and transport strategies for 20 years and reaffirmed in the most recent iterations. It is aligned with a wide range of strategy documents at national/ regional/ local levels and makes a strong contribution to the policy objectives. There have been minor delays due to the Coronavirus pandemic, but the project is coming forward and builds on a major public consultation exercise in December 2019.

In the absence of the project there will continue to be some development in East Kilbride, but the economic potential of the town and the wider South Lanarkshire/ City Region will not be fully harnessed. Site development will be constrained, affecting business retention/ growth and employment/ training opportunities.

The strategic aim of the project is:

“to enhance the economic potential of East Kilbride by addressing infrastructure constraints and improving choice for green and active travel modes, providing better access to recreational, residential and commercial developments across the town and into the wider city region.”

The project objectives are to:

- support site development in East Kilbride;
- improve access to employment and training opportunities in EK; and wider City REGION area
- improve the resilience of the local transport network and improve/ maintain journey time reliability; and
- increase sustainable travel mode share on local journeys (walk, cycle, bus) in East Kilbride, and on regional journeys (bus/ train) into the city region.

A detailed project Risk Register has been developed and will be reviewed regularly by the Project Board. At SBC stage, 15 risks (excluding two closed risks) have been identified and are being actively managed through mitigation and control actions.

Economic Case

Based on the project rationale and objectives the project team undertook a review of the long-list options for the project. The options considered are set out in the Strategic Business Case document and focused on project scope, project management (service solution), project delivery (service delivery), implementation and project funding.

From the SBC options scoping analysis there is a clear route forward for both service solution and service deliver – SLC will project manage the design and delivery but will procure specialist contractors to undertake the works. For the other three aspects there is no clear route forward and the alternatives will be tested through the OBC analysis work, which will also include analysis of the counterfactual position (do nothing) to demonstrate the additionality that the project will deliver.

Commercial Case

SLC has undertaken recent and in-depth consultation with local stakeholders to identify the needs of local residents, business owners, workers and others. This has identified a solid basis of support for the scheme, but has also identified that there are wider issues that communities would wish to see incorporated were not part of the original proposal – environmental matters relating to the climate emergency and the inclusion of sustainable and active travel options.

The primary rationale for the project is to create net additional economic value through investment and site development that is currently constrained by the transport network. Chapter 4 outlines details of property market research that clarifies the need for development of modern business premises in East Kilbride and the extent of obsolescence in the town's existing commercial estate portfolio.

This chapter also outlines the procurement strategy, and expected timescales for project development and delivery between 2021 and 2025.

Financial Case

The total project costs are expected to be consistent with the 2015 SBC at £62m – split 86% City Deal and 14% SLC. The ongoing management and maintenance of the project will be undertaken by SLC, delivered through the Roads Revenue budget – the completed infrastructure is unlikely to need any substantial maintenance in the first ten years, but thereafter will be the responsibility of the Council.

The costs of delivering follow-on investment in brownfield site remediation and premises development are expected to be met by the private sector – this is essential linked activity to ensure that the project's objectives and expected benefits are secured.

Management Case

SLC has the in-house expertise to deliver this project, as demonstrated through the recent completion of the City Deal funded Greenhills Road.

A Project Team has been established and key roles have been allocated to skilled and experienced officers, with support from external consultancy where needed.

The project will be managed through established protocols – the SLC City Deal Infrastructure Group.