



# Ravenscraig Access Infrastructure

Outline Business Case

August 2020



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

#### DOCUMENT CONTROL – VERSION HISTORY

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**PROGRAMME MANAGEMENT TOOLKIT - BUSINESS CASE APPRAISAL TEMPLATE .**

Business Case Section	Sub-Section	OBC Appraisal Questions	Location of information within Business Case
1 Strategic case	1.1 Strategic Need	1.1.1. Has the problem, and the need that will be met by the Project, been clearly described, quantified (where relevant) and evidenced? Does this first section in the S/O/F BC give enough information and evidence to establish the strategic need for intervention?	1.1.5
		1.1.2. Does the upfront section in the S/O/F BC identify the total Project costs – specifically showing total CD/ MA costs (86/14%) and how much of this is needed to develop the Project to the next O/F BC stage?	E.iv
		1.1.3. Is there a clear description of the market failure(s), including how the Project will address the root cause rather than the symptoms of the MF?	1.1.20
		1.1.4. Has the rationale for the intervention/for new investment by the public sector been clearly articulated?	1.1.32
		1.1.5. Based on strategic need, has the case for why the Project is needed now been provided?	1.1.42
		1.1.6. Has the consequence of not delivering the Project i.e. policy off/ counterfactual case been explained?	1.1.43
	1.2 Strategic and Policy Context For The Project and Contribution to the City Deal	1.2.1. How has the fit with UK, Scottish, Regional and Local policy been demonstrated? Does this describe how the Project contributes to the policy aims rather than simply list the policy objectives? Are all relevant policy/ strategy docs covered relating to the identified needs (S1.1) and the Project interventions (S1.5)	1.2.2
		1.2.2. How has the fit with the strategic objectives of the City Deal Programme been demonstrated e.g. will the Project support the development of key growth centres, strategic employment sites, creation or maintenance of economically important routes? Does this describe how the Project contributes to CD Programme aims?	1.2.11
	1.3 Project Objectives	1.3.1. Has a clear description of the Project and its objectives been provided?	1.3.1
		1.3.2. Have SMART objectives been provided (Specific, Measurable, Assignable, Realistic, Time-related)? Are these clearly presented in tabular form for each objective?	1.3.4
	1.4 Existing Arrangements	1.4.1. Have existing arrangements including those which currently deliver comparable outputs been outlined? Does this relate to the objectives listed at Section 1.3.2?	1.4
	1.5 Project Summary	1.5.1. Has a clear description of what the Project will deliver been provided? Does this include description of what City Deal funding will be spent on and what is expected of others?	1.5
		1.5.2. Has a clear explanation of how the Project differs to any current interventions/existing arrangements (as defined at Q1.4.1) been provided?	1.5.4
		1.5.3. Has a clear description of how the Project will be implemented including what the money will be spent on, been provided?	1.5.6
		1.5.4. Has a clear case been made for how the Project addresses all the areas of need as described at S1.1.1?	1.5.9

Business Case Section	Sub-Section	OBC Appraisal Questions	Location of information within Business Case
		1.5.5. Has a clear description of what constitutes success been provided? Does this include Critical Success Factors against which options can be appraised?	1.5.10
		1.5.6. Has any evidence demonstrating the success from similar Projects been provided (including monitoring and evaluation evidence, lessons learned or pilots) and how have these lessons been incorporated into the Project? If not, why not?	1.5.11
	1.6 Dependencies and Constraints	1.6.1. Have all relevant internal factors on which the successful delivery of this Project are dependant been identified? How will they be managed?	1.6
		1.6.2. Have all relevant external factors on which the successful delivery of this Project are dependant been identified? How will they be managed?	1.6
		1.6.3. Have all relevant factors that place demands on the Project (constraints) been identified? How will they be managed?	1.6
	1.7 Stakeholders	1.7.1. Have the main stakeholder groups and their contribution or interest in the Project been identified?	1.7.1
		1.7.2. Is there a description of whether the Project will create benefits/ dis-benefits for stakeholders, and how?	1.7.1
		1.7.3. Have potential or current areas of conflict between stakeholder groups and or demands been identified? How will they be managed?	1.7.2
	1.8 Risk	1.8.1. Is there robust analysis of the potential risks that might arise? How were the risks identified and appraised?	1.8
		1.8.2. Has a detailed risk management plan been developed for all elements of risk in line with the Programme Risk Strategy?	1.8.1
		1.8.3. Have relevant internal risks been identified in risk register? Are the key internal risks summarised?	1.8.4
		1.8.4. Have relevant external risks been identified in risk register? Are the key external risks summarised?	1.8.5
		1.8.5. Have all risks been included, appraised and scored on the Project risk register with appropriate mitigating actions? Financial/ economic/ legal/ reputational/ procurement/ planning/ etc	Appendix 6
		1.8.6. Does the Project create any new risks, or increase risks, for the City Deal Programme? If so, have these been identified, fully appraised with mitigating actions, and incorporated into the Risk Register?	1.8.6
		1.8.7. Have environmental and climate risks been identified and mitigated within the risk register?	1.8.7
		1.8.8. Has the MA undertaken Equality Impact Assessment for the project and have relevant equalities risks identified and mitigations been included QUIA and whether risks and mitigations have been identified.	1.8.10 & Appendix 7
2. Economic Case	2.1 List of options	2.1.1. Is there a reasonable range of options covering what/ when/ who/ how/ where? Has there been any change since S/O BC? Is there a long-list and clear rationale for selection to a short-list for detailed appraisal?	2.2
		2.1.2. How were the short-listed options selected and appraised? Who was involved, what was the process?	2.2.29
		2.1.3. Did options definition include analysis of potential alternatives around scope, procurement, service delivery, implementation and funding?	2.2.31

Business Case Section	Sub-Section	OBC Appraisal Questions	Location of information within Business Case
		2.1.4. Have the alternative options been costed – capital and revenue for direct public costs, and capital for direct follow-on investment? [Note: for Projects that are claiming benefits (S2.3) arising from follow-on investments, the cost attributed to these activities must be provided]	2.3.5
	2.2 Additionality	2.2.1. Have deadweight, displacement, leakage and substitution effects been identified at the Member Authority, City Region and Scotland levels for each of the short-listed options? Have the assumptions for the values used been presented – are these realistic?	2.4
		2.2.2. Does the analysis of additionality present a robust case on the need for public sector intervention? Has consideration been given to the amount of activity/ outcomes that would happen without the Project – does this link with Section 1.1.5?	2.4
	2.3 Benefit	2.3.1. Have gross and net benefits for each of the short-listed options been identified and quantified at the Member Authority, City Region and Scotland level? What dis-benefits will arise, and can these been mitigated? [Note: Gross benefits are defined as those arising from both direct City Deal and direct follow-on investments – see 2.3.8. Net benefits are the out- turn of these direct benefits, taking account of the additionality assessment at 2.2]	2.5
		2.3.2. Have the wider qualitative benefits and dis- benefits arising from each option been listed and clearly described? Does this include all relevant items?	2.5.7
		2.3.3. How have qualitative benefits been assessed e.g. using a weighting and scoring approach?	2.5.7
		2.3.4. Has the timescale for the realisation of benefits/ dis-benefits been provided?	2.5.9
		2.3.5. Does the text clearly describe the assumptions used in calculating benefits/ dis-benefits?	2.5.9
		2.3.6. Are there any distributional/ equity factors for benefits that will impact on selection of the preferred option? Are these critical in the decision on preferred option?	2.5.9
		2.3.7. Have clear measurement, monitoring and evaluation plans been identified to track the delivery of each stated benefit? Is this taken forward to Section 5.7?	2.5.17 & Appendix 13
		2.3.8. Is there clarity on which benefits will be generated as a direct result of City Deal Project investment, and those that are generated as a direct result of subsequent action by others e.g. follow-on private or public sector investment?	2.5.17
	2.4 Cost/Benefit Analysis	2.4.1. Are all costs (specifically capital and revenue costs) and benefits quantified and if not has this been justified? Are these presented as gross and net costs/ benefits over the time period that they will arise and also as discounted totals?	2.6
		2.4.2. Is there a robust and consistent approach to appraising Cost-Benefit outcome – using net results with NPV calculated correctly (including discounting at 3.5%) – for each option?	2.6
		2.4.3. Has Value for Money (VfM) been appropriately presented using (as a minimum) the following ratios: NPV of: net economic benefits divided by the total economic costs (public and private) NPV of: net economic benefits divided by the total public costs – capital and revenue	2.6.4



Business Case Section	Sub-Section	OBC Appraisal Questions	Location of information within Business Case
		Note: for some Projects it will be appropriate to present VfM for public and private costs as two results – including and excluding commercial development costs e.g. business space and residential construction should be included but if no allowance is taken of the income generated from them, they will skew the results.	
	2.5 Options Appraisal Results	2.5.1. Have all potential options been compared using a SWOT (or STAG, or other robust approach) analysis? Is this consistent for each option, and robust?	2.7
		2.5.2. Does the analysis include clear scoring of options – quantifiable/ qualitative benefits, contribution to objectives, CSFs, key risks, impacts, etc? Does this include valuation of the net benefits and costs associated with each option?	2.7
		2.5.3. Have any assumptions used within the options appraisal been stated? How has ruling out of options been justified – is this clear and robust?	2.7
	2.6 Preferred option or Preferred Way Forward	2.6.1. Has evidence been provided demonstrating that the preferred option achieves all Project objectives?	2.8
		2.6.2. What evidence has been provided demonstrating that the preferred option provides the best Value for Money? If not, do un-quantified and/ or distributional benefits (as presented at Section 2.3.2 and 2.3.6) justify the higher cost and/ or lower benefits?	2.8.1
	2.7 Sensitivity and risk profile	2.7.1. Has appropriate sensitivity analysis been completed, including worst case scenario? Is there a clear rationale for the upper/ lower range used for sensitivity, or if arbitrary values have been used is this justified?	2.9
		2.7.2. Has the MA given appropriate consideration to the need for switching values analysis where Projects carry high risk of not achieving stated benefits (i.e. assumptions behind the economic appraisal are not robust or carry high level of risk), high optimism bias rate needed for cost, and/ or where the Benefit to Cost Ratio (BCR) is close to 1:1?	2.9.7
		2.7.3. Linked to results at Section 1.6 and 1.8, have all economic risks, constraints and dependencies been identified, managed and allocated in the risk register, and are the key economic risks listed in S/O/F BC, with mitigating actions?	2.9.8
		2.7.4. Is there a clear description of, and allowance taken for, optimism bias (for costs and benefits) and has it been aligned with the overall risk of the Project? How have optimism bias factors been calculated, and has this changed since S/O BC as more detail on the Project is known? Is further change expected at O/F BC?	2.9.13
		2.7.5. Are all relevant wider positive and negative impacts presented and assessed e.g. sustainability, competition, regulatory impact?	2.9.17
		2.7.6. On completion of sensitivity analysis, is there final confirmation that the preferred option remains preferred, and all relevant risks and sensitivities are understood and clearly articulated?	2.9.21

Business Case Section	Sub-Section	OBC Appraisal Questions	Location of information within Business Case
3. Commercial Case	3.1 Commercial Aspects	3.1.1. How does the preferred option address the needs of all parties and Project partners – the Member Authority, the City Deal, other direct funders, and wider Project partners (including those that are expected to deliver activity or outcomes as a result of City Deal investment)?	3.1.1
		3.1.2. Have funding options been outlined and fully considered for the preferred option? Have appropriate alternative funding sources been explored and included/ discounted, if not why not?	3.1.5
		3.1.3. If appropriate, have alternative arrangements been identified where any required follow-on private/ public sector funding does not occur at the required time? Is there a description of the extent to which the Project benefits/ outcomes (as described at Section 2.3.8) are dependent on this private sector investment?	3.1.25
		3.1.4. What is the commercial demand for the outputs generated by the Project e.g. if CD investment is for infrastructure that will release/ improve land for development, what is the evidence of demand for this land? [Note: for most CD Projects the demand is likely to come from the follow-on investment rather than from the direct CD funded activities – should be aligned with the impacts that are considered at Q2.3.1 and Q2.3.8]	3.1.35
		3.1.5. Where payments are to be made to external parties (including consultants/ contractors/ developers), what are the planned payment processes, and are they clearly described?	3.1.36
4. Financial Case	3.2 Procurement Strategy	3.2.1. Has a project specific procurement strategy been provided and is it in accordance with the City Deal Procurement Strategy and Buyer Guidance, has it been clearly articulated in the business case and is the procurement process in line with relevant regulations? Does this section clearly describe what will be procured, by who, when, and how?	3.2
		3.2.2. Has a justification for the proposed procurement approach been carried out and stated within the project's Procurement Strategy?	3.2.3
		3.2.3. Has the body (or bodies) which will procure the Project been clearly identified?	3.2.4
		3.2.4. Does the business case confirm that the project procurement is being carried out by dedicated procurement officers/team within the delivery body?	3.2.4 & Table 5.2
		3.2.5. Relevant to the level of investment being made, are appropriate conditions of contract being proposed for the project?	3.2.3
		3.2.6. Have clear contractual key milestones and delivery dates for the procurement process been provided?	Appendix 15
4. Financial Case	4.1 Financial appraisal	4.1.1. Is there a clear description of Project costs (split by individual element, including work to complete the Project to O/F BC) and Project funders – phased over the delivery timescale? Does this clearly identify the direct City Deal funding (split 86% / 14%) and other potential direct public sector funding?	4.1
		4.1.2. Will all Project benefits be achieved with the Project fund listed at Section 4.1.1, or is there a need for additional follow-on investment at a later date to deliver the benefits (e.g. property development)?	4.2

Business Case Section	Sub-Section	OBC Appraisal Questions	Location of information within Business Case
		4.1.3. Has evidence been provided demonstrating that full budget funding has been secured and budgeted for by all parties – the Member Authority, other direct Project funders, other follow-on investment? Does this clearly show the 86% / 14% split in direct costs? Has income from capital receipts related to this project been considered and included?	4.3
		4.1.4. Have appropriate benefit and monitoring evaluation costs been described and quantified, covering the full City Deal period to 2035?	4.4
		4.1.5. Have the impacts on Member Authority income/expenditure a/c and on balance sheet been provided if applicable? Does this specifically include ongoing revenue costs to MA or other public sector organisation? Are financing costs and operational running costs available and have they been included?	4.5
		4.1.6. How have potential cost over runs been considered and provided for? Have these been appropriately tested in the Sensitivity Appraisal, and included in the Risk Register?	4.6
		4.1.7. How will VAT will be treated? Is there a description in S/O/F BC of applicable VAT risks, and if so are they included in the Risk Register?	4.7
		4.1.8. Have any guarantees been provided, or financial agreements made? Does this cover direct Project funding or follow-on investment? Are these guarantees from the Member Authority to third party, or vice-versa? How substantial are these agreements, and to what extent is the Project's success dependent on these guarantees?	4.8
		4.1.9. Linked to results at Section 1.8, have all relevant financial risks been identified, managed and allocated in the risk register, and are the key financial risks presented here, with clear mitigating actions?	4.9
5. The Management Case	5.1 Project roles	5.1.1. Have Project roles and responsibilities been clearly stated? Is it clearly demonstrated that the team members have appropriate skills and experience to manage, deliver and oversee the Project?  If the Project involves grant to a third party, how will the MA ensure that the Project delivers outcomes on time, at scale, to quality, etc.?	5.1
	5.2 Project governance Structures	5.2.1. Have approval processes within the Member Authority been stated and followed, including stating the date of the member authority committee approval?	5.2
		5.2.2. Have robust Project management arrangements been clearly stated in relation to the operational delivery and future management of the completed Project within the Member Authority?	5.2
		5.2.3. If the Project involves creation of a new asset, is there a description of how governance will be transferred to operational use?	5.2.10
		5.2.4. Who will manage the delivery and monitoring/ evaluation of Project benefits (including community benefits)?	5.3
	5.3 Community Benefits	5.3.1. Have community benefits through procurement been identified in accordance with the City Deal Community Benefit Strategy and comply with City Deal Guidance? How will they be procured and delivered, and over what timescale? How	5.3



Business Case Section	Sub-Section	OBC Appraisal Questions	Location of information within Business Case
		will benefits be monitored over the long-term? Who will be responsible for achieving target benefits?	
	5.4 Legal matters	Have legal matters been clearly considered as appropriate, including: State Aid – does this include impact on third parties at the Programme level? Compulsory Purchase Orders (CPOs) LA powers / Government powers / Planning / Crown Land Ownership	5.4
		5.4.2. Have all required approvals and licences (for example planning approval, marine licence, SEPA licence, TAUS etc) been secured? Do any conditions apply to the approval granted?	5.4.12
	5.5 Project schedule	5.5.1. Has a detailed Project schedule been provided, showing key dates for start/ completion of each task and covering all Project elements?	5.5 & Appendix 15
		5.5.2. Are there clear delivery dates and detailed milestones for the overall Project, and any sub- elements?	5.5.1
	5.6 Sustainability case	5.6.1. Does the sustainability case assess whether proposals are sustainable and do they contribute to the wider sustainability agenda?	5.6
		5.6.2. Does the S/O/F BC present robust consideration of sustainability from perspectives of – environmental, financial, economic, social factors?	5.6.1
		5.6.3. Is there a Project- or site-specific Environmental Impact Appraisal – is it recent and robust? If no EIA (or it is dated) what is the justification?	5.6.9
	5.7 Project Monitoring	5.7.1. How will be the Project be monitored and evaluated? What are the Project monitoring arrangements and have they been clearly set out in the S/O/F BC (who, when, how and costs)?	5.7
		5.7.2. Is the M&E Plan in line with the Assurance Framework, is it fully costed, and is it appended?	5.7.1 & Appendix 13
		5.7.3. Do proposals for monitoring covering the full period of benefits realisation, or to Programme completion in 2035?	5.7.1 & Appendix 13
		5.7.4. Who is responsible for Project monitoring and evaluation after the physical Project works are complete? Is the cost of future M&E presented, and is it robust?	5.7.2

## KEY RESULTS TABLE

Category	Economic Impact	Total attributable to City Deal Investment	Total
GVA	Net direct at GCR by 2035	£156m NPV	£405m NPV
	Net direct at Scotland level by 2035	£186m NPV	£482m NPV
	Net additional at GCR by 2035	£103m NPV	£268m NPV
	Net additional at Scotland level by 2035	£136m NPV	£353m NPV
	Net direct at GCR over 25 years	£241m NPV	£626m NPV
	Net direct at Scotland level over 25 years	£265m NPV	£687m NPV
	Net additional at GCR over 25 years	£172m NPV	£445m NPV
	Net additional at Scotland level over 25 years	£200m NPV	£518m NPV
Benefit cost ratio	Total public sector costs by 2035	£68m NPV	£176m NPV
	Total public sector costs over 25 years	£80m NPV	£207m NPV
Construction Employment - short term	Gross enabling infrastructure jobs at GCR (PYEs) by 2035	620	620
	Net additional enabling infrastructure jobs at GCR (PYEs) by 2035	620	620
	Gross development/ follow on jobs at GCR (PYEs) by 2035	1,928	5,000
	Net additional development/ follow on jobs at GCR (PYEs) by 2035	1,388	3,600
Operational Employment – permanent jobs	Gross operational FTEs by 2035	447	1,160
	Net additional FTEs by 2035	189	490
Private sector investment	Direct project private sector investment by 2035 (£m)	£158m NPV	£409m NPV
	Net additional private sector investment (follow-on devts) by 2035	£121m NPV	£315m NPV
	Other public sector investment (£m) leveraged	n/a	£112m NPV

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## EXECUTIVE SUMMARY

### A Introduction

- A.i This Outline Business Case (“OBC”) seeks approval for £72 million from the Glasgow City Region City Deal Infrastructure programme towards the £127.2 million Ravenscraig Access Infrastructure project (the “Project”).
- A.ii The total project cost of £127.2 million is to be funded through:
- City Deal - £61,902,169 or 86%
  - North Lanarkshire Council MA Contribution - £10,077,097 or 14%
  - sub-total conventional cost split - £71,979,266**
  - Shortfall met by additional North Lanarkshire Council MA contribution - £55,193,227
- A.iii The overall funding split of the total project cost being:
- City Deal - £61,902,169 or 48.7%
  - North Lanarkshire Council MA Contribution - £65,270,324 or 51.3%.
- A.iv The *Project* will deliver strategic road infrastructure to release development land at Ravenscraig, a former steelworks site and national priority for development.
- A.v The *Project* is a sub-project of the Pan Lanarkshire Orbital Transport Corridor for which a revised Strategic Business Case was approved in December 2017.
- A.vi The provision of the strategic road infrastructure proposed by the *Project* will remove an identified constraint to the regeneration of Ravenscraig enabling the transformation of one of the largest vacant and derelict land sites in central Scotland into a national economic asset.
- A.vii The status of Ravenscraig as a national priority for development is given in recognition of the economic and environmental benefit that will be realised by bringing 200ha of brownfield land back into productive use. The redevelopment of Ravenscraig, as proposed in the revised Ravenscraig Masterplan will provide up to three thousand new homes, create employment and education opportunities and offer a range of community, retail and leisure facilities within a mixed use development designed to foster green movement and sustainable living. The revised Ravenscraig Masterplan and Planning Permission in Principle (the “*Revised Masterplan*”) is approved subject to conditions and Section 75 agreement.
- A.viii Realising the full development potential of Ravenscraig will generate significant economic value for the city region. In addition it will have a positive impact on the communities in and around Ravenscraig, who have suffered from the negative impacts of the closure of the steelworks as evidenced by high levels of deprivation, inequality and an environment degraded by past heavy industrial use, enabling them to benefit from improved opportunity of access to employment, education, services, community facilities and greenspace.
- A.ix In bringing together the strategic, economic, commercial, financial and management case for the *Project* and for City Deal investment this OBC sets out the rationale for intervention,



the options considered in identifying the preferred way forward, the economic benefit arising from the intervention and the arrangements for managing and delivering the *Project*. It demonstrates the *Project* is financially sustainable and will deliver economic benefit and public value including wider social and environmental effects.

## **B The Strategic Case**

B.i City Deal funding is sought to enable the sustainable, mixed use development of Ravenscraig through the provision of new transport infrastructure and improvements to existing.

- **Northern strategic infrastructure** providing connections to the M8
  - Dualling of the existing A723 from Ravenscraig to the M8
- **Southern strategic infrastructure** providing connections to Motherwell and the M74
  - Upgrading the Hamilton Road/Airbles Road junction including completing the dualling of Airbles Road
  - New signalised roundabout at Airbles Road/Windmillhill Street to provide the new dual carriageway link to Ravenscraig; and
  - Crossing of the west coast railway line and new dual carriageway into Ravenscraig

All works include provision for pedestrians and cyclists, creating new active travel routes.

B.ii Of the £127.2m funding required for the Project a £61.9m (49%) contribution is sought from City Deal with £65.3m (51%) being provided by North Lanarkshire Council. The City Deal contribution rate of 49% is significantly lower than that conventionally sought under City Deal.

B.iii The proposed City Deal intervention is needed to address market failure arising from the following:

- the nature and geography of the Ravenscraig site;
- the required strategic road infrastructure being a public asset;
- the exceptional levels of abnormal costs arising from the site's past heavy industrial use; and
- the commercial and financial capacity of the Ravenscraig development to bear these abnormal costs.

B.iv The rationale for City Deal funded infrastructure investment is based on the additional economic value, £626m GVA, 770 jobs and £499m private investment that will be generated as a result of enabling the full development potential of the Ravenscraig site to be realised.

B.v Without intervention to provide the strategic road infrastructure as proposed the full development potential and economic benefit of Ravenscraig cannot be realised and an opportunity to address issues of deprivation and deliver significant inclusive growth, at both a regional and local level, will be missed.

B.vi In addition to the primary objective of the project, to provide the strategic transport infrastructure required to unlock the full development potential of Ravenscraig, the *Project* aims to:

- Support a shift from car based transport to active travel modes;
  - Improve connectivity across the area including to regional facilities and improve sub-regional strategic connections; and to
  - Bring Vacant & Derelict Land back in to use.
- B.vii A well as there being a clear need for the City Deal intervention in the form proposed by the *Project* the regeneration of Ravenscraig is a key policy aspiration at a national and local level and is supported accordingly by national, regional and local spatial and economic policy.
- B.viii The *Project* objectives and outcomes closely align with the priorities of the City Deal programme and the strategic objectives of improving transport connectivity, regenerating key brownfield sites; leveraging in private sector investment and creating sustainable economic growth.
- B.ix In progressing from the strategic to the outline business case for the *Project* the Council continues to adopt a robust approach to managing project risk. Of the high level risk identified none are considered to be unusual or abnormal for an infrastructure project of the nature proposed.

## **C The Economic Case**

- C.i The proposed *Project* has been identified through the testing and appraisal of alternative options to select a preferred solution that meets the identified need and delivers value for money for the public sector.
- C.ii As the extent and scale of the physical interventions required to release the development potential at Ravenscraig have been appropriately determined by extensive assessment and testing of the project in planning and design development the options considered and tested in the economic case focus on the manner of, and mechanisms for, delivering the required physical intervention of strategic road infrastructure.
- C.iii From the long list of options, as developed in consideration of the *Project* objectives and assessed against the categories of scope, solution, delivery and implementation, the following two short listed options have been selected for appraisal and consideration against the counterfactual i.e. do nothing:
- Option 1 - Full scheme - Northern and Southern Infrastructure delivered by 2025
  - Option 2 - Part scheme – Southern Infrastructure only delivered by 2025
- C.iv On appraisal, Option 1, delivering both the northern and southern road infrastructure, has been identified as releasing the greatest degree of development at Ravenscraig and making the greatest contribution to City Deal objectives and regional inclusive growth priorities and as such is identified as the preferred option.
- C.v Option 1 secures the most efficient level of City Deal investment to meet current and forecast market demand and brings forward completion of the full Ravenscraig site to peak development capacity. While is the most expensive option to the public sector it delivers substantial additional economic value alongside a wide range of other non-quantifiable

economic, social, environmental and community benefits across the City Region and beyond.

- C.vi From its primary purpose of enabling commercial and residential development at Ravenscraig the *Project* will deliver follow-on development of 2,900 new homes, 213,000SqM of commercial and industrial floorspace and two schools and generate £626m GVA of net economic benefit. Of these benefits 1,100 homes, 82,000SqM commercial and industrial floorspace and £241m GVA are attributable to the City Deal investment.
- C.vii The cost (total public capital and revenue) to benefit (net additional GVA) ratio of the selected Option 1 is 1:2.01.
- C.viii Sensitivity analysis has considered an overall impact of a loss of GVA arising from the economic risk that the follow on development and investment by housebuilders and commercial property developers occurs at either a lesser rate or to a lesser degree.
- C.ix In testing and comparing options all costs have been discounted to today's values and all benefits are presented at the net direct level with GVA benefits discounted to today's values in accordance with HM Treasury Green Book requirements.

## **D The Commercial Case**

- D.i The preferred option, Option 1, has been identified through the development of the *Revised Masterplan* by Ravenscraig Ltd in consultation with the Council and subsequent assessment and approval by the Council in consultation with delivery and operational partners and including development and testing with Network Rail in regard to the WCML crossing.
- D.ii In identifying the need for public intervention the viability of development at Ravenscraig has been assessed in consideration of the options for both public and private funding.
- D.iii While the development of Ravenscraig will bear costs typically encountered as well as those associated with the Section 75 agreement it is clear from the viability assessment that it is unable to bear any portion of the cost of strategic infrastructure. The options of the works being privately funded from the development or the public funding being repaid by income generated from plot sales and development receipts have therefore been discounted.
- D.iv There have been no additional public funds identified in the short to medium term that would appropriately support the costs of the strategic infrastructure or which do not rely on recovery from the development itself.
- D.v The need for the follow-on development and investment from the housing and commercial property developers and the public sector is identified as a key external dependency for the *Project*. The property market remains healthy in the area and there is a good demand for residential and commercial property developed on the site and which commands prices and values in keeping with and often exceeding those in the surrounding market.
- D.vi To ensure a viable procurement and a well-structured deal between the public and private sector that will deliver best value to both parties the procurement strategy has been developed in consideration of: the scope, nature and value of the works; programme constraints, dependencies and opportunities; the approach to packaging the works; the route to market; the use of a new procurement or existing frameworks; and open, competitive or restricted procedure.

## E The Financial Case

- E.i In demonstrating the affordability and fundability of the *Project* the capital revenue and whole life costs of the scheme have been considered.
- E.ii The overall Pan Lanarkshire Orbital Transport Corridor Project has an approved total cost of £189,524,000 inclusive of allowances for inflation, optimism bias and contingency. Within this SBC, and subsequent realignment of the Council's City Deal programme in 2018, the approved cost for the Ravenscraig Infrastructure Access project was £101,000,000.
- E.iii In developing the proposals from approval of the revised SBC in 2017 and the realignment of the programme in February 2018 the total forecast cost of the project has risen from £101m million to £127.2m.
- E.iv Accordingly, allowing for other sub-projects within the SBC, the total cost of the SBC is now forecast at £216m.
- E.v The total Project cost of £127.2 million is to be funded through City Deal and Member Authority contributions and is split:
- City Deal - £61,902,169 or 48.7%
  - North Lanarkshire Council MA Contribution - £65,270,324 or 51.3%.
- E.vi For the avoidance of doubt the conventional Member Authority contribution of 14% is included in the £65.3m or 51.3% contribution from North Lanarkshire Council.
- E.vii The requirement for a greater Member Authority contribution to the project than the conventional 14% is discussed throughout this OBC and the option to reduce the contribution to 14% is considered in the option appraisal and further in the Commercial Case.
- E.viii Should one wish to view the project funding in line with the 86%/14% conventional split the Project is funded through:
- |   |                    |
|---|--------------------|
| • City Deal -   | £61,902,169 or 86% |
| • North Lanarkshire Council MA Contribution -                             | £10,077,097 or 14% |
| <b>sub-total conventional cost split -</b>                                | <b>£71,979,266</b> |
| • Shortfall met by additional North Lanarkshire Council MA contribution - | £55,193,227        |
- E.ix The additional cost of the project which exceeds the provision in the approved SBC will be met by additional contributions from the Council.
- E.x Of the £4 million previously approved for the development of the proposals and the preparation of the OBC total costs of £966k have been incurred. The remaining costs required to progress to FBC and prior to the award of works contracts totals £7.24 million and as such approval is sought for a further £4.2 million from GCRCD (£7.24m+£966k less £4m) to progress to FBC.
- The funding is required for:
- Land Acquisition (inclusive of associated legal and surveying fees) to secure land required for the WCML crossing
  - Internal Council Management & Design Fees
  - External fees
  - Along with an allowance for inflation and Optimism Bias

For reference, the funds approved as part of the original SBC in 2015 (£1.101m) were for the development of the other sub-projects under the Pan Lanarkshire Orbital Transport Corridor Project as at that time the Ravenscraig Access Infrastructure Project did not form a part of the SBC.

- E.xi Benefit monitoring and evaluation will be undertaken by in-house by NLC services and staff as detailed within the Management Case. An allowance has been made to support costs of external data collection and surveys where appropriate.
  - E.xii The management of costs and financial risk of the Project is the responsibility of North Lanarkshire Council. The Project finances and budget monitoring are managed by the Enterprise Projects Team in accordance with established NLC procurement, project management and budget monitoring arrangements and regulations throughout project development and implementation stages.
- F The Management Case**
- F.i The Project will be managed the Council in accordance with the GCRC D Programme Management Toolkit and the Council's Project Management Model.
  - F.ii A clear and effective leadership and governance structure has been put in place and roles assigned to the Senior Responsible Officer, Project Sponsor and Project Manager and the Council's City Deal and Ravenscraig Project Boards. A multi-disciplinary project team has been identified comprising officers from across the Council supported by external professional resources as appropriate. The Council is working in close collaboration with Network Rail for the development of the West Coast Mainline Railway crossing.
  - F.iii Once complete the assets will be transferred to the Council's Environmental Assets service for ongoing operation and management – senior and operational officers from Environmental Assets have been involved in the project from the outset.
  - F.iv The Enterprise Projects Team will retain responsibility throughout for long-term monitoring of outputs and outcomes and for the evaluation of benefits.

## 1 STRATEGIC CASE

### 1.1 Introduction & Strategic Need

1.1.1 This Outline Business Case (“OBC”) seeks approval for £72 million from the Glasgow City Region City Deal Infrastructure programme towards the £127.2 million Ravenscraig Access Infrastructure project (the “Project”).

The total project cost of £127.2 million is to be funded through:

- City Deal - £61,902,169 or 86%
- North Lanarkshire Council MA Contribution - £10,077,097 or 14%
- **sub-total conventional cost split - £71,979,266**
- Shortfall met by additional North Lanarkshire Council MA contribution - £55,193,227

The OBC will fund strategic transport infrastructure, the provision of which will remove an identified development constraint to the regeneration of Ravenscraig, a former steelworks site and national priority for development, enabling its full development potential to be realised. The split of funding and the additional contributions from the Council are detailed further in section 4.1

1.1.2 The rationale for City Deal intervention is based on the failure of the market to provide the strategic transport connections needed to remove this development constraint and the additional economic value that will be generated from the development realised at Ravenscraig on removal of the constraint.

1.1.3 The OBC presents the detailed rationale for the Ravenscraig Infrastructure Access project (the “Project”) building from the City Deal approved Strategic Business Case for the Pan Lanarkshire Orbital Transport Corridor of which the *Project* forms a key part.

1.1.4 Of the £127.2m total *Project* cost £61.9m (49%) is sought from City Deal with £65.3m (51%) being provided by North Lanarkshire Council.

1.1.5 The strategic objective of redeveloping the former steelworks site of Ravenscraig is to transform up to 200Ha of vacant and derelict land into a national economic asset. As one of the largest regeneration opportunities in western Europe the redevelopment of Ravenscraig is recognised by the Scottish Government as one of two national development priorities, to be taken forward under its strategy to create a “successful, sustainable place”, with the potential to deliver over four thousand high quality homes, create employment and education opportunities and provide a range of community, retail and leisure facilities for the benefit of the new and existing communities including those around Ravenscraig which have some of the highest levels of deprivation in Scotland.

1.1.6 The Ravenscraig site covers over 400Ha and is located within North Lanarkshire between the towns and communities of Motherwell, Wishaw Cragneuk and Carfin with the M74 lying 3km to the west, the M8 just over 3km to the north and the west coast main railway line (“WCML”) bordering the site to the southwest. Despite its location within an established urban area and its close proximity to the motorway and rail network the site is poorly connected to both the local and strategic transport network being constrained by existing development to the west, the WCML to the south and the significant level changes within the site resulting from its previous industrial use.

1.1.7 As established in the Revised Pan Lanarkshire Orbital Transport Corridor Strategic Business Case, December 2017 (the “SBC”), the Project is needed to deliver strategic infrastructure connections north to the M8 and south to Motherwell and the M74. A location



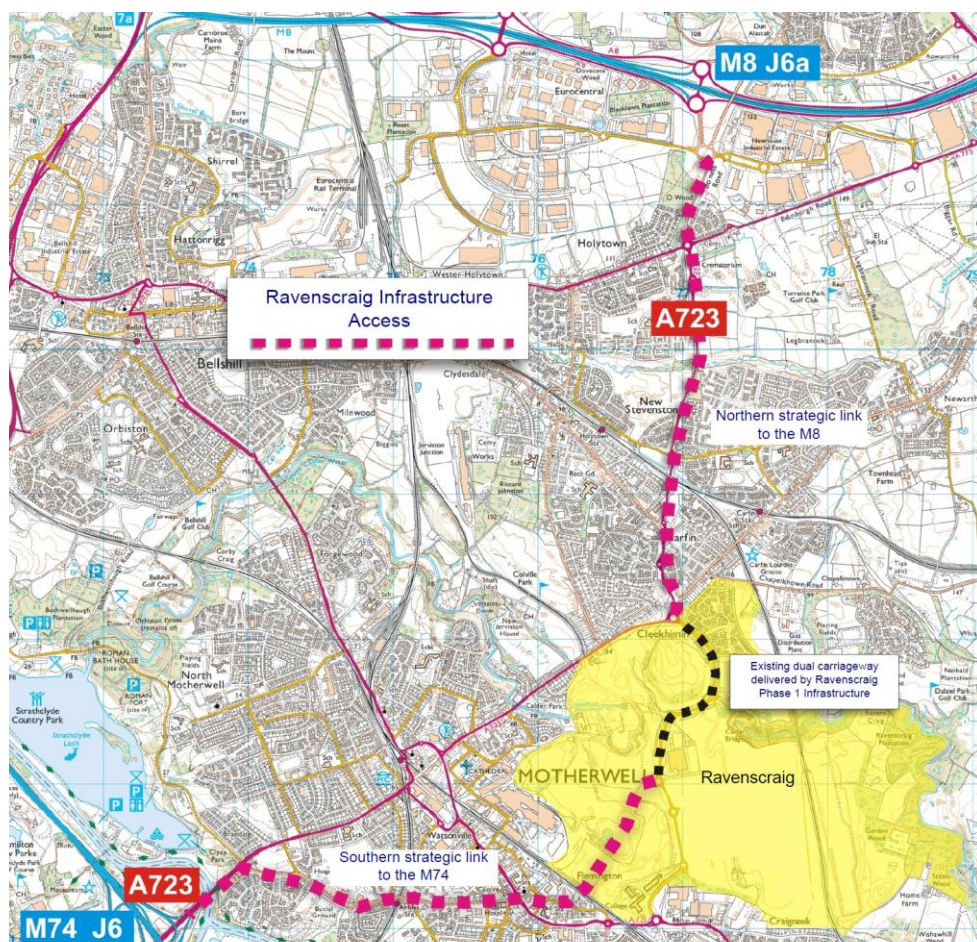
plan of the site and required strategic links is provided at Appendix 1 and in Figure 2 below. Without these links the full development potential and economic benefit of Ravenscraig cannot be realised and an opportunity to address issues of deprivation and deliver significant inclusive growth, needed at both a regional and local level, will be missed.

**Figure 1. Looking south towards Motherwell and the West Coast Main Line**



Source: Ravenscraig Ltd

**Figure 2. Location Plan**

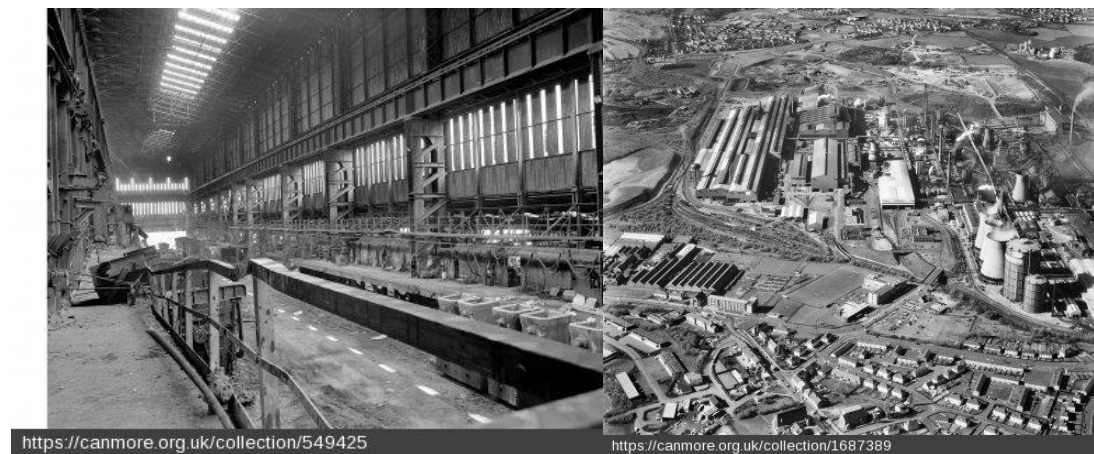


- 1.1.8 Measured by the Scottish Index of Multiple Deprivation (SIMD) 2020 North Lanarkshire is one of the most deprived local authority areas in Scotland, ranked sixth, in terms of its share of local datazones in the 20% most deprived in Scotland. Twenty five percent of datazones in North Lanarkshire fall within 15% of the most deprived in the country. With regard to income deprivation 15% of people in North Lanarkshire are deprived compared to 12% across Scotland. Of working age people in North Lanarkshire 11% experience employment deprivation. While this is an improved position compared to the SIMD 2016 it is still a higher percentage than for Scotland as a whole. As shown in Appendix 2 and further detailed in the socio-economic baseline at Appendix 3 the relative deprivation of the communities surrounding Ravenscraig is high. Areas in Cragneuk and Motherwell are among the 5% most deprived in Scotland and experience high levels of income, employment, health and education deprivation. The redevelopment of Ravenscraig will meet a need in providing more inclusive opportunities for employment, education and access to help address the high levels of deprivation experienced in these communities.
- 1.1.9 As evidenced in the *SBC* and further demonstrated under 1.2 the need to regenerate Ravenscraig is recognised in national, regional and local spatial strategies and is supported by associated economic, environmental and planning policy. Its redevelopment strongly aligns with the objectives of the Scottish Government who recognise the site as a national priority for development in the National Planning Framework.
- 1.1.10 The demolition of the steelworks, followed by the first phase of decontamination, site servicing and infrastructure works was undertaken with significant public investment and

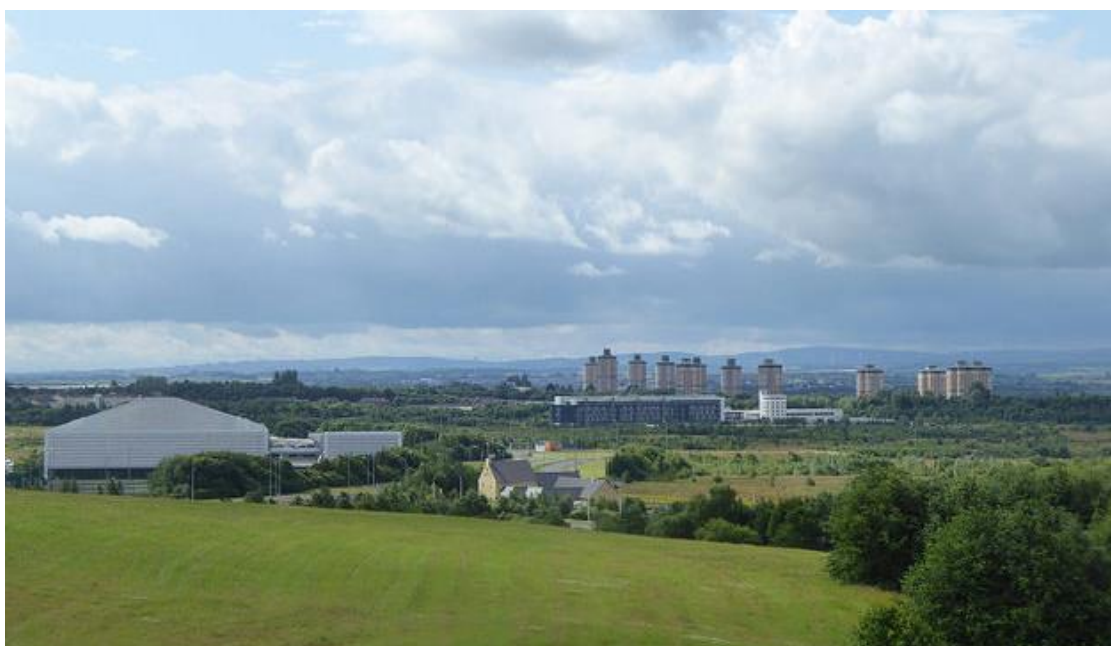


completed in 2008. As explained in the *SBC* this intervention enabled the release of a first phase of development, under the 2005 *Ravenscraig Masterplan* which saw the Ravenscraig Regional Sports Facility (RSF) constructed at the centre of the site, New College Lanarkshire established on its own campus to the south of the site and approximately 400 new homes created in the north of the site. The image at Appendix 4 gives an indication of the development to date and the extent of the site still to be developed.

**Figure 3. Former Steelworks**



**Figure 4. Looking south across the site from the Ravenscraig Reginal Sports Facility and Ravens Cliff hotel towards New College Lanarkshire Motherwell Campus**



New College Lanarkshire



Ravens Cliff hotel



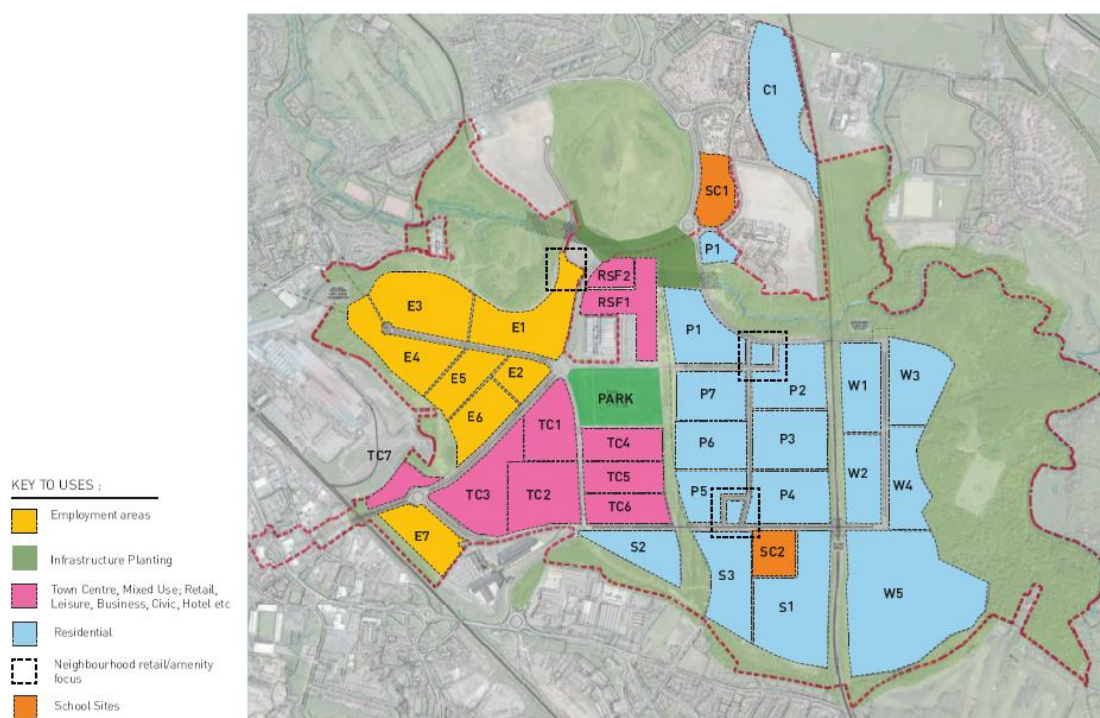
Regional Sports Facility

Source: Ravenscraig Ltd

- 1.1.11 Since this first phase of development, which was substantially completed by 2011 and with the non - residential elements being brought forward largely by the public sector, progress with the site's regeneration has stalled. Over 80% of the site remains undeveloped, accounting for a tenth of the total vacant and derelict land across the wider city region.
- 1.1.12 The lack of market interest in delivering a significant retail and leisure development as the key component of the original masterplan led to the failure of the business case for Tax Incremental Financing (TIF) that was to have released a capital contribution for the strategic road infrastructure needed to facilitate the full redevelopment of Ravenscraig, as explained in full in the *SBC*. This in turn prompted a review of the development proposal leading to the preparation of a revised masterplan for Ravenscraig and reconsideration of the funding strategy which resulted in the *SBC* being updated in 2017 to include the strategic road infrastructure for Ravenscraig. Planning Permission in Principle for the revised Ravenscraig Masterplan (the "*Revised Masterplan*") was subsequently approved in June 2019 subject to conditions and legal agreement.
- 1.1.13 The *Revised Masterplan* presents a framework for sustainable mix-use development and community growth. It seeks to build upon the unique history of the site and its many natural assets to improve connections to and its relationship with both the surrounding communities and the development completed at Ravenscraig to date. It better recognises the complex

nature of regenerating this brownfield site than the original plan and presents a proposal to deliver high quality, mixed use, sustainable development to provide homes, jobs, retail, leisure and recreation for the planned residential communities and the existing communities within Ravenscraig and the surrounding area.

**Figure 5. Revised Masterplan**



Source: Revised Ravenscraig masterplan

- 1.1.14 The transport improvements and infrastructure required to enable the development as in the *Revised Masterplan* include a number of strategic and local interventions as set out in the Economic Case. The Planning Permission in Principle places a number of conditions on the development relating to these works. These conditions, which restrict the extent of development able to be occupied prior to the interventions being in place, seek to ensure that suitable local and strategic road infrastructure is in place to mitigate the impact upon the wider area of occupiers and users of future phases of the Ravenscraig development.
- 1.1.15 The delivery of the *Revised Masterplan* is being led by Ravenscraig Limited, a public/private partnership between Scottish Enterprise, Tata Steel and Wilson Bowden Developments, set up for the purpose of regenerating Ravenscraig. Excluding the areas developed to date the *Revised Masterplan* covers 370Ha of the full 440Ha site.



### The need for the Project

- 1.1.16 The rationale for City Deal funded infrastructure investment is based on the additional economic value, £626m GVA, 770 jobs and £499m private investment that will be generated as a result of City Deal intervention enabling the full development potential of the site to be realised.
- 1.1.17 While the *Revised Masterplan* proposes a more viable and deliverable mix of land uses to the original 2005 masterplan and presents a framework for development that is better able to respond to future change and as such is more robust, the wider issues of viability, associated with exceptional levels of abnormal costs arising from the site's past industrial use and extent of remediation required, remain. These constraints together with the scale and cost of the infrastructure required to develop the site beyond the limit set by the condition planning approval presents a clear and significant barrier to development.
- 1.1.18 Without City Deal intervention the market failure as presented at 1.1.20 and 1.1.21 will not be addressed. The consequence of which will be not only to constrain and markedly reduce the potential of Ravenscraig to support inclusive growth thereby limiting its contribution to a positive future for Scotland through delivery of significant economic outcomes at a national, regional and local level but to negatively impact on Ravenscraig, North Lanarkshire and the wider region as set out in 1.1.42 below.
- 1.1.19 This business case proposes the following strategic interventions as supported by the *Ravenscraig Masterplan* Transport Assessment, 29 January 2019 (the "*Ravenscraig TA*") and further testing of the Ravenscraig scheme, as explained in the Economic Case, and with the southern strategic infrastructure as also being required by condition of the Planning Permission in Principle. Plans of the interventions are provided at Appendix 5 and identified on Figure 2.
- **Northern strategic infrastructure** providing connections to the M8
    - Dualling of the existing A723 from Ravenscraig to the M8
  - **Southern strategic infrastructure** providing connections to Motherwell and the M74
    - Upgrading of the Hamilton Road/Airbles Road junction including completing the dualling of Airbles Road
    - New signalised roundabout at Airbles Road/Windmillhill Street to provide the dual carriageway to Ravenscraig; and
    - Crossing of the WCML and dual carriageway;

Note. All works include provision for pedestrian and cyclists, creating new active travel routes.

### Market Failure

- 1.1.20 The HM Treasury Green Book states clearly that one of the principal rationales for public intervention is market failure. Market failure occurs where the market has not and cannot reasonably be expected to deliver an efficient outcome and that the intervention proposed should seek to address this market failure.



- 1.1.21 The market failure in the specific case of Ravenscraig relates to the provision of public good i.e. roads and other strategic transport infrastructure, which the private sector i.e. private housing and commercial developers, are unable or ill placed to provide.
- 1.1.22 The failure here arises from a number of contributing factors including:
- That the intervention assessed as being required by any one development, in this case Ravenscraig, is not necessarily only that which would be assessed as being required in a wider context – see consideration of provision of the northern strategic infrastructure para 2.2.10 and below under “Testing the appropriateness of the Ravenscraig scheme for North Lanarkshire”;
  - That the infrastructure will be publically owned and publically accessible;
  - That the infrastructure itself does not directly generate income i.e. there will be no charge for users (drivers, pedestrians and cyclists);
  - That all of the land required for infrastructure is not controlled by a single developer or the Council - its delivery requires assembly (backed by Compulsory Purchase), of land and interests currently owned and/or occupied by a large number of third parties;
  - That the works constitute activity outwith the core expertise and established supply chains of the developers e.g. constructing dual carriageways, forming railway bridges.
- 1.1.23 It is clear therefore that the nature of the works required constitute public goods, that conventional market failure exists and that there is a case for public intervention in delivering the works.

#### **Beyond conventional market failure and typical interventions**

- 1.1.24 The conventional manner of responding to these failures might be for delivery of the strategic transport infrastructure to be undertaken by the Council (or other suitable public body e.g. Network Rail or Transport Scotland) with financial contributions being sought from those developers whose activities are considered to be directly supported (or at least more demonstrably directly supported) by the infrastructure. This would enable the appropriate infrastructure to be delivered where its nature exceeds the requirements of any one development, but meets the cumulative requirements of a number of developments.
- 1.1.25 As a result, the infrastructure being delivered in either:
- a piecemeal fashion and over time as individual developments progress and contributions are provided by developers; or
  - in a consolidated programme of enabling works funding upfront by the public sector with later recovery of costs, or repayment of debt, by those developer contributions.
- 1.1.26 In addition to this, local or site based interventions would be provided for directly by the developments either through works or funding. This is indeed the case for Ravenscraig where the Section 75 agreement for the *Revised Masterplan* requires Ravenscraig Ltd to provide local transport infrastructure, including minor improvements to existing, financial support to enable public transport (bus) services to commence, and financial contributions and remediated land for the provision of new schools.

- 1.1.27 In the case of Ravenscraig and the strategic infrastructure required, the particular geography of the site, essentially a large land locked area, is such that much of the infrastructure required including both within the site and also to connect it to the rest of North Lanarkshire is of a large scale.
- 1.1.28 Individual elements identified under 2.2.18, include:
- The dualling of the existing A723 from Ravenscraig to the M8
  - Formation of a new signalised roundabout at Airbles Road/Windmillhill Street to provide the dual carriageway to Ravenscraig;
  - Crossing of the WCML
  - New dual carriageway; and
  - Upgrading of the Hamilton Road/Airbles Road junction including completing the dualling of Airbles Road
- 1.1.29 Any one of these works would ordinarily be considered a sizeable intervention requiring land assembly (backed by Compulsory Purchase), coordination of public and private bodies, significant funding up front, and have a significant impact during construction on other users and communities.
- 1.1.30 That three of these are essentially one piece – the new roundabout, WCML crossing and the new dual carriageway – effectively removes the option of piecemeal delivery with contributions provided by developers over time.
- 1.1.31 Additionally, the combined value of these works, requires that for the Council to forward fund these as a consolidate single programme of enabling works with later recovery from developers would require there to be in place some mechanism by which the future private contributions are underwritten by the Government or another body, to mitigate the otherwise intolerable financial risk.

#### **Rationale for public sector intervention**

- 1.1.32 The rationale for public intervention in leading the delivery of the works is clear. The rationale for intervention and investment under City Deal arises principally from the financial viability of development at Ravenscraig.
- 1.1.33 The property market remains healthy in the locale and there is a good demand for residential and commercial property developed on the site and which commands prices and values commensurate and often exceeding those in the surrounding market.
- 1.1.34 However the costs of development at Ravenscraig are exceptional and exceed typical costs of brownfield development that one might expect to be met by returns from development. These arise from:
- exceptional levels of abnormal costs arising from the historic use and nature of the site including significant challenges of geotechnical ground conditions with large quantities of expansive slag requiring treatment or removal, large extents of below ground structures remaining from the steelworks, mine shafts from earlier uses and poor quality and made ground elsewhere across the site;
  - the scale and cost of the infrastructure required, as noted, arising from the particular geography of the site.

- 1.1.35 The financial barriers to development of the site and in particular, the strategic transport infrastructure, by the private sector have been previously recognised and understood by the Scottish Government with the initial stages of development in 2011 of a Tax Incremental Financing scheme (“TIF”).
- 1.1.36 The TIF would have provided £73 million of debt funding towards total costs of £97 million with a further £5 million being provided by the Council and £19 million by Ravenscraig Ltd in the value of land and works. Whilst the Council would have taken on the debt associated with the TIF, this would have been supported by and recovered from future tax income.
- 1.1.37 Following completion of the first phase of masterplan development which included significant public support for the first parts of the strategic infrastructure, the site has seen changing economic circumstances, a significant downturn and subsequent changes in lifestyle shopping patterns. Accordingly there was no longer the commercial interest needed to deliver the new town centre on the scale originally proposed and working in partnership with the Council, Ravenscraig Ltd developed the *Revised Masterplan*.
- 1.1.38 The *Revised Masterplan* proposes a more appropriate, viable and deliverable mix of land uses and is one which will also be better able to respond to further changes. However the change in the market conditions and the nature of the commercial development led to the basis of the TIF falling.
- 1.1.39 The TIF business case presumed at that time that the Council would contribute £5 million towards this project and in 2015 it paid £6.1 million to Network Rail for the creation of a new road-under-rail bridge on the A723 to provide for the future dualling as part of the northern strategic infrastructure. The works were undertaken following planning permission being granted for the dualling scheme at an opportune time in Network Rail’s track operations allowing for minimal disruption to the train services. The costs of this early and advance intervention by the Council are not included in the funding now being sought.
- 1.1.40 That the costs of the whole development exceed revenue and that there is no mechanism proposed by the Government for underwriting contributions as noted as 1.1.31, means there is further failure and the case for intervention by investment by the public sector. The detail of the viability is presented further in the Commercial Case.
- 1.1.41 Intervention under City Deal seeks to address the root causes of the market failure i.e. that no site would generate sufficient return to a developer to fund the strategic infrastructure required for the development, and that the infrastructure is public works.
- 1.1.42 The impact of failing to address the market failure and barriers will see:
- the development of Ravenscraig severely constrained and coming to a standstill in the next few years with substantial parts of the site remaining undeveloped unless the development were allowed to progress with significant negative impact on existing communities and activity as the transport network is overwhelmed;
  - pressure to meet housing and commercial demand elsewhere in North Lanarkshire and the region including on greenfield sites and on land within the green belt;
  - failure to meet demand for residential and commercial property with the demand met outwith the region;
  - significant impacts of a failure to develop Ravenscraig on place attractiveness and competitiveness and the ability to attract inward investment; and
  - one of the largest post-industrial sites remaining vacant and derelict.

### **Counterfactual**

1.1.43 The counterfactual, as explained in the Economic Case at 2.3.3, is defined by that development able to take place and be occupied prior to the need, set by condition of the Planning Permission in Principle, for the strategic road infrastructure as described under 1.1.17 to link Ravenscraig to the M8 in the north and the M74 in the south. This will see development largely cease by 2028 with a reduction in outputs as identified in the Economic Case in Table 2.11. The key changes are summarised below:

- New residential units reduced by 2,500 to 400;
- New commercial and industrial floorspace reduced by 166,000SqM to 47,000SqM;
- New jobs (FTE) reduced by 600 to 170 (in Glasgow City Region);
- Private sector investment (discounted) reduced by £390m to £108m;
- Total GVA (discounted GCR) reduced by £445m to £181m.

## **1.2 Strategic And Policy Context For The Project and Contribution to the City Deal**

1.2.1 The following provides an update to the strategic and local policy context presented in the *SBC* to demonstrate the fit of the Project with national, regional and local policy relating both to the identified need and proposed interventions.

### **Fit with national policy**

1.2.2 The aim of the *Revised Masterplan* to deliver mixed use development and sustainable community growth fits well with Scotland's National Performance Framework and its focus on action to achieve sustainable and inclusive economic growth. Through the provision of strategic infrastructure to release vacant and derelict land for the development of new homes and the creation of employment opportunities close to areas of high deprivation, within a well-designed and well connected place incorporating attractive greenspaces and active travel routes, the regeneration of Ravenscraig will contribute to national outcomes on economy, health and communities and the related national indicators of economic growth, income inequality, journeys by active travel and access to green and blue space.

1.2.3 The Project aligns with two of the four priorities, for Investment and Inclusive Growth, of Scotland's Economic Strategy (2015), which sitting under the Performance Framework, sets out how the Scottish Government aims to achieve a more productive, cohesive, fairer Scotland based on increasing competitiveness and tackling inequality. The Project objectives listed under 1.3 below pick up on specific actions identified in the Strategy to deliver the priorities of Investment and Inclusive Growth as follows:

- By delivering strategic transport infrastructure to improve connectivity to Ravenscraig as well as through the city region, providing access to the labour market and suppliers, the Project aligns with the identified action of "investing in Scotland's infrastructure to help business grow and create good quality employment opportunities";
- By unlocking land at Ravenscraig for sustainable, mixed use development for housing, employment uses and community facilities within the one site, and designed with consideration to lowering carbon emissions, the Project supports the Government's action as identified in the Strategy to "invest in strengthening the success and resilience of local communities";

- By improving connectivity into Ravenscraig, including provision for active travel, and facilitating the development of employment land at Ravenscraig as in the Revised Masterplan the Project supports the action identified in the Strategy to “realise opportunities across Scotland’s towns, capitalising on local knowledge and resources, to deliver more equal growth across the country”. This action is significant in terms of improving North Lanarkshire’s economic performance to reducing the gap at a regional level.
- 1.2.4 In addition to aligning with the overarching purpose and economic strategy of the Scottish Government the *Ravenscraig Masterplan* has been developed with regard to and shaped by national spatial policy and planning and design guidance. The regeneration of Ravenscraig is strongly supported at a strategic level by Scotland’s Third National Planning Framework which identifies the site as one of two national development priorities to be taken forward under its strategy to create a “successful, sustainable place” recognising it as one of the largest regeneration sites in western Europe and the significant contribution its redevelopment will make to addressing concentrations of vacant and derelict land in Central Scotland.
- 1.2.5 The *Ravenscraig Masterplan* in its revised form has taken on board the opportunity as supported and encouraged by NPF3 to design and plan for low carbon and environmental infrastructure, including heat networks in the form of an energy centre that will contribute to a reduction in emissions, digital connectivity, sustainable urban drainage and the provision of a network of green corridors and active travel links. The Project in facilitating this development aligns closely with NPF3 in the delivery of an identified priority for action. Through the transport infrastructure to be delivered directly by the Project and achieving the objective of improving sub-regional strategic connections it will support the national planning outcome of making Scotland a connected place.
- 1.2.6 Following the new Planning Act for Scotland which became law in 2019 the Scottish Government are currently producing a fourth National Planning Framework and engaging on sites to be given national development status in the updated Framework. There is clearly a case for Ravenscraig to retain its status as a national development priority with a submission to this effect made to the Scottish Government by NLC and supported by Scottish Enterprise.

#### **Fit with regional policy**

- 1.2.7 The redevelopment of Ravenscraig, as a vacant and derelict site located centrally between the existing urban areas of Motherwell and Wishaw, adjacent to the WCML and within 2 miles of the M8, M74 and a national priority for development, fits well with, and is strongly supported by, the regional spatial development strategy for Glasgow and the Clyde Valley as set out in Clydeplan. With a focus on regeneration to reuse vacant and derelict land and generate large scale economic activity Clydeplan identifies the mixed use redevelopment of Ravenscraig as a key component of its regional spatial strategy recognising the significance of its contribution to the overall delivery of the strategic development as strategic town centre, a strategic economic investment location (SEIL) and a strategic delivery area for green networks and green infrastructure.
- 1.2.8 The Project also aligns well with the regional spatial development strategy with Policy 3 of Clydeplan which aims to support the development of the Pan Lanarkshire Orbital Transport Corridor, of which the Project forms a significant part, to achieve the strategic priority of regenerating Ravenscraig.

### **Fit with local policy**

- 1.2.9 The Project objective aligns with housing policy providing land supply to meet future need, without which pressure will be put on inappropriate sites for development. Opening up development land at Ravenscraig provides a rare and important opportunity to rehouse residents being displaced through the Council's re-provisioning of tower blocks within or adjacent to their existing communities and without encroaching on the greenbelt.
- 1.2.10 The Project aligns with North Lanarkshire Local Plan (NLLP) 2012 which identifies Ravenscraig as an Area Priority for development and contributing to housing and employment land supply.

### **Fit with City Deal objectives**

- 1.2.11 By facilitating the redevelopment of a degraded brownfield site located next to communities experiencing high levels of deprivation to create new housing and employment opportunities, the economic outputs from which will improve North Lanarkshire's below average economic performance, the Project supports the overall aim of the City Deal Programme to "improve Regional competitiveness and create additional and sustainable economic growth with the benefits of growth fairly distributed to all communities of interest and place across the Region"
- 1.2.12 There is also close alignment of the Project objectives, as listed under 1.3.1, with the following five of the GCR Programme's seven strategic objectives to:
- B. Provide improved transport connectivity for residents to access employment locations and for businesses to access national and international markets;
  - C. Support the remediation and unlocking of key development and regeneration sites across the Region, with a focus on brownfield sites, creating attractive, marketable, accessible locations for people and businesses to live and invest
  - D. Support the delivery of a resilient, low carbon, sustainable, connected and attractive place capitalising on our existing social, cultural and environmental assets;
  - F. Provide additional skills, training, and employment support to those facing additional barriers to fair work and/or who are at risk of poverty; and
  - G. Use the Programme resources to maximise the leverage of additional private and public sector funding for the City Region
- 1.2.13 In line with Objective B the strategic transport infrastructure to be provided by the Project will connect Ravenscraig to the motorway network enabling residents across the city region to access employment opportunities as they're created and improving connections for businesses to markets in and beyond the city region. The active travel routes to be provided as part of the Project will make Ravenscraig more accessible by train, bus, walking and cycling and in addressing inequality of access to employment for residents without access to a car supports Objective B and the overall aim of the Programme for inclusive growth.
- 1.2.14 The Project objective of unlocking the potential of Ravenscraig and releasing 200ha of brownfield land for development supports Objective C above. The mix of housing and commercial development proposed under the Revised Masterplan and the emphasis on create a sense of place furthers supports this Objective.

- 1.2.15 The mix of uses proposed in the Revised Masterplan will build in resilience to the development and together with a design approach that fully integrates active travel and an energy strategy that focuses on low carbon heat and local generation of low carbon electricity there is also alignment with Objective D.
- 1.2.16 Community benefits delivered through the works contracts for the Project will support Objective F by offering skills, training and employment support to residents experiencing income and employment deprivation.
- 1.2.17 By unlocking the development potential of Ravenscraig, connecting the site with the wider city region and bringing derelict and vacant land back into productive use the *Project* will generate £626m of added value for GCR and lever in £499m of private investment and £112m additional capital public funding in line with Objective G above.

### 1.3 Project Objectives

- 1.3.1 As identified at 1.1.17 the Project will deliver the following to facilitate the redevelopment of Ravenscraig and the realisation of its full economic benefit:
- **Northern strategic infrastructure** providing connections to the M8
  - **Southern strategic infrastructure** providing connections to Motherwell and the M74
- 1.3.2 The Project objectives are listed below and as demonstrated in 1.2 align with national and regional strategy, the objectives of the City Deal programme and the council's business plan. The objectives are to:
- Unlock the development potential of Ravenscraig
  - Support a shift from car based transport to active travel modes
  - Improve connectivity across the area including to regional facilities and improve sub-regional strategic connections
  - Bring Vacant & Derelict Land back in to use
  - **Create jobs and generate GVA**
- 1.3.3 With a focus on what needs to be achieved the primary objective of the Project is to unlock the development potential of Ravenscraig to provide 2,900 new homes, 213,000SqM of commercial and industrial development and release £626m of GVA from the full redevelopment of the site.



1.3.4 To facilitate options appraisal and post evaluation the Project's objectives are profiled as SMART objectives as set out in Table 1.1 below.

**Table 1.1: SMART Objectives**

Project Objective		S: Specific	M: Measurable	A: Attainable	R: Relevant	T: Time-bound
1	Unlock development potential within the national development priority of Ravenscraig	<p>Seeks to support and stimulate development by:</p> <ul style="list-style-type: none"> <li>providing new and improved access to/from Ravenscraig to the strategic road network (M8/M74)</li> <li>providing new road connections within Ravenscraig</li> </ul>	<p>Measurable by the following leading to jobs and GVA:</p> <ul style="list-style-type: none"> <li>5.2 km of road improved or constructed</li> <li>700 homes developed</li> <li>64,000SqM of commercial and industrial floorspace developed</li> </ul>	<p>The proposed works have planning permission. The council will manage the procurement of the works and appoint contractors as client</p>	<p>The works to be delivered by the Project are those determined through the transport appraisal process and Revised Masterplan as being required to release development land at Ravenscraig</p>	<p>Road infrastructure works completed 2025</p> <p>Residential, commercial and industrial development, leading to job creation and GVA, completed 2035</p>
2	Support a shift to active travel modes	<p>Seeks to:</p> <ul style="list-style-type: none"> <li>support a shift in travel mode</li> <li>to promote active travel through the provision of improved and new infrastructure</li> </ul>	<p>Measurable by:</p> <ul style="list-style-type: none"> <li>8.1km length of cycle/footways improved or created</li> <li>8% mode share is cycling and walking by 2035</li> <li>16% of mode share is bus or rail by 2035</li> </ul>	<ul style="list-style-type: none"> <li>The proposed cycle/footways have planning permission. The council will manage the procurement of the works and appoint contractors as client</li> </ul>	<p>Enabling a shift to active travel is a key component of the Revised Masterplan transport strategy and travel plan framework and consistent with national, regional and</p>	<p>Cycle / footways completed 2025</p> <p>Mode share change by 2035.</p>

Project Objective		S: Specific	M: Measurable	A: Attainable	R: Relevant	T: Time-bound
				<ul style="list-style-type: none"> <li>Measures to promote active travel and encourage modal shift will be delivered by the Ravenscraig Travel Plan Co-ordinator to be funded by Ravenscraig Ltd and provided as a requirement of the <i>Revised Masterplan</i></li> </ul>	local transport environmental policy	
3	Improve connectivity across the area including to regional facilities and improve sub-regional strategic connections	Objective seeks to improve access for communities to regional and local facilities and opportunities including Strathclyde Country Park, Regional Sports Facility, Eurocentral etc.	Measurable by improvements in journey times to these key facilities and locations	The Project design facilitates these connections and a strategy is in place to assemble the land required.	The improved connectivity will increase opportunity of access to employment and recreation for communities in and around Ravenscraig including those experiencing high levels of deprivation.	Works completed 2025

Project Objective		S: Specific	M: Measurable	A: Attainable	R: Relevant	T: Time-bound
4	Bring Vacant & Derelict Land back in to use	Objective seeks to see V&DL remediated and rehabilitated and brought into effective use	<p>Measurable by area of V&amp;DL brought back into use:</p> <ul style="list-style-type: none"> <li>• 2Ha directly through the Project in delivering the proposed road infrastructure</li> <li>• <b>130Ha</b> consequentially through residential, commercial and industrial development</li> </ul>	<ul style="list-style-type: none"> <li>• The Project will be managed directly by the council and has the benefit of planning permission</li> <li>• To be delivered by Ravenscraig Ltd/developers subject to City Deal funding for enabling works as per the Project. The financial case for the residential and commercial development at Ravenscraig is otherwise viable</li> </ul>	As the largest single vacant and derelict land site in Scotland its treatment and redevelopment to bring it into effective economic use will make a significant contribution to meeting national, regional and local regeneration and inclusive growth outcomes	<b>65%</b> of the site remediated and developed <b>2035</b>
5	Create jobs and generate GVA	Objective seeks to provide construction jobs and operational jobs and generate increased GVA to support economic and inclusive growth at a local, regional and national level	<p>Measurable by the development and completion of:</p> <ul style="list-style-type: none"> <li>• 700 homes</li> <li>• 64,000SqM of commercial and industrial floorspace</li> </ul>	Subject to City Deal intervention for enabling works as per the Project the financial case for the follow on residential and commercial development is otherwise viable	Achieving economic growth through sustainable development aligns with key policy and will support the delivery of economic outcomes at national and city region level.	Outcomes realised by <b>2035</b>

## 1.4 Existing Arrangements

- 1.4.1 The existing arrangement is not to provide intervention for conventional development sites.
- 1.4.2 Due to the levels of abnormal costs in developing Ravenscraig and the scale and cost of off-site infrastructure required, on account of the site's landlocked nature, it is not a conventional situation. While intervention is therefore not in line with existing arrangements it is considered to be a normal arrangement.
- 1.4.3 As noted at 2.1.24 there is an existing Section 75 agreement in place between the Council and Ravenscraig Ltd for provision of funds and works within the masterplan to contribute toward local transport improvements and on site based interventions of education as would typically be provided for directly by the developer.
- 1.4.4 As demonstrated in the Economic Case the development is unable to bear the costs of the strategic infrastructure required. This is consistent with the initial phase of works outlined in 1.1.8 where £11m of public investment funded the site servicing and infrastructure enabling the first phase of development. And is also consistent with the TIF business case in 2011 which was to provide public funding for the strategic infrastructure required and for which City Deal intervention is now sought.

## 1.5 Project Summary

### Preferred way forward

- 1.5.1 Recognising that the creation and improvement of the strategic transport routes that provide connections to and from Ravenscraig as well as across and through North Lanarkshire, to serve and facilitate other developments, is considered beyond the capability or capacity of any one development or developer to deliver, the preferred way forward and the interventions proposed in this Business Case are the required strategic transport routes as follows:
- Northern strategic infrastructure providing connections to the M8
    - Dualling of the existing A723 from Ravenscraig to the M8
  - Southern strategic infrastructure providing connections to Motherwell and the M74
    - Upgrading of the Hamilton Road/Airbles Road junction including completing the dualling of Airbles Road
    - New signalised roundabout at Airbles Road/Windmillhill Street to provide the dual carriageway to Ravenscraig; and
    - Crossing of the WCML and dual carriageway

Note. All works include provision for pedestrian and cyclists, creating new active travel routes

Plans of the interventions are provided at Appendix 5

- 1.5.2 The planned outputs and outcomes from the Project and the development enabled at Ravenscraig as a result are as follows:

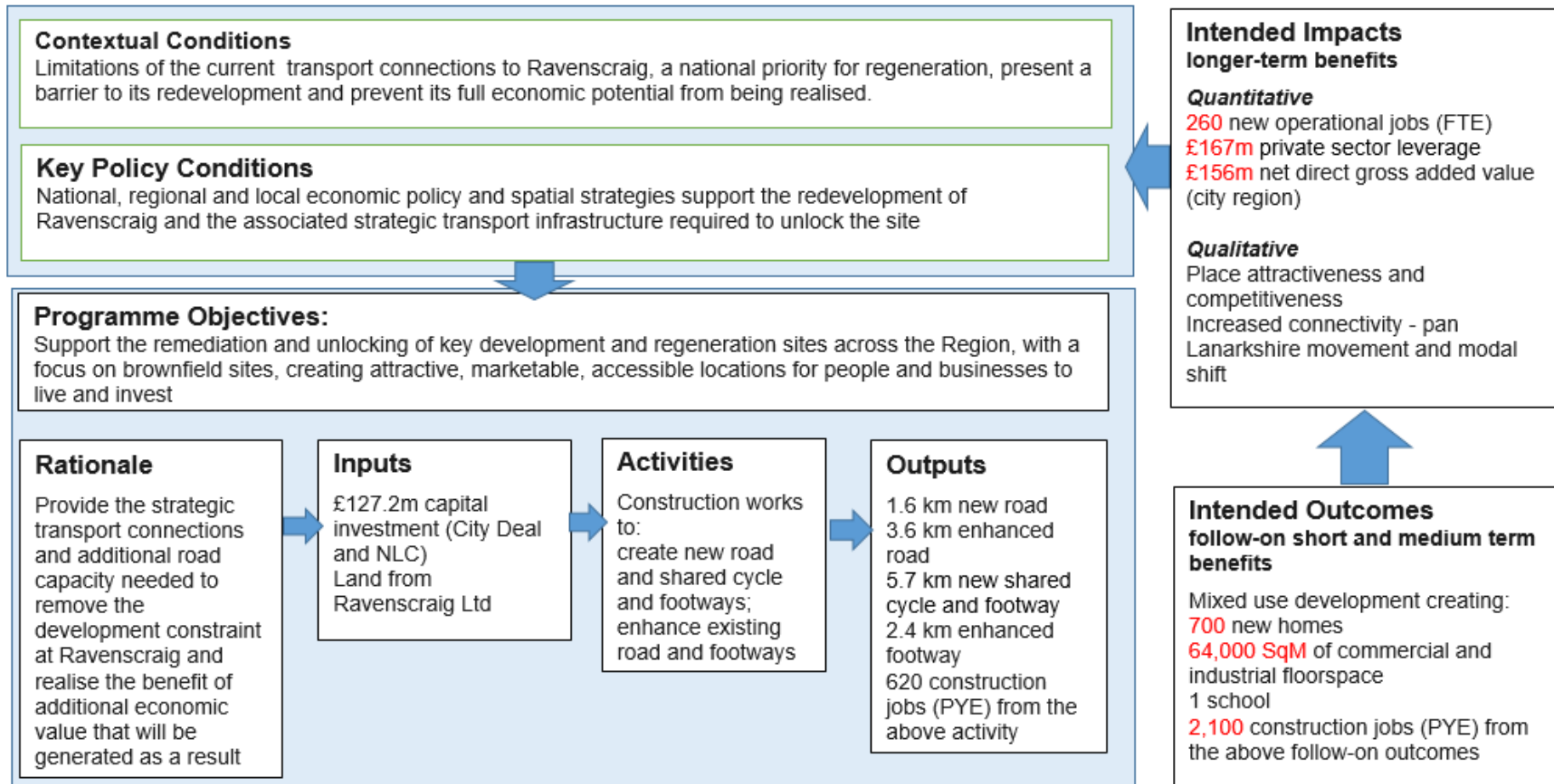
**Table 1.2: Quantitative outputs and outcomes**

<b>Output / Outcome</b>	<b>GCRCD Quantity</b>	<b>Date to be achieved by</b>
<b><i>Direct Project Outputs</i></b>		
Enhanced strategic road infrastructure		
Road created (km) new roads	1.6	2025
Road enhanced (km) – dualling of A723 and Airbles Rd	3.6	2025
Cycle route created (km) -new cycle/footway	5.7	2025
Footway enhanced (km)	2.4	2025
Construction jobs (PYE) (city region)	620	2025
<b><i>Follow-on Outcomes (attributable to City Deal investment)</i></b>		
New residential units	700	2035
Commercial and industrial floorspace (SqM)	64,000	2035
New schools	1	2035
Construction jobs (PYE) – net direct (city region)	2,100	2035
Jobs (FTE) - net direct (city region)	260	2035
Private Sector Leverage (NPV)	£167m	2035
GVA (£) - net direct (city region)	£156m	2035

- 1.5.3 The Logic Framework in Figure 6 below demonstrates the linkages between the *Project* need and direct deliverables (outputs), quantitative benefits (follow-on outcomes) and qualitative, longer term benefits (impact).



Figure 6: Logic Framework



### **Fit with existing arrangements**

- 1.5.4 The intervention for Ravenscraig, while different from existing arrangements in terms of conventional development sites, is no different in principle to the historic arrangements for intervention noted at 1.4.4 above. The only difference to the previous arrangement for the delivery of the strategic transport infrastructure in 2011 under the original masterplan for Ravenscraig was the nature of the funding, the proposed intervention at that time being TIF.
- 1.5.5 In the absence of City Deal funding the current arrangements are likely to continue. As noted in 1.1.41 there is expected to be some development at Ravenscraig funded by on-site developer investment but this will be limited to the development able to take place and be occupied prior to the need, set by condition of the Planning Permission in Principle, for the strategic road infrastructure.

### **Project Implementation**

- 1.5.6 NLC will implement the City Deal funded strategic infrastructure works that form the *Project* with the follow on mixed use development including local transport infrastructure works being implemented by Ravenscraig Ltd and private developers.
- 1.5.7 NLC has lead responsibility for the ongoing development and delivery of the strategic transport infrastructure to be delivered by the *Project* and will continue to undertake detailed analysis and appraisal to ensure that the proposed intervention delivers maximum outputs at best value for the public sector. This will include leading all tasks to deliver a robust Final Business Case.
- 1.5.8 All City Deal funds will be spent against the strategic transport infrastructure as described at 1.5.1 plus the required costs to take the project to delivery stage. The Council will be responsible for the ongoing operation and maintenance of the complete road assets. Ravenscraig Ltd and the private developers will be responsible for the follow-on project investment and required on-site infrastructure.

### **Addressing need**

- 1.5.9 The Project will address the areas of need identified in 1.1 by providing the strategic infrastructure identified in the traffic assessments and required by the Planning Permission in Principle needed to enable the full development of Ravenscraig while mitigating the impact upon the wider area of occupiers and users of future phases of Ravenscraig. And in doing so will improve place attractiveness and competitiveness to draw in private investment and foster inclusive growth. **In addressing the market failure identified at 1.1.22 the enabling infrastructure, as set out at 1.1.19, will open up the Ravenscraig site for redevelopment. The new homes and employment floorspace created as a result will provide improved access of opportunity to jobs, education and services addressing the need arising from deprivation and environmental degradation.**

### **Critical success factors.**

- 1.5.10 The City Deal intervention will remove the market failure that is constraining development at Ravenscraig. Success for the Project will be measured against the completion of the strategic infrastructure at 1.5.1 by 2025 and the development of the full Ravenscraig site in a steady manner as phased in the Revised Masterplan to deliver the outputs at 1.5.2 by **2035** and the benefits up to **2035** as defined in Table 1.3.

**Table 1.3 Critical Success Factors**

Criteria	Measurement	Timescale
City Deal infrastructure	Completion of strategic transport infrastructure	By 2025
City Deal spend	£127.2m – £61.9m City Deal and £65.3m NLC	By 2025
Housing and commercial development released at Ravenscraig	1,900 new homes (700 new homes) 166,000SqM commercial and industrial floorspace (64,000SqM commercial and industrial floorspace)	By 2035
Development of Ravenscraig to realise the following:		By 2035
Private developer spend	£434m (£167m)	
Construction impacts	5,600 (2,100) Person Year Equivalent jobs and £289m (£111m) discounted GVA – net direct impact at city region level for preferred option	
Operational impacts	Building up to over time to: 670 (260) Full Time Equivalent jobs £337m (£130m) discounted GVA over 25 years – net direct impact at city region for preferred option	

Note:

Construction and operational impacts are based on net direct effect. See Economic Case for net additional impacts i.e. preferred less the counterfactual intervention. The figure in italics is that attributable to the City Deal investment.

### Success of similar interventions

1.5.11 Lessons have been learned from the following similar and successful interventions:

- Glenboig Link Road - delivered transport infrastructure under the City Deal Programme to facilitate the development of the Glenboig and Gartcosh Community Growth Area;
- Phase 1 Ravenscraig – an initial phase of remediation, site servicing and on-site transport infrastructure completed in 2007 that enabled the development of the Regional Sports Centre, New Lanarkshire College Campus and approximately 400 new homes by 2010 followed by a further 600 homes, a pub and hotel completed to date.

1.5.12 Particular lessons from the earlier phase of infrastructure development at Ravenscraig, and from experience of the project team beyond North Lanarkshire, are:

- That providing the planning framework, whilst itself a significant undertaking, is not sufficient to see sustained development of a project of this nature and with the particular development challenges;
- That investment in infrastructure can lead to development and private sector investment;
- However, whilst the phase 1 infrastructure led to the immediate release of land and subsequent development, the regeneration began to stall again as the capacity released by this infrastructure was taken up. And that without a credible plan for the further phases of

infrastructure in place, the potential to attract investment soon diminishes. There is a real need to maintain momentum and demonstrate continued commitment in order to build and sustain confidence and to continue to attract development and investment from the private sector;

- That whilst not a legal part of the Ravenscraig Limited joint venture, the Council and the partners need to maintain close and open working, e.g. working on an open book basis, developing and sharing financial and commercial appraisals for both near term development and the site overall, and collaboratively programming activities;
- Of the need to plan properly and look ahead to the medium and long term for the strategic infrastructure which has, by its nature and the stakeholders involved, e.g. Network Rail, long lead-in times with extensive third party governance and approval processes; and
- That planning for the delivery of large and complex, multi-partner projects requires detailed programming and significant up-front work, particularly if a project is to take advantage of new opportunities for, say funding or complementary delivery e.g. being able to take advantage of an existing planned closure of the West Coast Mainline railway which would otherwise be difficult and costly to secure.

1.5.13 This City Deal Project is one of a portfolio of projects at Ravenscraig the Council is undertaking with Ravenscraig Limited, taking a broader and more integrated approach to providing the physical and social infrastructure necessary for making successful places including planning for schools, creating the new town park and designing additional active travel links.

1.5.14 The Council has drawn from its own experience of the earlier works at Ravenscraig and has also sought to supplement this with the appointment of a Senior Project Manager with experience of large developments and regeneration projects including those with significant enabling and supporting infrastructure. Most relevantly as a former Project Director of Barking Riverside – a project for the regeneration and redevelopment of a 443 acre site of a former power station with a masterplan for over 10,000 homes, schools, commercial and industrial development and road and new rail links

1.5.15 This also brought additional experience to the Project team of working both with and within a public-private joint venture between a national housebuilder and public sector regeneration body.

## 1.6 Dependencies and Constraints

1.6.1 The interdependencies and constraints and how they will be managed is set out below. They will continue to be reviewed and monitored as the project is developed to Full Business Case.

### Internal dependencies

- Availability of and commitment to providing resource and specialist skills to design, manage and implement the infrastructure works in full.

Internal staff resources have been committed to the project development and delivery with external support providing technical and specialist input where required.

- Procurement and delivery of contracts at the appropriate cost and within the relevant programme constraints.

A procurement strategy has been developed in consideration of the scope, nature and value of the works and programme constraints, dependencies and opportunities.

- Partnership funding (City Deal and NLC) and other potential relevant sources being explored for core project elements.

NLC provision has been increased while other funding options continue to be explored.

- Site assembly by voluntary negotiation and potential compulsory purchase.

The Council is pursuing voluntary negotiations as part of the land assembly strategy - relocating businesses wherever possible, offering CPO-style compensation and reviewing works strategy to limit extent of third party land required.

### External Dependencies

- Achieving the delivery of the full project outputs is reliant on follow-on development which is dependent on commercial markets;

The Council will continue to work in partnership Ravenscraig Ltd, Government and other agencies throughout the life of the development to identify and secure the investment required.

- The WCML crossing is dependent on the regulatory approval of Network Rail and their delivery of the works.

This is being managed through Network Rail's GRIP process which provides for a formal and staged approach to project development.

- Site assembly is dependent on a CPO to support voluntary acquisitions.

Reasonable allowances have been made within the project programme. Early consultation has been undertaken with the Scottish Government CPO team. Reasonable measures will be undertaken to remove potential objections.

### Constraints

- The City Deal programme on the timescale for completing the compulsory purchase of land required for the Project;

- The delivery of the WCML to fit with the timescale of a planned line closure;

Timescale constraints are being managed through the project programme and established management processes.

- Delivery of the works within an existing road environment.

This is being considered in the design and will be managed through the works planning and phasing.

## 1.7 Stakeholders

- 1.7.1 The key stakeholders groups for the Project are identified in Table 1.4 below together with their contribution or interest in the Project and a description of whether the Project will create a benefit or dis benefit in terms of the new road infrastructure to be provided.



**Table 1.4: Project Stakeholders**

Stakeholder Group / Partner	Interest / Contribution	Engagement	Benefit / Dis - Benefit
Existing residents and occupiers of Ravenscraig and the surrounding communities, including those adjacent to the Project site	I: Impact of development proposal C: Representations to planning applications	Engagement through the formal planning process, future planning applications and NLC website	B: New infrastructure and improved access B: Enhanced environment as site is developed out D: Disruption from construction works D: Increased traffic noise on completion of the works
Owners and occupiers of existing commercial development		Engagement through voluntary negotiation and relocation where possible	
North Lanarkshire Council	I: Owner of road infrastructure to asset to be created C: Statutory consultee – Roads, Planning, Environmental Protection C: Delivery of strategic infrastructure	Consultation with NLC Environmental Assets at the design stage as the team responsible for the operation of the road once complete	B: Enhanced infrastructure B: Releases development land for housing and employment B: Delivering against policy priorities D: Increased revenue costs for maintenance of new asset
Ravenscraig Ltd	I: Land owner C: Delivery of economic outcomes	Engagement to date with the Council in the development of the Revised Masterplan and ongoing Development Steering Group	B: Releases land for development
Network Rail	I: Ownership of new underbridge to be constructed C: Asset protection agreement	Engagement through the design development of the Westcoast Main Line Crossing	B: Opportunity to rationalise crossing D: Risk to rail infrastructure
SPT	I: Operator of bus services on new infrastructure	Through consideration of revised masterplan and transport strategy and bus service	B: Physical infrastructure for future public transport links B: Potential increase in passenger numbers as site is developed out

Stakeholder Group / Partner	Interest / Contribution	Engagement	Benefit / Dis - Benefit
Scottish Government / Transport Scotland	I: Land owner – transfer of land by voluntary acquisition C: CPO to acquire private interests	Ongoing discussions regarding funding Voluntary acquisition and CPO and design development of RIAN	B: Improvements to transport network. B: Delivering against policy priorities – enabling development of National Priority site B: Reduction in Vacant and Derelict Land
Developers and housebuilders	I: Development plots to be released	Through developments proposals for development Plots (through Ravenscraig Ltd and NLC Planning)	B: Confidence to plan for future development
Ravenscraig Ltd and NLC	I: Asset owners C: Ongoing maintenance and management of the road infrastructure and other public assets within the site C: Delivery of Travel Plan and provision of initial years bus service	Through Ravenscraig Board and Steering Group and Travel Co-ordinator	B: Reputational B: Increased revenue from Council tax D: Increased revenue costs for maintenance of new asset
Owners and occupiers of future commercial and industrial development	C: Facilitating and promoting sustainable travel	Ravenscraig Travel Plan Co-ordinator	B: Positive publicity, carbon reduction targets, employee health
Future residents of Ravenscraig and the surrounding communities	I: Residential amenity I: Economic opportunities C: Supporting active travel	Job and training opportunities promoted locally Travel plan co-ordinator	B: Enhanced environment Improved economic outcomes B: Enhanced quality of life and well being

### Managing stakeholder demands and conflicts of interests

1.7.2 There is no current conflict of interests between the stakeholder groups but there are potential conflicts between the activities to deliver the project and the needs of existing businesses, transport users and residents. These are listed below together with the mitigating action proposed:

- Business owners and occupiers will be displaced as a result of the works. Help will be given by NLC to find alternative premises and facilitate relocation.
- Train users will experience disruption to journeys by the closure of the WCML when constructing the proposed road crossing. Planning the works to fit within an existing blockade will mitigate this conflict.
- Road users, cyclists and pedestrians will experience disruption to travel during the works. This conflict will be managed through clear communication and mitigated through traffic management measures.

## 1.8 Risk

- 1.8.1 Project risks have been identified and appraised in accordance with GCR City Deal Programme Management Toolkit. The inherent risks have been ranked and the risk treatment approach identified together with controls and mitigating action.
- 1.8.2 The governance structure for this project as set out in the Management Case provides for regular and appropriate reporting from the day to day operations of the Project Teams and the multiple strands of scheme development. This includes ongoing risk assessment, management and reporting by the Project Team.
- 1.8.3 The risks as appraised, scored and with mitigating action identified are presented in the project risk register at Appendix 6. The Project Risk Register identifies Lead Responsibility for each risk. At this stage in the project all risks sit with the Council. As the project progresses to construction some of the identified risks will be transferred to appropriate parties e.g. to appointed contractors responsible for delivering the works.
- 1.8.4 Based on the risk analysis the key internal risks are:
- Utilities – failure to budget adequately for the works due to inaccurate or incomplete information on existing services
  - Ground conditions – failure to budget adequately for the works due to inaccurate or incomplete information on existing ground conditions
  - Environmental – failure to mitigate future impact of the new roads during design due to inaccurate or inadequate technical information to inform the design
  - Land assembly - failure to budget adequately for cost of acquisition due to inadequate information on owners and occupiers and costs including accounts, relocation and potential extinguishment.
- 1.8.5 The greatest external risks identified from the risk analysis are:
- Land assembly - failure to plan adequately for duration of or to secure CPO due to uncertainty of timescale or ability to secure CPO
  - Consents and approvals – failure to secure planning permission
  - Consents and approvals – failure to secure approval through GRIP process for WCML crossing
  - Procurement - failure to secure a contractor on competitive terms due to saturation of the market and a reduced pool of contractors
  - Funding (other public) - failure to secure public support for associated development
  - Benefits realisation - failure of third parties to progress associated development due to unforeseen factors, including local or wider economic conditions, preventing or inhibiting delivery.

### **Risk for City Deal programme.**

- 1.8.6 The appended Risk Register identifies more detailed risks to that in the SBC and identified at a Programme level. It should be noted that these are not new risks but further detailed during the development of the proposal. It should also be noted that of the three 'very high' and nine 'high' residual risks identified none are considered to be unusual or abnormal for an infrastructure project of this nature. **The risks relate to the Project and will be managed at the project level. The Project does not create new risks at a programme level. There are no direct dependencies of projects in**

other member authority areas on this Project or dependencies of this Project on projects in other member authority areas.

#### **Environmental and climatic risks**

- 1.8.7 The main environmental risks identified from the risk assessment relate to a failure to design and budget appropriately for: ground conditions; changes in environmental regulations, for example around SUDS, air quality and protected species; and mitigating the future impact of the new roads. These risks are included in the appended risk register together with the proposed mitigating action which leaves the residual risks at low and medium.
- 1.8.8 As noted at 5.7.3 of the Sustainability Case the Ravenscraig masterplan and supporting strategic infrastructure proposals have been developed over a significant period of time. They have been the subject of extensive assessment including environmental appraisal and impact assessment from which appropriate mitigation has been identified to reduce environmental risk.
- 1.8.9 The vulnerability of the Project and follow-on development to the impact of climatic change is considered to be low overall given the nature and location of the *Project* and the sustainable approach to development proposed in the *Revised Masterplan*. The development and design approach strongly supports the National Planning Framework outcomes of: a successful, sustainable, low carbon, resilient and connected place as demonstrated at 5.7.6 of the Sustainability Case.

#### **Equality Impact Assessment**

- 1.8.10 An Equality Impact Assessment has been undertaken for the *Project* and is provided at Appendix 7. In assessing equality impact the opportunity has been taken to identify and undertake measures to improve equality rather than just manage the impact to mitigate the risk. The Scottish Government's Inclusive Growth agenda and the Equality Act 2010 have been taken into account in determining the scope of the *Project* and its impact on and benefits for people with protected characteristics as defined within the Act.
- 1.8.11 As identified in the Equality Impact Assessment the project has the potential to deliver positive impacts for the following protected characteristic groups of age, disability, gender, race and people on low incomes age.

## 2 ECONOMIC CASE

### 2.1 Introduction

2.1.1 The economic case outlines and tests a number of options, including an assessment of the gross and net additional benefits for the preferred option. It demonstrates how the options were formulated, compared and appraised and how the preferred option has been selected.

2.1.2 The economic impact of the identified preferred option, the counterfactual and an alternative option is provided at a local authority, Glasgow City Region and national level. Sensitivity analysis is also carried out to identify the effect of changing key variables in the economic model.

### 2.2 Identifying Options

#### Development of interventions through the masterplan

2.2.1 Whilst the project proposed in this Business Case comprises strategic transport infrastructure i.e. roads, junctions, foot and cycleways, it bears noting that its purpose is primarily to enable residential and commercial development.

2.2.2 The *SBC* presented the initial case for intervention in the form of new transport infrastructure and improvements to existing, to remove the constraints on development at Ravenscraig. The potential interventions noted and considered in the *SBC* were borne out of transport assessments and appraisals, carried out in line with the Scottish Transport Analysis Guide, accompanying the masterplan approved in 2005. During 2017 and 2018 a *Revised Masterplan* has been developed and approved in 2020 for Ravenscraig, which has reconsidered and reiterated the need for significant improvements in transport infrastructure.

2.2.3 The *Ravenscraig TA* and the accompanying *Updated Ravenscraig STAG*, prepared in development of the *Revised Masterplan*, considered and tested a wide range of interventions including: increases in road capacity and new connections for vehicular traffic; public transport modes, routes and service levels; and provision for active travel. The *Ravenscraig TA* and the accompanying *Updated Ravenscraig STAG* are provided in Appendices 8 and 9 respectively.

2.2.4 The *Updated Ravenscraig STAG* identified that the *Revised Masterplan* should provide integrated bus infrastructure and enhancement of active travel within Ravenscraig; and that options for improvements to rail-bus links and enhancement of active travel more broadly be considered in the *Ravenscraig TA* and in discussions between Ravenscraig Ltd, the Council and SPT.

2.2.5 The accompanying *Ravenscraig TA* and the transport strategy therein, is based around a principle of Fostering a Green Movement. The Movement Strategy for Ravenscraig is, therefore, guided by the following core principles:

- minimising the use of the car by 'designing in' the best possible access for sustainable travel modes;
- proactive intervention to encourage & support sustainable travel behaviour;
- integrating the development within the urban fabric of the Motherwell and Wishaw areas, taking advantage of and reinforcing local transport links;
- using the mixed use nature of the development to encourage an interaction between adjacent uses and
- linked trips by sustainable modes;



- encouraging walking and cycling for trips within the development and short trips to adjacent areas in the form of a walking and cycling access strategy plan which will comprise traffic free links and routes throughout the masterplan site;
- maximising public transport accessibility by designing the development around key public transport routes, entering into partnerships with bus operators to provide high quality services with links to existing rail stations in co-operation with the relevant authorities in the form of a public transport strategy plan;
- providing for improved road access to and within the site; and
- supporting innovative initiatives to reduce environmental pollution.

2.2.6 The transport improvements and infrastructure required to realise the potential at Ravenscraig include a large number of strategic and local interventions including:

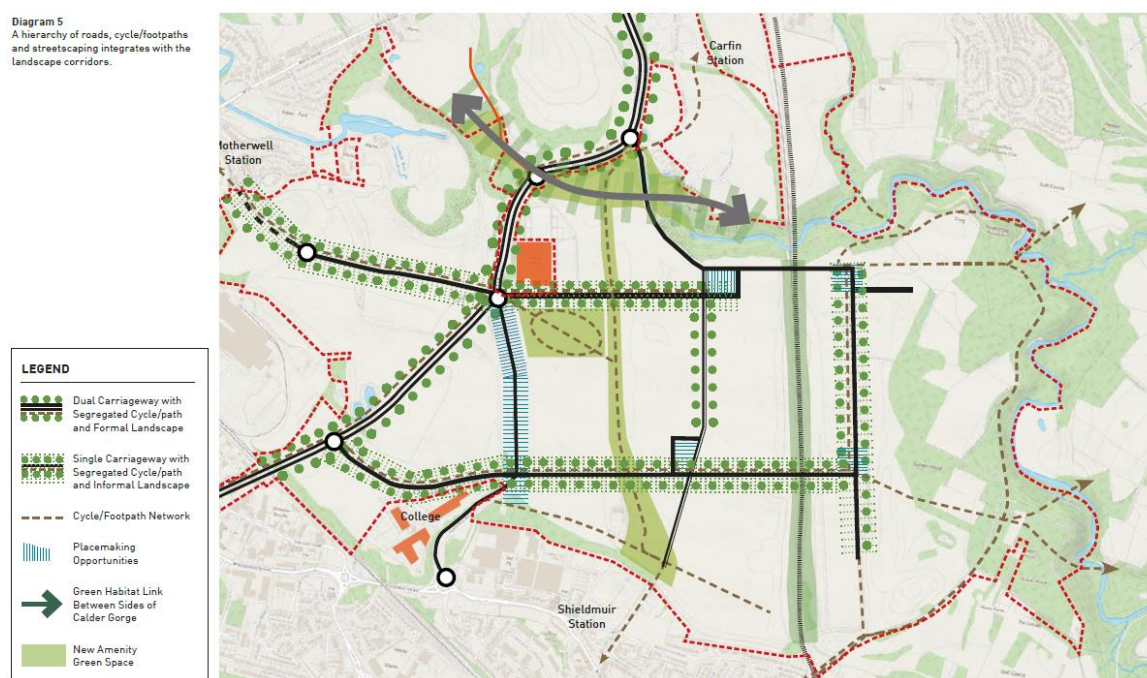
- **Walking and Cycling**
  - Green Links - A network of quality shared use paths running north to south and east to west on desire lines to the settlements surrounding the development site;
  - Localised shared footpaths through the various areas of development which will link into adjacent areas, the green links and the park space;
  - Links west to Merry Street via Allan Street/Coursington Road
  - Airbles Road via the Spine Road overbridge link to the south-west of the site;
  - Links to the Shieldmuir and Craigneuk areas via the re-established link to Shieldmuir Street at the south of the site; and via the link to Glencairn Avenue in Craigneuk; and
  - Cycle parking provision exceeding the minimum standards.
- **Public Transport**
  - Provision of high quality bus linkages and infrastructure within the site;
  - Potential wider bus network priority measures; and
  - A circular Rail-Bus service which would link Ravenscraig site with Motherwell and the key rail stations.

Note. While the conclusions of the *Updated Ravenscraig STAG* has sifted out the delivery of a Ravenscraig rail station on the Wishaw Deviation Line, it has recommended that the revised masterplan should not preclude a station and rail service being introduced at a future date. It recognises however that this would require a significant event or events such as a wholesale revision to rail operations in Lanarkshire and beyond.

- **Road**
  - Upgrading of the Hamilton Road/Airbles Road junction including completing the dualling of Airbles Road;

- New signalised roundabout at Airbles Road/Windmillhill Street to provide the dual carriageway to Ravenscraig;
- Crossing of the West Coast Main Line Railway (“WCML”) and dual carriageway;
- Mitigation measures to the Shields Road and Robberhall Road roundabouts on the A721 Craigneuk Street; and
- Dualling of the existing A723 from Ravenscraig to the M8 (presumed as being completed by the Council).

**Figure 7. Revised Masterplan Movement Hierarchy**



Source: Revised Ravenscraig masterplan

- 2.2.7 The Planning Permission in Principle includes a number of conditions placed on the development relating to these works. These conditions, which restrict the extent of development which is able to be occupied prior to the interventions being in place, seek to ensure that suitable local and strategic road infrastructure is in place to mitigate the impact upon the wider area of occupiers and users of future phases of the Ravenscraig development.
- 2.2.8 These conditions when applied to the development programme require that, in order to prevent the constraining of development, the road infrastructure is completed:
- By 2028 (Condition 23):
    - New signalised roundabout at Airbles Road/Windmillhill Street to provide the dual carriageway to Ravenscraig
    - Crossing of the WCML and dual carriageway
  - By 2035 (Conditions 24 & 25)
    - Upgrading of the Hamilton Road/Airbles Road junction including completing the dualling of Airbles Road

- 2.2.9 These conditions and the *Revised Masterplan* and *Ravenscraig TA* also presume the completion by the Council of the dualling of the A723 from Ravenscraig to the M8 by the completion of the development i.e. 2045.

#### **Testing the appropriateness of the Ravenscraig scheme for North Lanarkshire**

- 2.2.10 In the consideration of what interventions may be considered to be supported or delivered by the Council and/or through the City Deal, the Council has undertaken further testing of the interventions proposed by the *Revised Masterplan*. This work was undertaken by the Enterprise Project Team during late 2019 and early 2020, independently, and following completion, of the assessment of the planning application by the Planning Authority.
- 2.2.11 The purpose of this further testing, supported by Jacobs using the transport model validated by the Council (aided by SYSTRA) as Planning and Roads Authority, was to test the robustness of, and need for, the proposed interventions when a more detailed view is taken of known and planned development on other sites in the locality and a more evidence based view taken of background growth. This work is included at Appendix 10.
- 2.2.12 In establishing the extent and scale of interventions, and particularly the nature and capacity of the road infrastructure, required to facilitate the development of Ravenscraig, the principle has been that the interventions should provide sufficient capacity for the entirety of the development at Ravenscraig. Such that as the development of Ravenscraig proceeds over the long term, the impact on other road users and the broader network should be minimal i.e. that there is no net detriment. This has been principally measured in the *Ravenscraig TA* through achieving similar journey times on key routes.
- 2.2.13 The additional testing undertaken concluded this broadly remains the case for future years where the following are provided by 2028:
- New signalised roundabout at Airbles Road/Windmillhill Street to provide the dual carriageway to Ravenscraig;
  - Crossing of the WCML and dual carriageway; and
  - Upgrading of the Hamilton Road/Airbles Road junction including completing the dualling of Airbles Road
- 2.2.14 The local network and junctions with these works is shown as reaching or marginally exceeding capacity by completion of development at Ravenscraig, in 2045. This is based on conventional assumptions of modal shift and over such a long timeframe it is reasonably expected that other changes, whether in transport modes or working and associated travel patterns, will mean that this remaining capacity, albeit limited, is sufficient.
- 2.2.15 However the testing identified that in order for the wider network to function properly and to mitigate significant negative impact of lengthening queues and excessive journey times, the dualling of the A723 should be brought forward for completion by 2030 in advance of the timing proposed by Ravenscraig Ltd.

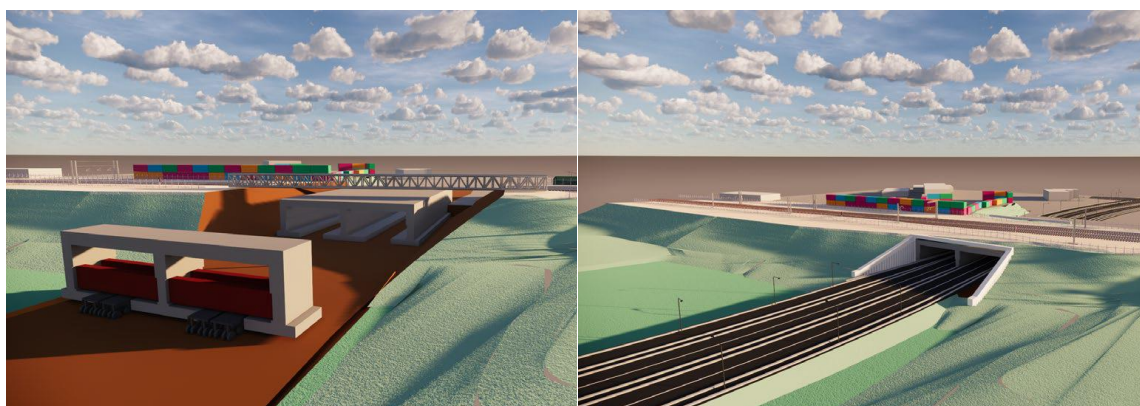
### Identifying interventions to be delivered through the City Deal

- 2.2.16 Many of the interventions identified in *Revised Masterplan* and the *Ravenscraig TA* are local to Ravenscraig, either within the site or are tied largely and inextricably to its development. In the assessment of the *Revised Masterplan* agreement has been reached that the development itself will deliver those interventions within it and making local connections and those required in the short term in addition to providing the funding required to support the early operation of the new circular bus service connecting Ravenscraig with Motherwell town centre and Station.
- 2.2.17 The creation and improvement of the strategic transport routes that provide connections to and from Ravenscraig but also across and through North Lanarkshire, which also serve to facilitate other developments, is considered beyond the capability or capacity of any one development or developer to deliver. This market failure is discussed in the Strategic Case, under the delivery, implementation and funding options appraised below and considered in more detail in the Commercial Case and Management Case.
- 2.2.18 The interventions proposed in this Business Case are therefore:
- **Northern strategic infrastructure** providing connections to the M8
    - Dualling of the existing A723 from Ravenscraig to the M8
  - **Southern strategic infrastructure** providing connections to Motherwell and the M74
    - Upgrading of the Hamilton Road/Airbles Road junction including completing the dualling of Airbles Road
    - New signalised roundabout at Airbles Road/Windmillhill Street to provide the dual carriageway to Ravenscraig; and
    - Crossing of the WCML and dual carriageway;
- Note. All works include provision for pedestrian and cyclists, creating new active travel routes.
- 2.2.19 Plans of these interventions are provided at Appendix 5.
- 2.2.20 As noted, in establishing the extent and scale of interventions the principle has been to achieve a no net detriment situation. Whilst the interventions proposed in this Business Case comprise strategic transport infrastructure i.e. roads, junctions, foot and cycleways, their purpose is to enable residential and commercial development and not to address perceived existing transport capacity issues.
- 2.2.21 Clearly, in the initial years following completion of works and whilst development is ongoing at Ravenscraig there will be additional road capacity but this is assessed as being a temporary gain and not an intended long term outcome of the project.
- 2.2.22 It is recognised that the project will support the creation of strategic transport infrastructure which will support movements across and through North Lanarkshire for road users, pedestrians and cyclists however overcoming the significant development and planning challenges and constraints of Ravenscraig remain the primary and more readily definable objective.
- 2.2.23 Thus the benefits of the project considered in the Business Case derive from the residential, commercial and industrial development and activity at Ravenscraig and not from conventional or broader transport impacts.

### Nature of options considered in this Business Case

- 2.2.24 In the assessment and subsequent approval of the initial and *Revised Masterplan* and accompanying documents and in wider consideration of the scheme, the Council and partners, including Transport Scotland and SPT, and supported by specialist consultants including SYSTRA and Jacobs, have undertaken extensive review and testing of the nature of and need for the interventions to unlock development at Ravenscraig.
- 2.2.25 In addition to this and as part of the design development, Network Rail, commissioned by and working in partnership with the Council, have considered and appraised options for the form and manner of construction of crossing of the WCML. These options have been developed by BAM Nuttall Limited, Network Rail's framework contractor for renewals and enhancements in Scotland, and supported by Arup, in close collaboration with the Council and its design team.
- 2.2.26 The development and appraisal of options has culminated in the approval of a preferred option at Stage 3 - Option Selection of the Governance for Railway Investment Projects ("*GRIP*") in June 2020. The GRIP 3 Option Selection Report is included at Appendix 11.

**Figure 8. WCML Crossing preferred option**



Source. Arup/Bam Nuttall

- 2.2.27 It is considered that the extensive assessment and testing of the project in planning and design development has appropriately determined the physical interventions and improvements required to enable the development of Ravenscraig. As such options for the physical nature of the interventions are **not** considered further.
- 2.2.28 The options considered and tested in this business case are therefore focussed on options for the manner of, and mechanisms for, delivering the strategic transport infrastructure required to release the development potential at Ravenscraig.



### Options appraisal framework and the long list

- 2.2.29 The long list of options have been developed under the following framework and against the Project Objectives described in the Strategic Case:
- Scope - What could be delivered to meet the objectives
  - Solution - How can the project be achieved
  - Delivery - Who is best placed to deliver and how
  - Implementation - When and in what form could the project be delivered
  - Funding - What will it cost and who could fund
- 2.2.30 Appraisal of the long list has been undertaken by the Council, led by the Enterprise Projects Team, in partnership with Ravenscraig Ltd. The detailed economic appraisal of the short listed options has been undertaken by the Council supported by specialist economic consultants and working with Ravenscraig Ltd in respect of the commercial factors in the appraisal.
- 2.2.31 The long list options are set out in table 2.1 below and are identified as **shortlisted** or **discounted** for inclusion in the economic appraisal in respect of Scope and Solution. The consideration of options for Delivery, Implementation and Funding is detailed further and more appropriately in the Commercial and Management Cases.



Table 2.1 Options Appraisal Long List

Category	Options within each category				
Scope	Option 1. Full scheme - Northern and Southern infrastructure	Option 2. Southern infrastructure only	Option 3. Northern infrastructure only	Option 4. Full scheme plus	Option 5. Full phased scheme
<i>(What could be delivered to meet the objectives)</i>	All Northern and Southern strategic infrastructure providing connection to M8, Motherwell and M74, delivered by 2025	Southern strategic infrastructure providing connection to Motherwell and M74 only, delivered by 2025 and reflecting the priority and timing of applicable conditions within the Planning Permission	Northern strategic infrastructure providing connection to M8 only, delivered by 2025	All Northern and Southern strategic infrastructure providing connection to M8, Motherwell and M74, plus additional works to support development and growth elsewhere	Southern strategic infrastructure delivered by 2025 and Northern strategic infrastructure delivered by 2030 reflecting the different timing of applicable conditions within the Planning Permission in Principle and the outcome of the additional assessment
	<b>Shortlisted</b>	<b>Shortlisted</b>	<b>Discounted</b>	<b>Discounted</b>	<b>Discounted</b>
	<i>Meets all objectives removing all strategic infrastructure constraints on development</i>	<i>Partially meets objectives in removing initial constraint on development however future development will remain constrained without undue negative impact on existing communities north of Ravenscraig</i>	<i>Fails to release significant development at Ravenscraig owing to significant constraints remaining for primary connections to Motherwell - particularly inhibits commercial and industrial development</i>	<i>No significant improvements identified for other schemes as being required with any certainty</i>	<i>Meets objectives for development at Ravenscraig however delivery of works beyond 2025 is not supported by City Deal</i>

Category	Options within each category				
Solution	Option 1. Non-physical intervention	Option 2. Do nothing	Option 3. Physical intervention - road only	Option 4. Physical intervention - active travel only	Option 5. Physical intervention – full scheme
<i>(How can the project be achieved)</i>	Non-physical – physical solution such as subsidies for bus services only	The Counterfactual with development limited to that which can be accommodated by the existing network	Full length scheme delivering road routes only	Full length scheme delivering active travel routes only	Full length scheme delivering road and active travel routes
	<b>Discounted</b>	<b>Shortlisted</b>	<b>Discounted</b>	<b>Discounted</b>	<b>Shortlisted</b>
	<i>Does not provide transport capacity required</i>	<i>Does not support development at Ravenscraig but shortlisted as counterfactual</i>	<i>Does not support sustainable transport and shift to active travel modes thereby requiring greater road capacity</i>	<i>Does not provide road capacity required as part of sustainable transport mix</i>	<i>Meets all objectives for development and sustainable transport mix</i>
Delivery	Option 1. RL	Option 2. NLC	Option 3. RL & NLC	Option 4. NLC & NR	Not used
<i>(Who is best placed to deliver and how)</i>	Delivery of all works by Ravenscraig Ltd	Delivery of all works by North Lanarkshire Council	Delivery of all new works by Ravenscraig Ltd and of works to existing infrastructure by North Lanarkshire Council	Delivery of WCML Crossing by Network Rail and all other works by North Lanarkshire Council	
	<b>Discounted</b>	<b>Discounted</b>	<b>Discounted</b>	<b>Shortlisted</b>	
See Management Case	<i>Ravenscraig Ltd has limited capacity for direct delivery and requires effective interface for management of major works to existing roads</i>	<i>NLC does not have the expertise to manage WCML works</i>	<i>Difficult to establish appropriate boundaries between works. Effective management of impact of works on existing road network is made more difficult by diffuse management of related works. Neither</i>	<i>Clear distinction between works with standard agreements and governance arrangements available and with expertise of Network Rail used appropriately</i>	

Category	Options within each category				
	<i>Management of WCML works requires specialist expertise</i>		<i>Ravenscraig Ltd or NLC have expertise to manager WCML works</i>		
<b>Implementation</b>	<b>Option 1. Single contract with bespoke tender</b>	<b>Option 2. Single contract with framework call off</b>	<b>Option 3. Multiple phased contracts with bespoke tender</b>	<b>Option 4. Multiple phased contracts with framework call off</b>	<b>Option 5. Enterprise Strategic Commercial Partnership</b>
<i>(When and in what form could the project be delivered)</i>	Procurement of a single contract for NLC works through bespoke (restricted) tender	Procurement of a single contract for NLC works through mini-competition to an existing framework	Procurement of multiple contracts through bespoke (restricted) tender with packages appropriate to planning status, land assembly, approvals etc.	Procurement of multiple contracts through mini-competition to an existing framework with packages appropriate to planning status, land assembly, approvals etc.	Procurement through forthcoming Enterprise Strategic Commercial Partnership
See Commercial Case	<p><b>Shortlisted</b></p> <p><i>Meets objectives where works are done within a single programme i.e. by 2025</i></p> <p><i>Discussed further in Commercial Case</i></p>	<p><b>Shortlisted</b></p> <p><i>Suitability of available framework to be tested further</i></p> <p><i>Discussed further in Commercial Case</i></p>	<p><b>Shortlisted</b></p> <p><i>Meets objectives</i></p> <p><i>Discussed further in Commercial Case</i></p>	<p><b>Shortlisted</b></p> <p><i>Suitability of available framework to be tested further</i></p> <p><i>Discussed further in Commercial Case</i></p>	<p><b>Discounted</b></p> <p><i>ESCP Contract will not be in place until 2023 leading to significant delay to commencement of works</i></p> <p><i>Expertise of ESCP unlikely to be focussed on infrastructure</i></p>

Category	Options within each category				
<b>Funding</b>	<b>Option 1. City Deal with NLC at 51% capital funds</b>	<b>Option 2. City Deal with NLC at 14% capital funds &amp; other grant</b>	<b>Option 3. Privately funded from development</b>	<b>Option 4. Publically funded repaid by development receipts</b>	<b>Option 5. Publically funded repaid by tax revenue</b>
<i>(What will it cost and who could fund)</i>	Additional Member Authority contribution from North Lanarkshire Council	Conventional Member Authority contribution from North Lanarkshire Council with other funding to be identified	Works funded through Income generated from plot sales and development receipts	Public funded repaid by income generated from plot sales and development receipts	Works under model such as Tax Incremental Finance
<i>See Commercial Case</i>	<b>Shortlisted</b>	<b>Shortlisted</b>	<b>Discounted</b>	<b>Discounted</b>	<b>Discounted</b>
	<i>City Deal funding identified within SBC and revised programme and commitment made by NLC to its share however only applies where works undertaken within a single programme i.e. by 2025</i>	<i>No other funding has currently been identified by Scottish Govt however this option will be considered either where works are phased beyond the City Deal programme or where options with reduced scope are considered and the MA contribution can be reduced</i>	<i>Development generates insufficient returns to fund strategic infrastructure owing to site conditions and market failure</i>	<i>Development generates insufficient returns to fund strategic infrastructure owing to site conditions and market failure</i>	<i>Revised masterplan reflecting viable and sustainable development has lessened development of commercial space that would generate sufficient tax revenue</i>

## 2.3 Short Listed Options

2.3.1 From the long list the following were identified as being taken forward for a detailed appraisal of the economic impact:

**Table 2.2 Shortlisted Options**

Category	Option 1		Option 2		Counterfactual
<b>Scope</b> (What could be delivered to meet the objectives)	Full scheme (northern and southern infrastructure) delivered by 2025		Southern infrastructure only delivered by 2025		Do nothing
<b>Solution</b> (How can the project be achieved)	Physical intervention – full scheme (road and active travel)		Physical intervention – full scheme (road and active travel)		Do nothing
<b>Delivery</b> (Who is best placed to deliver and how)	Delivery of WCML Crossing by Network Rail and all other works by North Lanarkshire Council		Delivery of WCML Crossing by Network Rail and all other works by North Lanarkshire Council		N/A
<b>Implementation</b> (When and in what form could the project be delivered)	Single or Multiple contracts with bespoke tender or framework call of		Multiple phased contracts with bespoke tender or framework call off		N/A
<b>Funding</b> (What will it cost and who could fund)	City Deal with NLC at 51% capital funds	City Deal with NLC at 14% capital funds & other grant	City Deal with NLC at 51% capital funds	City Deal with NLC at 14% capital funds & other grant	N/A
<b>Value for Money</b>	Assessed through cost-benefit analysis				

2.3.2 The economic impacts of the sub-options under Implementation and Funding relating to the procurement strategy and source of public funding are not considered to have a measurable impact on the economic appraisal and are not considered further in this Economic Case. Implementation (procurement) options and Funding options are considered further under the Commercial Case.

### The Counterfactual

2.3.3 The Counterfactual for the project is the extent of development that is able to take place at Ravenscraig without the interventions occurring. This has been tested and established through the preparation and assessment of the Ravenscraig TA and is reflected in conditions placed on the development in the Planning Permission in Principle. These conditions, which restrict the extent of development which is able to be occupied prior to the interventions being in place, seek to ensure that suitable local and strategic road infrastructure is in place to mitigate the impact of occupiers and users of future phases of the development upon the wider area.

- 2.3.4 The counterfactual in this instance is defined by that development able to take place and be occupied prior to the need for the strategic road infrastructure described under 2.2.8. This will see development largely cease by 2028.

### Costed options

- 2.3.5 These options have been costed in full including capital and revenue costs for both the works proposed to be directly supported by City Deal and for the follow-on development that these works enable. These are summarised in the table below and are included within the Economic Impact Assessment.

**Table 2.3 Option Cost Estimates**

Option	Capital Cost (nominal over 25 years)	Revenue cost 25 years
<b>Counterfactual</b>	Strategic Infrastructure - £0m Other public & private infrastructure - £43m Follow on development - £110m	Public sector - £47m
<b>Option 1. Full Scheme</b>	Strategic Infrastructure - £113m Other public and private infrastructure - £222m Follow on development - £665m	Public sector - £77m
<b>Option 2. Southern infrastructure only</b>	Strategic Infrastructure - £65m Other public and private infrastructure - £73m Follow on development - £228m	Public sector - £49m

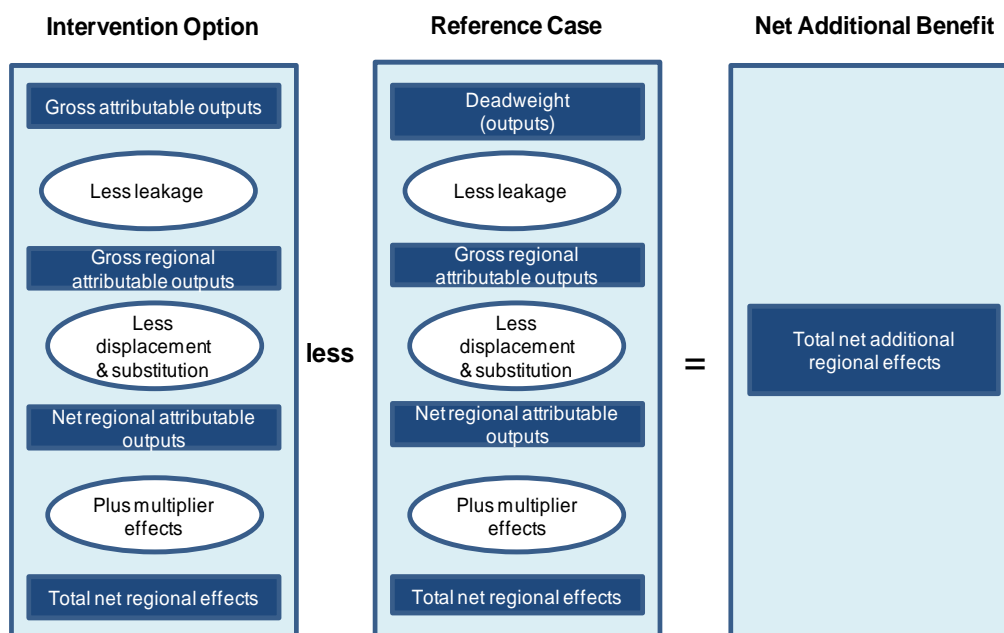
Note. All figures are at current prices and exclude inflation.

## 2.4 Additionality

- 2.4.1 As a major regeneration project, the *Revised Masterplan* delivers strong employment generating uses across the whole project – construction of infrastructure and follow-on developments, off-site spend from household consumption and on-site occupation of the business and leisure premises. These activities will generate economic impacts, as presented at Section 2.6.
- 2.4.2 Deadweight is the extent to which the project activity is expected to happen in the absence of the City Deal intervention – the difference between the intervention and the counterfactual options. In line with Economic Impact Assessment (“EIA”) principles, deadweight is appraised at a constant level across all spatial areas. **In line with Green Book guidance, deadweight effects are explicitly presented in the counterfactual case impacts (see Fig 9) – the impacts of the counterfactual position have been removed from each of the intervention options to present net additional. As per para 2.4.3, additionality factors apply to all shortlisted options, including the counterfactual.**
- The deadweight effects are presented in the counterfactual case impacts at Table 2.8, Table 2.12, and Table 2.13**
- 2.4.3 The net impact of the City Deal investment is the difference between what would have happened anyway in the absence of support (i.e. the counterfactual option or reference case) and the benefits generated by the support (i.e. the intervention option), both of which are adjusted for displacement, leakage and multiplier effects. Our analysis follows the Scottish Enterprise recommended approach to economic impact analysis, as presented in Figure 9.



**Figure 9. Net Additionality**



2.4.4 EKOS Economic Consultants provided economic analysis support to the Council for options appraisal. A detailed impact analysis model was developed to assess the gross impacts that would arise as a result of the project, with tailored factors used to assess each individual element. Table 2.4 outlines the factors used in the gross to net impact appraisal.

**Table 2.4 Additionality Factors**

	City Deal			Scotland		
	Displacement	Leakage	Multiplier	Displacement	Leakage	Multiplier
Household Spend	45%	25%	1.52	70%	0%	1.78
Education	5%	15%	1.17	10%	0%	1.25
Retail	75%	10%	1.18	85%	0%	1.27
Civic	0%	15%	1.47	0%	0%	1.70
Office	50%	15%	1.44	70%	0%	1.66
Industrial	50%	15%	1.60	70%	0%	1.89
Leisure	40%	10%	1.22	50%	0%	1.33
Hotel	75%	10%	1.17	90%	0%	1.25
Construction	20%	20%	1.57	25%	0%	1.85

Source: EKOS – Ravenscraig Economic Impact Model

**Table 2.4a Additionality Factors for Local Authority**

	North Lanarkshire		
	Displacement	Leakage	Multiplier
Household Spend	30%	35%	1.19
Education	5%	25%	1.06
Retail	65%	15%	1.07
Civic	0%	25%	1.18
Office	40%	25%	1.16
Industrial	40%	25%	1.22
Leisure	25%	15%	1.08
Hotel	65%	15%	1.06
Construction	10%	50%	1.21

- 2.4.5 Analysis of displacement is specific to each of the individual project elements and is the extent to which activity at Ravenscraig is expected to result in reduced activity elsewhere – this ranges from 0% reduction in the Civic element at the City Deal level, to 90% in the hotel element at the Scottish level.
- 2.4.6 Leakage is also specific to the project activities and is the extent to which the gross estimated jobs will be taken by people that live outwith the defined spatial area – this ranges from 0% for all elements at the Scottish level (i.e. all jobs at Ravenscraig will be taken-up by people that reside in Scotland) to 25% for household spend at the City Deal level (i.e. 25% of jobs supported through household spend will be taken by people that reside outwith the City Deal region).
- 2.4.7 Multipliers are the extent to which spin-off impacts will be generated from the project. Type II multipliers have been adopted which comprise supply chain links from business and employee spend patterns. Rates from Scottish Government's Input Output Tables at the national level have been used and a proportion (67%) of these taken for the City Region, reflecting the likely employee and business spend patterns. Multipliers are taken from appropriate industry sectors including construction, retail, accommodation, education, etc.
- 2.4.8 Substitution is the extent to which activity is diverted from one thing to another to take advantage of public sector support. As the City Deal support is provided in the form of infrastructure investment it is assumed that there will be no substitution to apply – the site is owned by a public-private JV which is tasked solely with delivering the *Revised Masterplan*.
- 2.4.9 Gross impacts relate to the direct results that will happen as a result of the activity e.g. how many people will be employed at the business units, how many people will be involved in building the new houses, etc. These do not, however, take account of the economic effects that will occur as a result of these activities e.g. what won't happen elsewhere if this activity goes ahead, and what extra activity (consumption) will happen because this activity goes ahead? These effects, as defined above, need to be considered to identify the net direct impacts that will arise as a result of the City Deal investment at Ravenscraig. Analysis has been undertaken specifically for each of the potential intervention options and also for the counterfactual option to assess the net additional impacts that the project will generate at the City Deal and Scottish levels.

2.4.10 The out-turn net additional benefits arising from the Ravenscraig project have been presented in the following sections. The impacts are presented as the net direct effects estimated for each of the individual options – the net additional effects – (net direct intervention less net direct counterfactual) – are presented at Section 2.6.

## 2.5 Benefits

### Gross and Net Quantitative Benefits

2.5.1 The Project Summary at Section 1.5 provides details of the expected project outputs – these have been quantified and achievement date forecast. The analysis is based on the core assumption that City Deal investment at Ravenscraig will enable the full Masterplan development potential to come forward larger (more homes and business floorspace) and better (higher quality infrastructure). In line with the Green Book impact appraisal techniques, a 25 year time period has been adopted for assessment of the likely benefits that will occur from the project. Table 2.7 and Appendix 13 clearly identify the benefits that will be delivered at each of the City Deal Gateway periods – 2024, 2029 and 2035.

2.5.2 Using the factors presented in Table 2.4, the net additional employment and GVA impacts have been taken forward for the counterfactual and each of the potential intervention options. Due to the complexity of presenting this detail – three types of benefits (construction jobs/ operational jobs/ GVA), two spatial areas (Scotland/ City Region) and three options (the Counterfactual, Masterplan and South Options) – the detail is presented in Section 2.8 under the options appraisal for each. **Gross benefits will be the same at each geography. An additional analysis has been carried out to establish the net benefits at the local authority level – these are presented in Appendix 12a.**

2.5.3 The remainder of this section describes the benefits that are expected to be delivered from the Ravenscraig development via the preferred option (as per Section 2.8). These will be delivered as a result of the full investment at Ravenscraig – both the direct City Deal plus other public and private sector investment as profiled in the development appraisal (see Appendix 12 EIA and Financial Case details).

2.5.4 Recognising that the Project and the GCRCD investment is part of a wider and large development project, the benefits arising from the development from the GCRCD investment have been quantified relative to the proportion of the total public sector investment made in the development of Ravenscraig that the GCRCD project comprises. That is, of a total of £258.48 million (NPV) public sector capex and revenue over 25 years, some £99.68 million (NPV) is capex under GCRCD. Thus 38.56% of benefits arising from the follow on development are attributed to GCRCD. This apportionment is done to more accurately reflect the contribution made by GCRCD and to avoid future double counting of benefits.

2.5.5 The benefits that are expected to be achieved from delivery of the Ravenscraig development are based on the input and expertise of a large Masterplan development team, comprising designers, engineers, planners, property agents, environmental specialists and economic consultants, as well as the input of the Ravenscraig Ltd (including Wilson Bowden and Scottish Enterprise) and the Council. The *Revised Masterplan* therefore reflects the sometimes competing interests derived from a supply-led approach (how big is the site and how much development can it accommodate) alongside a demand-led approach (what is the likely scope/ scale of the market and when will investment/ take-up materialise).

2.5.6 The quantitative benefits of the preferred option for Ravenscraig will deliver:

- economic benefits – GVA, employment, training and skills benefits:

The preferred intervention option at Ravenscraig will create new jobs in the construction sector through delivery of the directly funded infrastructure, but also through delivery of the follow-on housing, business space, schools and leisure facilities. In total the *EIA* for the preferred option estimates that there will be 6,600 gross PYE posts created across the 25 year development period, equating to an average of 264 construction jobs every year. Translating these gross PYEs to net additional positions, as per the additionality assumptions presented at Section 2.4, the preferred option estimates that 5,200 net additional PYEs will be created at the City Region level as a result of the Ravenscraig development.

The private sector skills and training required to build the infrastructure and follow-on developments will be supported by public sector employability activity which will help to deliver skilled and training employable individuals and will link potential employees with relevant employers.

The completed development will generate permanent new employment opportunities through direct (and indirect) household spend patterns, as well as new gross jobs created by the occupation of the new education/ leisure/ business floorspace. These are estimated to generate 1,300 gross FTE posts by Year 25 of the wider *Ravenscraig Masterplan* once all project elements are complete and occupied. Translating gross to net, as per additionality assumptions, the preferred option estimates that 600 net additional FTEs will be created at the City Region level as a result of the Ravenscraig development. Jobs will be created across a number of sectors including retail, leisure, education and a mix of office/ industrial sectors.

Together, the one-off construction and the permanent operational jobs will create economic activity that will generate new GVA – the preferred option is estimated to generate £445m net additional GVA for the City Region economy over 25 years.

Ravenscraig is located in close proximity to a number of deprived datazone areas which currently have high levels of worklessness. Activity will be undertaken to match individuals from these areas to opportunities from employers. The Council will work with the private sector developers to promote training and employment opportunities and will incorporate relevant community benefits into any contract packages that the Council tenders directly.

The construction benefits will be timed to coincide with the development activity; the continuous FTE benefits will build up over the phased residential development, cumulating to the total impacts which will be secured in full by 2044 (assuming that City Deal and other public sector investment is secured at the appropriate trigger points).

- Business and financial benefits:

The financial leverage of private sector investment will help support existing and generate new business opportunities, both during the construction (specialist trades and suppliers) and operational phases (new business premises alongside local supplier spend). In addition, businesses based at home are a growing sector and the development of new houses that meet modern technological requirements of remote working will support this growth.

Based on the profiled completion rates the financial appraisal estimates that securing City Deal and other public sector funding will enable delivery of over 2,500 additional homes at Ravenscraig (Masterplan less Counterfactual). This will generate additional Council Tax revenue over the long-term that will be used to support and grow local services for existing and future residents/ businesses.

Based on the Masterplan development profile, the project appraisal estimates that securing City Deal and other public sector funding will enable delivery of 166,000 SqM of additional office/ industrial/ retail business floorspace, plus two new hotels, one new school, and expanded leisure facilities (all Masterplan less Counterfactual). This will generate additional Non-Domestic Rates revenue over the long-term that will be used to fund public sector spend and investment.

The construction benefits will be achieved to coincide with the development phases, the business and financial benefits will be continuous in the long-term, dating from the occupation of new homes and business units.

### Wider Qualitative Benefits and Dis-Benefits

2.5.7 Beyond economic benefits, the project is expected to contribute to the wider Regional Inclusive Growth Priorities in addition to leading to wider qualitative benefits and dis-benefits. The shortlisted options have been assessed using a simplified scoring methodology of:

Major benefit (represented by ✓✓✓)

Moderate benefit (represented by ✓✓)

Minor benefit (represented by ✓)

No benefit or impact (represented by 0): the option is anticipated to have no or negligible benefit or negative impact.

Minor negative impact (represented by ✗)

Moderate negative impact (represented by ✗✗)

Major cost negative impacts (represented by ✗✗✗)

2.5.8 The time frame over which the contribution is made or the benefit or dis-benefit arises is identified in the description along with whether this is a **Direct** a result of the project or a result of **Follow-On** activity and investment. The scoring is taken forward to the SWOT analysis under 2.8 Option Appraisal Results.

2.5.9 The contribution to Regional Inclusive Growth Priorities and the benefits and dis-benefits arising from the options have been assessed as in Table 2.5 and Table 2.6 below. **The assessment of these under each option has been made, primarily where applicable, on the basis of:**

- The extent of development of Ravenscraig supported;
- The extent to which transport infrastructure is improved or becomes more stressed either following or during works,

In the case of the qualitative benefits and dis-benefits such as impact of place attractiveness and competitiveness, the impact is more difficult to quantify hence these are qualitative, and in this a view has been taken of the impact of failing to support and deliver a nationally significant development.

The assessment against the Regional Inclusive Growth Priorities and the benefits and dis-benefits is critical in the identification of the preferred option and particularly in providing a further assessment beyond simply the benefit cost ratio where more than one achieves a ratio of above 1.

This assessment further reflects the first objective – to unlock development potential within the national development priority of Ravenscraig – whether in providing jobs, reducing vacant and derelict land, supporting housing development.



**Table 2.5 Regional Inclusive Growth Priorities**

Priority <i>Description of contribution</i>	Assessment		
	Counter-factual	Option 1. Full Scheme	Option 2. Southern Infrastructure Only
<p>Priority iv. Increasing the number of, and improving the spatial distribution and access to, fairly paid, good quality, sustainable jobs across the Region</p> <p><i>Through enabling the release of land for the development of new commercial, office, retail and industrial space with appropriate transport links to the local and wider area</i></p> <p><b>Contribution during 2025-2045 / Follow-On</b></p>	✓	✓✓✓	✓✓
<p>Priority v. Reducing the level of vacant and derelict land in close proximity to residential and business areas through regeneration and the enhancement of open space</p> <p><i>Through enabling the redevelopment of land classified as Vacant and Derelict Land</i></p> <p><b>Contribution during 2025-2045 - part Direct part Follow-On</b></p> <p>Site ref:            Site name:  NL008500622 Ravenscraig West  NL008500191 Former Lanarkshire Steelworks Site  NL008500468 Ravenscraig East - South Site</p>	✓	✓✓✓	✓✓
<p>Priority vi. Improving access to employment locations via public transport/active travel and improved digital connectivity</p> <p><i>Through providing strategic transport infrastructure enabling the development of new employment locations and connecting these employment locations to the local and wider area</i></p> <p><b>Contribution during 2025-2045 - part Direct part Follow-On</b></p>	xx	✓✓✓	✓✓
<p>Priority vii. Ensuring the availability and access to affordable, quality housing with a focus on developing on vacant and derelict land.</p> <p><i>Through enabling the redevelopment of land classified as Vacant and Derelict Land for housing</i></p> <p><b>Contribution during 2025-2045 – Follow-On</b></p> <p>Site ref:            Site name:  NL008500191 Former Lanarkshire Steelworks Site  NL008500468 Ravenscraig East - South Site</p>	✓	✓✓✓	✓✓

2.5.10 The scores broadly above reflect the extent of development released within Ravenscraig under each option with the exception of Priority vi where the Counterfactual is assessed as having a moderate negative impact through development taking place without any improvements in infrastructure.

**Table 2.6 Qualitative Benefits and Dis-Benefits**

Benefit / Dis-Benefit <i>Description</i>	Assessment		
	Counter-factual	Option 1. Full Scheme	Option 2. South Only
Place attractiveness and competitiveness  <i>Increasing through public commitment to, and delivery of infrastructure – arising during implementation 2022-2025</i>	xxx	✓✓✓	✓✓
Supporting existing economic activity  <i>Maintaining or disrupting activity during implementation – arising during 2022-2025 through purchase, relocations and loss of existing businesses occupying land required for construction or through impact of works on traffic volumes, congestion, access to remaining services, facilities and businesses for local customers and communities</i>	✓✓✓	xx	x
<i>Increasing competition and potential displacement in demand for housing and business space for developers of other sites – arising from 2025 -2045 as land is released for development</i>	✓✓✓	xx	x
Connectivity across and through North Lanarkshire  <i>Providing new opportunities for pan-Lanarkshire private and public transport and improving access to regional facilities and social infrastructure – arising from 2025 following completion of works</i>	xx	✓✓✓	✓
<i>Maintaining or disrupting existing journeys during implementation – arising during implementation 2022-2025</i>	✓✓✓	xx	x
<i>Supporting a shift to active travel modes – arising following completion 2025</i>	0	✓✓✓	✓✓

2.5.11 The scores above reflect the extent of the impacts of the implementing or of completing the project under each option with, for example, greater disruption being experienced as a result of a greater extent of works. All of these are a **Direct** result of the project.

- 2.5.12 Whilst identified as a potential dis-benefit, the potential negative impact of an increase in competition for developers of others sites should be offset by a region-wide need for additional housing that is not being met, along with gaps in the market for good quality business space, and increased local demand for retail and other services as a result of the development.
- 2.5.13 Potential dis-benefits for the environment arising from the loss brownfield land and natural habitat for flora and fauna, potential pollution arising from construction, increased demand for energy through household utility consumption, and additional waste to landfill arising from construction activity are considered in the Sustainability Case at 5.7. In developing the *Revised Masterplan* and the subsequent detailed proposals the Project is subject to screening and scoping of the proposals under the Town and Country Planning (Environmental Impact Assessment) (Scotland) Regulations 2017 with actions to mitigate the potentially adverse environmental impacts incorporated into the *Revised Masterplan* and the detailed proposals.
- 2.5.14 In considering both capital and operational impacts, the *EIA* includes an assessment of the increase in revenue costs associated with the staffing, management and maintenance of the completed infrastructure and other publicly operated assets e.g. schools and leisure facilities.
- 2.5.15 This, and opportunity cost through the loss of potential to invest capital and revenue in alternative actions in the future.
- 2.5.16 It should be noted that in the first analysis above all qualitative benefits and dis-benefits are identified equally and without any weighting. The benefits and dis-benefits arising in the near term from the development, such as disruption during construction works, are more limited in duration than those future positive socio-economic benefits for the existing and new community at Ravenscraig. However this does not negate that these shorter term impacts will be significant and will require careful planning and engagement with communities and businesses to limit impact.

#### **Measurement, Monitoring and Evaluation**

- 2.5.17 The Project Benefits Realisation Profile is provided at Table 2.7. This summarises the quantitative benefits for the project in accordance with the Programme Management Toolkit. These indicators will be used to measure, monitor and evaluate the delivery and success of the Project. Benefit Tracking Templates are provided in Appendix 13.
- 2.5.18 The monitoring of these is considered in the Management Case [under section 5.7](#).

**Table 2.7 Benefits Realisation**

Description of benefit (outcome or output) to be achieved		Quantity to be achieved during project life cycle	Date when output or outcome will be achieved	Quantity to be achieved by:			Assumptions
				May 2024 (Gateway 2)	May 2029 (Gateway 3)	May 2034 (Gateway 4)	
<b>Direct Project Outputs</b>							
B1	Strategic road infrastructure with active travel routes						
	Road created (km) – new roads	1.6	2025	-	1.6	1.6	Assumes regulatory and statutory approvals in place and CPO completed to programme
	Road enhanced (km) – dualling of A723 Airbles Road	3.6	2025	-	3.6	3.6	
	Cycleway created (km) – new cycle/footway	5.7	2025	-	5.7	5.7	
Footway enhanced (km)	2.4	2025	-	2.4	2.4		
B2	Construction jobs (PYE) (city region)	620	2025	-	620	620	
<b>Follow-on Outcomes attributable to City Deal intervention</b>							
B3	New residential units	700	2034/35	-	300	700	Assumes build out rates and phasing as in the 2020 approved Ravenscraig Masterplan
B4	Commercial and industrial floorspace (SqM)	64,000	2034/35	-	23,000	64,000	
B5	Education (no. of schools)	1	2034/35	-	0	1	
B6	Construction jobs (PYE) - net direct (city region)	2,100	2034/35	-	1,100	2,100	
B7	Jobs (FTE) - net direct (city region)	260	2034/35	-	100	260	
B8	Private Sector Leverage (NPV)	167,000,000	2034/35	-	87,000,000	167,000,000	
B9	GVA (£) - net direct (city region)	156,000,000	2034/35	-	70,000,000	156,000,000	

## 2.6 Cost/Benefit Analysis

- 2.6.1 This section presents the summary costs (capital and revenue) and benefits (net additional GVA) that have been identified for each of the options. The analysis is presented in summary format for ease of understanding, with greater detail presented in each of the individual options at Section 2.5, and presented in the economic analysis at Appendix 12.
- 2.6.2 The costs have been developed by the Council working in collaboration with Ravenscraig Ltd as part of the assessment of viability as noted further under 3.1. In particular, costs for the northern and southern strategic infrastructure have been developed by the Council and its project and design teams, (and with Network Rail for the WCML crossing) and costs of plot/platform preparation, the associated local infrastructure and the residential and commercial development itself has been prepared by Ravenscraig Ltd and its large masterplanning technical team.
- 2.6.3 The benefits follow the process described at Section 2.2. The detailed analysis is contained within our Economic Model for Ravenscraig (Appendix 12) which draws together the costs and benefits for each option, presented as they are forecast to arise over a 25 year project development period. The out-turn cost-benefit flow is discounted at the HM Treasury Social Time Preference Rate of 3.5% over the 25 years.
- 2.6.4 The forecast costs and benefits generated by each option are summarised in Table 2.8.

**Table 2.8 Cost-Benefit of Options**

Option	Option 0. Counterfactual	Option 1. Full Scheme	Option 2. South only
Public Cap/Rev Costs (25 yrs)	£51m	£258m	£129m
Economic Benefit (net direct 25 yrs GVA City Deal)	£181m	£626m	£318m
Public cost-benefit flow	1 : 3.55	1 : 2.43	1 : 2.47

Note: Capital/ revenue costs and economic benefits are total annual estimated values over the period 2020 to 2045, discounted at 3.5% per annum.

Table 2.8 presents the net economic benefits to public costs (capital + revenue) for each of the three shortlisted options. The VfM of total economic costs is not presented as the appraisal does not include allowance for the income generated from the completed developments.

- 2.6.5 All options generate positive cost-benefit outcomes, with Option 1. Full Scheme generating the highest GVA benefit returns and, while substantially positive, the lowest BCR score of the three options.
- 2.6.6 The results of the cost-benefit analysis are presented in the following options appraisal section, and have been used to inform the selection of the preferred option.

## 2.7 Options Appraisal Results

- 2.7.1 The following presents the results of the options appraisal using a consistent and robust method that outlines SWOT factors, key risks, costs, benefits/dis-benefits and VfM scoring.

Table 2.9 Counterfactual

<b>Option 0 – Counterfactual – no intervention leading to development of Ravenscraig being limited to that which can be accommodated by the existing network</b>	
<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>Limited investment by the public sector via City Deal</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>Development of Ravenscraig remains constrained by the existing transport network without causing significant negative impact on existing communities and network users</li> <li>Economic benefit of the site is not realised</li> <li>Attractiveness of Ravenscraig for inward investment is fundamentally damaged risking further constraint on development</li> <li>Vacant &amp; Derelict Land remains undeveloped</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>City Deal funding could be re-allocated to other projects</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>Existing network will reach capacity</li> <li>Failure to meet demand for residential and commercial property - with demand met outwith the region</li> <li>Attractiveness of Motherwell and North Lanarkshire for inward investment is damaged</li> <li>NLC unable to fund in the future</li> </ul>
<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>Failure to meet housing demand through development in sustainable locations</li> <li>Failure to deliver wider modal shift through lack of active travel provision</li> <li>Road congestion in locality increases as initial phases developed and other smaller infill sites developed</li> <li>Reputational risk to NLC and region in commitment to development of Vacant &amp; Derelict Land</li> <li>Future private development focused on greenfield and green belt land</li> </ul>	
<p><b>Qualitative contribution to priorities, benefits and dis-benefits</b></p> <ul style="list-style-type: none"> <li>Regional Inclusive Growth Priorities                             <ul style="list-style-type: none"> <li>iv - Increasing ... sustainable jobs across the Region : ✓</li> <li>v - Reducing the level of vacant and derelict land ... : ✓</li> <li>vi - Improving access ... : xx</li> <li>vii - Ensuring the availability ... of housing .. : ✓</li> </ul> </li> <li>Benefits/Dis-benefits                             <ul style="list-style-type: none"> <li>Place attractiveness &amp; competitiveness : xxx</li> <li>Supporting existing economic activity : ✓✓✓</li> <li>Increased competition and potential displacement : ✓✓✓</li> <li>Connectivity – pan-Lanarkshire movement : xx</li> <li>Connectivity – disruption : ✓✓✓</li> <li>Connectivity – modal shift : 0</li> </ul> </li> </ul> <p style="text-align: right; margin-right: 50px;"><b>Net score : 5/30</b></p>	



**Option 0 – Counterfactual – no intervention leading to development of Ravenscraig being limited to that which can be accommodated by the existing network**

**Summary:**

The counterfactual ('do nothing') option performs poorly due to constraints that remain on existing transport infrastructure leading to development at Ravenscraig ceasing by 2028 in order that significant negative impacts on the wider network and existing communities are prevented.

This option leads to significant damage to the attractiveness and competitiveness of Ravenscraig and North Lanarkshire as a place for investment and demonstrates a fundamental lack of commitment to the development of vacant and derelict land in the region.

**Table 2.10 Option 1 Full scheme**

<b>Option 1 Full scheme (northern and southern infrastructure) delivered by 2025</b>	
<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Provides strategic infrastructure required to release full development at Ravenscraig</li> <li>• Provides infrastructure supporting modal shift to active travel</li> <li>• Significantly increases attractiveness and ability to attract investment in development at Ravenscraig and in the locale</li> <li>• Supports wider connectivity and movement in North Lanarkshire and the region</li> <li>• Vacant &amp; Derelict land is released for development</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Significantly higher level of City Deal investment is required</li> <li>• Significant investment is required from North Lanarkshire Council</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Enables delivery of optimal infrastructure with economies of scale limiting duration of impacts of implementation</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Lower than forecast development of plots within Ravenscraig leads to delay in benefits being realised</li> </ul>
<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>• Development of plots at Ravenscraig does not follow the investment in strategic infrastructure due to other market failure</li> </ul>	
<p><b>Qualitative contribution to priorities, benefits and dis-benefits</b></p> <ul style="list-style-type: none"> <li>• Regional Inclusive Growth Priorities <ul style="list-style-type: none"> <li>○ iv - Increasing ... sustainable jobs across the Region : ✓✓✓</li> <li>○ v - Reducing the level of vacant and derelict land ... : ✓✓✓</li> <li>○ vi - Improving access ... : ✓✓✓</li> <li>○ vii - Ensuring the availability ... of housing .. : ✓✓✓</li> </ul> </li> <li>• Benefits/Dis-benefits <ul style="list-style-type: none"> <li>○ Place attractiveness &amp; competitiveness : ✓✓✓</li> <li>○ Supporting existing economic activity : ✗✗</li> <li>○ Increased competition and potential displacement : ✗✗</li> <li>○ Connectivity – pan-Lanarkshire movement : ✓✓✓</li> <li>○ Connectivity – disruption : ✗✗</li> <li>○ Connectivity – modal shift : ✓✓✓</li> </ul> </li> </ul> <p style="text-align: right;"><b>Net score : 15/30</b></p>	

**Option 1 Full scheme (northern and southern infrastructure) delivered by 2025**

**Summary:**

The option to implement the full scheme delivering both northern and southern strategic road infrastructure releases the greatest degree of development at Ravenscraig and makes the greatest contribution to Regional Inclusive Growth Priorities. The benefits of implementation outweigh the dis-benefits arising from disruption to the transport network during works and the displacement of existing businesses.

This option does come at considerable cost to North Lanarkshire, requiring some £65.3 million of funding from the Council, at a contribution rate of 51%, significantly in excess of that conventionally sought under City Deal however this investment is considered essential if the damage to the attractiveness and competitiveness and ability to attract inward investment is to be avoided.

**Table 2.11 Option 2 Southern Infrastructure Only**

<b>Option 2 Southern infrastructure only delivered by 2025</b>	
<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Lesser investment by the public sector under City Deal</li> <li>• Lesser investment by North Lanarkshire Council (reducing to the 14% contribution rate)</li> <li>• Partial development released at Ravenscraig</li> <li>• Provides partial infrastructure supporting modal shift to active travel</li> <li>• Supports wider connectivity and movement in North Lanarkshire and the region</li> <li>• Some Vacant &amp; Derelict land is released for development</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Development of Ravenscraig remains constrained in the near future without causing significant negative impact on existing communities and network users</li> <li>• Full economic benefit of the site cannot be realised</li> <li>• Attractiveness of Ravenscraig for inward investment is damaged in part through a failure to demonstrate commitment required</li> <li>• Some Vacant &amp; Derelict Land remains undeveloped</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• City Deal funds could be re-allocated to other projects</li> <li>• North Lanarkshire Council funds could be re-allocated to other projects</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Lower than forecast development of plots within Ravenscraig leads to delay in benefits being realised</li> <li>• Existing network will reach capacity</li> <li>• Failure to meet demand for residential and commercial property - with demand met outwith the region</li> <li>• NLC unable to fund remaining northern infrastructure in the future</li> </ul>
<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>• Development of plots released in part of Ravenscraig does not follow the investment in strategic infrastructure due to other market failure</li> <li>• Failure to meet housing demand through development in sustainable locations</li> <li>• Failure to deliver wider modal shift through lack of active travel provision</li> <li>• Reputational risk to NLC and region in commitment to development of Vacant &amp; Derelict Land</li> <li>• Future private development focused on greenfield and green belt land</li> </ul>	

<b>Option 2 Southern infrastructure only delivered by 2025</b>	
<b>Qualitative contribution to priorities, benefits and dis-benefits</b>	
<ul style="list-style-type: none"> <li>• Regional Inclusive Growth Priorities               <ul style="list-style-type: none"> <li>○ iv - Increasing ... sustainable jobs across the Region : ✓✓</li> <li>○ v - Reducing the level of vacant and derelict land ... : ✓✓</li> <li>○ vi - Improving access ... : ✓✓</li> <li>○ vii - Ensuring the availability ... of housing .. : ✓✓</li> </ul> </li> <li>• Benefits/Dis-benefits               <ul style="list-style-type: none"> <li>○ Place attractiveness &amp; competitiveness : ✓✓</li> <li>○ Supporting existing economic activity : ✗</li> <li>○ Increased competition and potential displacement : ✗</li> <li>○ Connectivity – pan-Lanarkshire movement : ✓</li> <li>○ Connectivity – disruption : ✗</li> <li>○ Connectivity – modal shift : ✓✓</li> </ul> </li> </ul>	<b>Net score : 10/30</b>
<b>Summary:</b>	
<p>The option to implement the southern strategic infrastructure only releases the next phases of development and is able to make some contribution to Regional Inclusive Growth. The benefits of implementation whilst diminished from Option 1 still outweigh the dis-benefits arising from disruption to the transport network during works and the displacement of existing businesses owing to the schemes lesser size and impact.</p> <p>This option provides the ability for North Lanarkshire to reduce its contribution to the conventional requirement of 14% in line with other Member Authorities enabling it to better support other projects in North Lanarkshire. However the lesser scheme and the constraints on development caused by the negative impact on the wider network and communities, is considered lessen the attractiveness and competitiveness and ability to attract inward investment compared to the full scheme owing to its short term impact.</p>	

## 2.8 Preferred Option

2.8.1 In identifying the preferred option the extent to which the three short-listed options perform against the qualitative objectives, priorities and the extent which benefits and dis-arise, is considered alongside the outcome of the assessment of the physical, financial and economic performance of the options. This is presented in table 2.12.

**Table 2.12 Summary of options appraisal results**

Option	Option 0. Counterfactual	Option 1. Full Scheme	Option 2. South only
<b>Qualitative Assessment</b>			
Regional Inclusive Growth Priorities	✓ - 3 x - 2	✓ - 12 x - 0	✓ - 8 x - 0
Benefits/Dis-benefits	✓ - 9 x - 5	✓ - 9 x - 6	✓ - 5 x - 3
<b>Net</b>	<b>5</b>	<b>15</b>	<b>10</b>
<b>Quantitative Assessment</b>			
Total New Residential Units Delivered	400	2,900	1,200
Total New Commercial Floorspace Delivered (SqM)	2,000	60,000	29,000
Total New Industrial Floorspace Delivered (SqM)	45,000	106,000	30,000
New Schools Delivered	1	2	1
Net Direct Construction PYEs (GCR)	1,400	6,600	2,400
Net Direct Operational FTEs (GCR)	170	770	320
Total Private Sector Investment (Discounted)	£108	£499m	£203m
City Deal Infra Costs (Discounted)	£0	£100m	£59m
Total Public Sector Capital & Revenue Funds (Discounted)	£51m	£258m	£129m
Total Public/ Private Capital Investment (Discounted)	£130m	£711m	£301m
Total Net Direct Benefits – GVA (Discounted GCR)	£181m	£626m	£318m

Note: All results rounded, Benefits presented as direct, financial as discounted net direct totals over 25 year flow

2.8.2 Option 1. Full Scheme delivers maximum impact against the qualitative assessment. This is clear without any greater weighting being given to longer term impacts. The application of which would significantly increase its score.

2.8.3 Option 1. Full Scheme is identified as the preferred approach as it secures the most efficient level of City Deal investment to meet current and forecast market demand and brings forward completion of the full Ravenscraig site to peak development capacity. While Option 1. Full Scheme is the most expensive to the public sector it delivers substantial additional economic value alongside a wide range of other non-quantifiable economic, social, environmental and community benefits across the City Region and beyond.

- 2.8.4 Option 1. Full Scheme removes the identified infrastructure constraints that enable the full potential of a major brownfield site, delivering modern new homes, schools, education and business premises that are serviced with high quality infrastructure. While this option has higher capital and revenue costs for the public sector it delivers the highest level of net additional GVA, creating substantial new employment and training positions across a wide range of industry sectors.
- 2.8.5 Option 1. Full Scheme delivers economies of scale for the public sector – in the absence of City Deal the full range of constraints will remain at Ravenscraig but there is no viable alternative funder. The JV development partners, NLC/ SE/ Wilson Bowden supported by Scottish Government, will revert to the counterfactual option which whilst lower cost only delivers a fraction of the potential economic value from Ravenscraig. Future investment to release the remainder of the site will likely be piecemeal as funding opportunities arise for individual smaller site elements and will, therefore, come at a total higher cost to achieve full completion.
- 2.8.6 Option 1. Full Scheme is therefore identified as the preferred option. It addresses all of the project objectives to the greatest extent and enables the full potential of the Ravenscraig site to be realised through a co-ordinated approach based on the minimum public sector contribution required to deliver maximum economic and social return.
- 2.8.7 In taking forward the appraisal in the remainder of this Economic Case chapter, **Option 1. Full Scheme has been adopted as the preferred option**, and compared it against the counterfactual where appropriate.

**Table 2.13 Economic Benefits – Preferred Option vs Counterfactual**

Indicator	Forecast	2024	2029	2035	Target Date Completion
<b>Residential units</b>					
Counterfactual	400	200	400	400	2032
Net Additional	2,500	-	500	1,400	2044
<b>Commercial Floorspace</b>					
Counterfactual	47,000	24,000	24,000	47,000	2032
Net Additional	166,000	-	35,000	119,000	2044
<b>Private sector investment</b>					
Counterfactual	£108m	£72m	£92m	£108m	2032
Net Additional	£390m	-	£134m	£326m	2044
<b>Net construction PYEs (all activity)</b>					
Counterfactual (Net Direct)	1,400	600	1,200	1,400	2032
Net Additional	5,200	400	1,600	4,200	2044
<b>Net operational FTEs (all sectors)</b>					
Counterfactual (Net Direct)	170	100	140	170	2032
Net Additional	600	-	130	490	2044
<b>Discounted Net Additional GVA</b>					
Counterfactual (Net Direct)	£181m	£47m	£96m	£136m	2032
Net Additional	£445m	£22m	£87m	£268m	2044

Note: All results rounded, Benefits presented as net additional, financial as discounted net additional totals over 25 year flow at GCR

2.8.8 Table 2.13 presents analysis of benefits over a 25 year period, comparing the Full Scheme and counterfactual options. The baseline values for all indicators is assumed to be zero as impacts are entirely generated by the proposed development. Results are also presented at the forthcoming City Deal Gateway dates – 2024, 2029 and 2035.

2.8.9 The net additional impacts equate to the net direct impact of Option 1. Full Scheme less the net direct impact of the counterfactual option. Results are therefore truly net additional i.e. will not arise in the absence of City Deal and other public sector funding. The analysis clearly demonstrates the additional economic value that will be generated by bringing forward the City Deal funded infrastructure works, releasing substantial private sector investment at Ravenscraig over the next 25 years.

## 2.9 Sensitivity and Risk Profile

2.9.1 The employment generating elements of the Ravenscraig development relate to infrastructure delivery, off-site household expenditure and on-site property development and occupation. These elements have been subject to economic impact appraisal, using the additionality factors presented at Section 2.4. Using the net additional impacts that are forecast sensitivity analysis has been undertaken, as presented in Table 2.14 showing the impact plus/minus 20% and a worst case scenario where only two-thirds of the expected outputs are achieved.

**Table 2.14 Sensitivity Analysis (Option 1. Full Scheme net additional results)**

Construction		Masterplan Net Additional	Sensitivity		Worst Case
			Net -20%	Net +20%	Net -33%
GCRC	Jobs	5,200	4,200	6,300	3,500
	GVA	£217m	£174m	£43m	146m
Scotland	Jobs	7,200	5,800	8,700	4,900
	GVA	£328m	£262m	£66m	£220m
Operational		Masterplan Net Additional	Sensitivity		Worst Case
			Net -20%	Net +20%	Net -33%
GCRC	Jobs	600	500	700	400
	GVA	£229m	£183m	£46m	£153m
Scotland	Jobs	500	400	600	300
	GVA	£191m	£152m	£38m	£128m

Note: All results rounded, benefits presented as net additional, financial as discounted net additional over 25 year flow

2.9.2 Given the mixed development nature of the project proposal and the range of activities that make up the development impacts adopted an informed, but arbitrary, view of the upper/ lower range for sensitivity has been adopted. The range adopted reflects our views on the overall level of risk for the full project made up of the individual elements i.e. construction is dependent on continued developer/ occupier interest and household consumption patterns will determine if and where impacts are achieved.



- 2.9.3 The analysis in Table 2.14 confirms that even at the worst case (-33%) the net additional GVA generated from the operation and construction activity remains substantial at both City Region and Scotland levels. At the lowest level of impact (CD) the combined total GVA for operational and construction GVA is £299m, more than offsetting the City Deal input of £99.7m NPV and the total public sector input (capex and revenue) of £258.5m (NPV).
- 2.9.4 For the two spatial levels, the Return on Investment for total public sector capital and revenue costs (discounted costs against total net additional discounted benefits) for the Masterplan is:
- City Deal: 1.72 (£258.5m costs to £445.8m GVA)
  - Scotland: 2.01 (£258.5m costs to £518.5m GVA)
- 2.9.5 As noted earlier at 2.5.4, recognising that the Project and the GCRCD investment is part of a wider and large development project, the benefits arising from the development from the GCRCD investment have been quantified relative to the proportion of the total public sector investment made in the development of Ravenscraig that the GCRCD project comprises. Thus 38.56% of benefits arising from the follow on development are attributed to GCRCD for the purposes of monitoring and evaluation and for the consideration of the Return on Investment for the City Deal.
- 2.9.6 For the two spatial levels, the Return on Investment for City Deal (discounted costs against total net additional discounted benefits) for the Masterplan is:
- City Deal: 1.72 (£99.7m costs to £171.9m GVA)
  - Scotland: 2.01 (£99.7m costs to £199.9m GVA)
- 2.9.7 Consideration was given to the need for 'Switching Values' analysis but is not considered to be necessary for the Ravenscraig OBC. The project has been subject to substantial scrutiny and development impact appraisal with confirmed public sector commitment over many years. It involves fairly standard development activity (infrastructure, residential and commercial floorspace) and therefore low level optimism bias on cost uplift; there is an established public private JV delivery structure and hence some control over activity; economic assumptions are robust; and value for money ratios are positive.

### **Economic Risks, Constraints and Dependencies**

- 2.9.8 Economic risks, constraints and dependencies have been incorporated into the overall project Risk Register (see Appendix 6) and include market demand, state aid issues, cost management and funding. Each of these has the potential to influence the economic outcomes that are forecast for Ravenscraig, either by impact on the financial viability of the project or by delaying the time to completion.
- 2.9.9 The major economic risk is that the follow on development and investment by housebuilders and commercial property developers occurs at either a lesser rate or to a lesser degree. The sensitivity analysis above has considered an overall impact of a loss of GVA arising.
- 2.9.10 In view of the level of demand for new houses, the proven success of sales rates for completed homes at Ravenscraig and other similar sites and the provision of high quality enabling infrastructure (education, roads, transport via City Deal investment), this risk is deemed to be very low.

- 2.9.11 The other major economic risk relates to relates to the capacity within the construction industry to undertake the works at Ravenscraig without adversely impacting on activity elsewhere - the potential negative effects of this have been incorporated into our economic analysis (displacement) but are not expected to be a major constraint on the development at Ravenscraig or the completion of the project.
- 2.9.12 By monitoring the project's progress overall (release of development land and completion of residential and commercial development) and the individual City Deal funded project elements in detail there is a robust processes to identify any deviation from the expected outcomes at the earliest opportunity and to undertake mitigating actions, where possible.

### **Optimism Bias**

- 2.9.13 Optimism bias had been applied to the costs of implementation and at a level appropriate to each element of costs, which is reflective of both the stage of development of proposals, the level of fixedness in cost estimates, and the complexity of the element.
- 2.9.14 For example the optimism bias applied to the cost of the road works comprising largely standard civil engineering works is commensurate to that provided in Transport Scotland guidance and is set at 3% for the northern infrastructure where detailed planning has been secured and designs have been further developed, and at 20% for the southern infrastructure where Planning Permission in Principle has been secured and detailed concepts have been developed. For the WCML crossing, and in line with Network Rail GRIP guidance, optimism bias is set at 14% as being at end of GRIP 3.
- 2.9.15 The optimism bias is distinct from contingency allowed for alongside the estimates of the cost of works.
- 2.9.16 Optimism bias in the analysis of forecast benefits has been considered within the sensitivity analysis above.

### **Wider Impacts**

- 2.9.17 Wider impacts of the project have been considered in the assessment of the options as above.
- 2.9.18 There is a strong and clear case for public sector intervention arising from the market described and rationale set out earlier. There are no further issues around competition arising from the Project and the potential for State Aid has been considered and the Project is deemed compliant (see section 5.5).
- 2.9.19 The extensive masterplan and formal planning process involved in developing and approving the *Revised Masterplan*, the Councils Local Development Plan and the NPF, has considered the sustainability of development in a broader context and in the specific proposals for the development of Ravenscraig.
- 2.9.20 There are no forecast or perceived regulatory impacts arising from the Project.

**Preferred Option**

- 2.9.21 This Economic Case presents analysis of the alternative options and selects the Masterplan approach as the preferred intervention, further tested for sensitivity, optimism bias and economic risk.
- 2.9.22 Based on the results of the analysis, it is confirmed that Option 1. Full Scheme enabling full development of the Ravenscraig site over 25 years remains the preferred intervention.
- 2.9.23 This option is now taken forward in the remainder of this OBC and is further tested in the Commercial, Financial and Management Case chapters.

### 3 COMMERCIAL CASE

#### 3.1 Commercial Aspects

##### Addressing the needs of the project, the partners, and the City Deal

- 3.1.1 As described under 2.2, specifically in respect of the physical interventions proposed, the preferred option has been identified through the development of the *Revised Masterplan* by Ravenscraig Ltd in consultation with the Council, and its subsequent assessment and approval by the Council in consultation with delivery and operational partners including Transport Scotland and SPT. The specific technical aspects of the WCML crossing have been developed and tested in partnership with Network Rail.
- 3.1.2 Moreover the nature of the interventions has been tested further by the Council to ensure the fitness of the proposals for North Lanarkshire and wider development and growth anticipated to occur and to make use of the new infrastructure.
- 3.1.3 The preferred option to deliver the full scope including both northern strategic infrastructure, providing connections to the M8, and southern strategic infrastructure providing connections to Motherwell and the M74, meets all of the strategic objectives of the project in providing the infrastructure:
- required to unlock the full development potential within the national development priority, Ravenscraig;
  - to support a shift to active travel modes both locally and in providing longer routes cross North Lanarkshire;
  - required to improve connectivity across the area including to regional facilities and improve sub-regional strategic connections; and
  - required to enable the redevelopment and bringing back into use Vacant & Derelict Land.
- 3.1.4 The key stakeholders and partners for the project and how the preferred option addresses their needs is consider in table 3.1 below.

**Table 3.1 Needs of Partners and Stakeholders**

Partner/stakeholder	Addressing need
Existing residents and occupiers of Ravenscraig and the surrounding communities	Provides new physical infrastructure improving access to facilities and amenities within and outwith Ravenscraig, and provides infrastructure with appropriate capacity to mitigate negative future transports impacts of greater traffic volumes
Future occupiers of Ravenscraig	Provides new physical infrastructure improving access to facilities and amenities within and outwith Ravenscraig
North Lanarkshire Council	Provides new physical infrastructure required to release development and economic potential at Ravenscraig and to mitigate impact on existing road network. Increases place attractiveness and competitiveness aiding ability to attract inward investment.

Partner/stakeholder	Addressing need
Ravenscraig Ltd	Provides new physical infrastructure required to release development. Supports ability to market future plots and attract developers and investors, provides opportunity for values to reflect future condition post-infrastructure and not the current conditions of a constrained, landlocked site.
Network Rail	Accommodates the approved option for the WCML crossing and provides an opportunity for Network Rail to consider removing an existing liability of an unused underbridge in the vicinity of the new WCML crossing.
SPT	Provides the physical infrastructure required to provide future public transport links to and through Ravenscraig and, as part of the transport strategy, assisting the development of new homes and businesses that will support the operation of new services.
Scottish Government	Provides new physical infrastructure required to release development and economic potential of a National Priority. Increases place attractiveness and competitiveness aiding ability to attract inward investment and demonstrates commitment to develop Vacant & Deflect Land.
Developers and housebuilders	Provides new physical infrastructure required to release development at Ravenscraig, and confidence to developers to commence and continue housebuilding and commercial development.

### Funding options

- 3.1.5 As described earlier in the Strategic Case, the nature of the infrastructure required: its scale, its public ownership without associated chargeable income, and the land required; lead to clear market failure and necessitate public intervention in delivery.
- 3.1.6 In identifying the need for public intervention in funding, the options appraisal has considered options for both public and private funding in two stages:
- Firstly, the ability of the site and the development itself to bear, or contribute significantly to, the cost of the strategic infrastructure; and
  - Secondly, the appropriate form of public funding.

### Private vs public funding

- 3.1.7 In considering the first of these, the ability of the development to bear the cost, as described earlier in the Strategic Case, two conventional approaches have been considered:
- With the infrastructure developed in a piecemeal fashion and over time as individual developments progress and contributions are provided by developers – included as *Option 3. Privately funded from development*; and
  - With the infrastructure developed in a consolidated programme of enabling works funded upfront by the public sector with later recovery of costs, or repayment of debt, by those

developer contributions – included as *Option 4. Publically funded repaid by development receipts.*

- 3.1.8 In determining the level of support required for the project now the Council in partnership with Ravenscraig Ltd have assessed the viability of Ravenscraig in its entirety, identifying the level of support required across all facets of the development. This is discussed further under Follow On Investment at 3.1.25 below.
- 3.1.9 Whilst this appraisal provides that the development will bear the costs more typically encountered and those associated with Section 75 agreements: in this case, providing local transport infrastructure, financial support to public transport (bus) services, and financial contributions and remediated land for the provision of new schools; it is clear that it is unable to bear any portion of the cost of the strategic infrastructure.
- 3.1.10 That the development is unable to bear the cost of the strategic infrastructure is nothing new. As noted, this was recognised previously by the development of a TIF business case in 2011 to provide some public £73 million of funding for this strategic infrastructure.
- 3.1.11 This viability gap has led to **options 3 and 4 being discounted.**
- 3.1.12 In the event that the viability gap were lesser, option 3 is further discounted by the nature of the infrastructure required i.e. its scale and inability to be delivered in such a piecemeal manner as may suit developer contributions. Option 4 is further discounted by the scale of the consolidated programme of works were it proposed that the Council forward fund these works without some form of underwriting by the Government of the future developer contributions to mitigate the otherwise intolerable financial risk.

#### **What public funding**

- 3.1.13 In considering how or what form of public funding may be provided for the infrastructure, the options appraisal has considered:
- Funding through City Deal with North Lanarkshire Council providing additional Member Authority contributions beyond the required 14% - included as *Option 1. City Deal with NLC at 51% capital funds;*
  - Funding through City Deal with North Lanarkshire Council providing conventional Member Authority contributions at 14% and with other public funding identified to cover the remaining gap – included as *Option 2. City Deal with NLC at 14% capital funds & other grant;* and
  - Funding through public borrowing (presumed to be by the Council) and repaid by future tax revenue – included as *Option 5. Publically funded repaid by tax revenue.*
- 3.1.14 The TIF proposal developed in 2011 was founded on the level of commercial activity proposed in the original masterplan. As discussed in the Strategic Case, following completion of the first phase of masterplan which included significant public support for the first parts of the strategic infrastructure, the site has seen changing economic circumstances, a significant downturn and subsequent changes in lifestyle shopping patterns which led to the loss of the commercial interest to deliver the new town centre on the scale originally proposed.
- 3.1.15 This change and the development of the resulting *Revised Masterplan* led to the basis of the TIF falling. This remains the case and accordingly **option 5 has been discounted.**



- 3.1.16 The Council and Ravenscraig Ltd have been in discussion with Scottish Government, Scottish Enterprise and the Scottish Futures Trust throughout the preparation of this Business Case. These discussions have considered all existing funding programmes and mechanisms including:
- Housing Infrastructure Fund - insufficient funds available as grant from current programme
  - Vacant & Derelict Land Fund - current funding levels are too small in any one year and future arrangements are uncertain
  - Building Scotland Fund - funds are largely available as loans which does not address the gap
  - Growth Accelerator Model or similar – discounted by Scottish Futures Trust as not appropriate owing to scheme composition
- 3.1.17 To date there have been no funds identified in the short to medium term that would appropriately support the costs of the strategic infrastructure or which did not rely on recovery from the development itself.
- 3.1.18 Looking beyond Scotland, the withdrawal from the EU has led to the loss of opportunities as might have been considered such as Joint European Support for Sustainable Investment in City Area (“JESSICA”) or other European Regional Development Funds (“ERDF”).
- 3.1.19 It has been considered that for *Option 2. City Deal with NLC at 14% capital funds & other grant*, the City Deal may be able to provide the additional 37% grant required. However in agreeing the realignment of the Council’s programme in 2018 and the revised *SBC* providing for the inclusion of the strategic infrastructure, it was made clear that no further funds were available at that time beyond those originally identified for North Lanarkshire. The Council will continue to explore, with City Deal, the potential to reduce the Council’s additional 37% contribution should the availability of City Deal funding change due to delay or failure of other projects.
- 3.1.20 Accordingly, with no other appropriate sources of grant identified, **option 2 has been discounted**.
- 3.1.21 In recommending *Option 1. City Deal with NLC at 51% capital funds* and committing to providing some £47 million of capital funding beyond that which a Member Authority would be expected to contribute in a conventional project under City Deal, the Council has considered the impacts of failing to address the market failure and the barriers to development. Being:
- the development of Ravenscraig severely constrained and coming to a standstill in the next few years with substantial parts of the site remaining undeveloped unless the development were allowed to progress with significant negative impact on existing communities and activity as the transport network is overwhelmed;
  - pressure to meet housing and commercial demand elsewhere in North Lanarkshire and the region including allowing development on greenfield sites and on land within the green belt;
  - failure to meet demand for residential and commercial property with the demand and economic benefit being met outwith the region; and
  - significant impacts of a failure to develop Ravenscraig on place attractiveness and competitiveness and the ability to attract inward investment to North Lanarkshire and the region.

- 3.1.22 The Council has accordingly made and approved provision for the 51% funding contribution to this project in its capital programmes as a priority over a range of other growth and regeneration projects and **Option 1 is recommended**.
- 3.1.23 That failure would also result in the continued failure to regenerate one of Scotland's largest vacant and derelict post-industrial site is a further impact for Scotland.
- 3.1.24 A summary of the funding options and the reason for selection or rejection is given below.

**Table 3.2 Summary of Funding Options**

Funding option	Reason selected or discounted
Option 1. City Deal with NLC at 51% capital funds	Recommended as meeting objectives and overcoming market failures
Option 2. City Deal with NLC at 14% capital funds & other grant	No other funding has currently been identified as appropriate
Option 3. Privately funded from development	The development generates insufficient returns to fund strategic infrastructure owing to site conditions and size and costs of infrastructure required
Option 4. Publically funded repaid by development receipts	The development generates insufficient returns to fund strategic infrastructure owing to site conditions and size and of infrastructure and no Government underwriting available
Option 5. Publically funded repaid by tax revenue	Development does not provide commercial space that would generate sufficient tax revenue

**Follow On investment**

- 3.1.25 Whilst the immediate benefits arising from construction of the strategic infrastructure are directly delivered by the investment under City Deal, the success of Ravenscraig and the realisation of the long term benefits is reliant on the development and occupation of the residential and commercial property on the plots enabled by the strategic infrastructure.
- 3.1.26 In considering the funding options above, the Council in partnership with Ravenscraig Ltd have assessed the viability of Ravenscraig in its entirety, identifying the level of support required across all facets of the development. These figures have been included within the economic impact assessment. Some of the key figures are noted below.

**Table 3.3 Key figures from development viability appraisal**

Item	Current prices (excl inflation)
Total cost of development, of which:	£1,000 million
Strategic infrastructure	£113 million
Plot preparation and local infrastructure	£222 million
Housing and commercial development	£665 million
Total capital public sector funding, of which:	£286 million
Strategic infrastructure up to 2025	£113 million
Plot development up to 2045	£173 million

- 3.1.27 It is acknowledged that the appraisal makes many assumptions of site condition and costs, housing and commercial market and values, over a long period of development, some 25 years. As such the level of the support identified for the follow-on plot development is taken as an indication only at this time of the scale of support that is likely to be required. Such support has to date, been provided by existing conventional grant and funding programmes related to housing and commercial development and regeneration of vacant and derelict land, and is presumed to continue to be available as individual plots are brought forward over the 25 year development period.
- 3.1.28 These figures have been reviewed by Scottish Enterprise (as a partner of Ravenscraig Ltd) and the Scottish Futures Trust.
- 3.1.29 The need for the follow-on development and investment from the housing and commercial property developers and the public sector is identified as a key external dependency (Section 1.6) for the project. **This project aims to provide the strategic infrastructure required to enable development but the housing and commercial development itself is to be rightfully led by the private sector which remains market driven and subject to wider economic factors beyond the Council's control.**
- The Council will continue to work in partnership Ravenscraig Ltd, with Government and other agencies throughout the life of the development to identify and secure the investment required.
- This work includes reviewing the composition of the masterplan on an ongoing basis to ensure that opportunities to improve viability and reduce the dependency on public investment whether through considering alternative commercial and industrial uses for which there is a stronger market and which support higher land values (see also para 3.1.35 below) and in ensuring that the housing mix and typologies reflects changing demands. The consideration of the housing development includes the role the site may play in the Council's wider housing development programme.**
- The Council and Ravenscraig Ltd meet on a regular basis in a Development Steering Group which provides a regular forum, in addition to the ongoing detailed project discussions, to review and reflect on progress, discuss challenges and opportunities as they arise.**
- 3.1.30 In order that the value for money is appropriately considered, the economic impact appraisal has included the whole development and all support required.

### **Financial Structure of the Development**

- 3.1.31 Ravenscraig Ltd was formed in 2001 to take forward the redevelopment and regeneration of the former steelworks. The original agreement underpinning the public private partnership, of Tata Steel UK, Scottish Enterprise and Wilson Bowden Ltd, provided for the commercial positions of the shareholders, a legal framework for the management of the site and the commercial terms under which development would proceed with expectations and mechanisms for returns.
- 3.1.32 Alongside development of the new masterplan in 2018 and 2019, the shareholders entered a new agreement, agreeing to finance development on an equal basis and without the requirement to generate a development profit i.e. any profits (or net land receipts) generated by the development of any phase or part of the site will be retained within the development and reinvested to support the development of further phases.
- 3.1.33 It is on this not-for-profit basis that development will proceed and on which the viability appraisal has been undertaken. This not-for-profit structure and the associated open book approach ensures that, should market conditions improve and the development outperform expectations, any receipts generated from the development will reduce the call on future public funding.
- 3.1.34 In proposing to deliver the strategic infrastructure, the Council and Ravenscraig Ltd have entered an Infrastructure Agreement which provides a structure for partnership working and committing Ravenscraig Ltd to development subject to viability and to the Council to delivering the major road infrastructure, providing the requirement for the parties to consider some manner of capturing future value for the Council's investments through a future value mechanism. A summary of the terms of the Agreement is provided at Appendix 14.

### **Commercial demand**

- 3.1.35 The property market remains healthy in the locale and there is a good demand for residential and commercial property developed on the site and which commands prices and values commensurate and often exceeding those in the surrounding market. Ravenscraig Ltd receive market intelligence for residential and commercial development at regular intervals.

The development of housing at Ravenscraig is led by private developers. Barratts PLC as the parent of Ravenscraig Ltd JV partner Wilson Bowden, has an option to acquire land for development from Ravenscraig Ltd. Any acquisitions are at market value and are tested commercially. To date much of the land has been acquired and developed by other housebuilders including Taylor Wimpey and Keepmoat.

Residential development has continued throughout at a steady pace since the phase 1 infrastructure works and interest from developers and purchasers remains high however the development is nearing the limit of the existing transport infrastructure as described in the counterfactual (see Table 2.12).

Intelligence on the commercial development is provided to Ravenscraig Ltd by Ryden – independent commercial property agents.

A key driver in the preparation of the Revised Masterplan was the market response following 2008 to the proposed significant retail and leisure development – a key component of the original masterplan. The move away from a “Destination Retail Centre” of circa 1,000,000 sq.ft to around a third of this for more local town focussed retail activity was a key part of this.

**Payments for contractors etc. incl ref to Network Rail DSA and Implementation agreements**

- 3.1.36 All City Deal and NLC funded works and services will be procured by NLC in accordance with applicable Procurement Regulations and Legislation and NLC Contract Standing Orders. Payments to contractors for the delivery of the works will be made in line with contract arrangements and conditions, and in accordance with monthly valuations certified by the appointed Quantity Surveyor.
- 3.1.37 No advance payments will be made for any aspects of the works or services contracts awarded for the Project. Advance payments may however be made to utility providers for identified advance service diversion requirements, in line with standard practice between local authorities and utility providers. Payments to external consultants will also be made in line with contract arrangements and relevant conditions of contract, linked to the completion of key work stages and tasks.
- 3.1.38 As noted earlier and discussed further under Procurement Strategy, the project involves the Council commissioning Network Rail to develop detailed proposals for, and to later deliver, the WCML crossing. The development of proposals has taken place under a Development Services Agreement, which provides for design development services, including commissioning by Network Rail of their framework contractors and suppliers, BAM Nuttall Limited and Arup. The delivery of the works will take place under an Implementation Agreement, with an associated agreement for the Council to contribute to the costs of future maintenance.
- 3.1.39 Both of these agreements follow national standard templates developed by Network Rail across Scotland and the UK and provide for the manner of provision of the services or works and the associated payment processes.

## 3.2 Procurement Strategy

- 3.2.1 Consideration of the form of implementation and the approach to procurement has been carried out through the preparation of a preliminary Sourcing Methodology. The key principles and structure of procurement have been agreed and will be finalised following approval of the OBC and once further market testing is carried out as noted below.
- 3.2.2 All works will be procured by NLC in accordance with applicable Procurement Regulations and Legislation, NLC Contract Standing Orders and the City Deal Procurement Strategy.
- 3.2.3 Development of the procurement strategy has considered the facets noted below, against which a brief commentary regarding the issues considered and recommended option is given.

- **Scope of works required including any specialist works:**

The proposed works comprise:

- **Northern strategic infrastructure** providing connections to the M8
  - Dualling of the existing A723 from Ravenscraig to the M8
- **Southern strategic infrastructure** providing connections to Motherwell and the M74
  - Upgrading of the Hamilton Road/Airbles Road junction including completing the dualling of Airbles Road
  - New signalised roundabout at Airbles Road/Windmillhill Street to provide the dual carriageway to Ravenscraig; and
  - Crossing of the WCML and dual carriageway.

Of these works, the majority fall within the category of roads and/or standard civil engineering works when considering risks of delivery. The exception being the WCML crossing, which whilst the road, foot and cycle-way that passes beneath the WCML are relatively conventional (although requiring additional agreement with Network Rail regarding protection of Network Rail assets during works) the formation of the crossing or under-bridge itself is non-standard.

Implementing the works to form the crossing requires extensive approvals across many parts of Network Rail and ongoing coordination between the construction team and those operating the network and the train and freight operating companies.

Additionally the form the crossing takes i.e. road-over-rail or road-under-rail, determines the future ownership of the structure. The option and design development during GRIP 3 has determined the crossing to be road passing under the railway and in these circumstances, the structure will be owned and maintained by Network Rail.

In view of both of these factors it was determined that the design and delivery of the WCML crossing should fall under the responsibility of Network Rail.

Accordingly it is proposed that the Council procure and manage all works with the exception of the formation of the WCML crossing for which the Council would commission Network Rail to procure, deliver and manage.



- **Value of works**

The value of the works to be procured by the Council is some £73 million spread across the elements noted above. Collectively and individually these exceed thresholds for public procurement which necessitates consideration of routes to market and procedures compliant with the Public Contracts (Scotland) Regulations 2015 (“PCSR 2015”)

Where the value of individual lots or elements of these works falls below thresholds, consideration of whether any sub-lotting would constitute artificial disaggregation of works leads to the recommendation being to undertake an approach compliant with *PCSR 2015* in any event.

- **Programme constraints, dependencies and opportunities**

The key factors considered in this regard include:

- That works should complete within the City Deal programme delivery phase;
- That the majority of the works required assembly of third party land, some of which is owned and/or occupied by operating businesses and the acquisition of which it is proposed to be supported by Compulsory Purchase;
- That the Council would ideally not commence substantial works on any part prior to assembling all land required for delivery and operation;
- That much of the works will require closure of existing routes and significant traffic management and that disruption to existing road users is unavoidable;
- That the design and land assembly for the northern strategic infrastructure is more advanced having been substantially commenced by the Council during 2011 with detailed planning permission secured in 2013 with opportunistic land acquisitions taking place; and
- That there is a potential opportunity to undertake Network Rail’s works to form WCML crossing during an existing planned closure of the WCML during late 2022

In view of the above, it is appropriate to consider the timing of works for each package as potentially distinct leading to the proposed packages and lots below.

- **Approach to packages and lots**

The works are proposed to be packaged and procured as below:

- Package 1 – Northern infrastructure
  - Lot 1 – Dualling of the existing A723 from Ravenscraig to the M8
- Package 2 – Southern infrastructure
  - Lot 2A – WCML crossing structure
  - Lot 2B – New signalised roundabout at Airbles Road/Windmillhill Street to provide the dual carriageway to Ravenscraig, and provide the dual carriageway under the WCML

- Lot 2C – Upgrading of the Hamilton Road/Airbles Road junction including completing the dualling of Airbles Road

Market testing will be undertaken closer to the commencement of procurement to consider whether: in the case of Lots 1, 2B and 2C, a greater degree of competition will be gained by separating ground and enabling works from main works; and in the case of 2B whether benefits arise by procuring these works in a series of smaller contracts rather than as a single contract given its value.

The market testing will also review and confirm the proposed form of contract as NEC3 (or 4) Engineering and Construction Contract Option A.

Whilst the market testing will confirm the scope of each lot and the form of contract it will not affect the scope of value of works being procured.

- **Route to market**

In proposing the route to market, consideration has been given in two parts:

- Firstly, whether the requirement is to procure project specific contracts or whether a framework is required for this and other projects; and
- Secondly, whether the procurement should constitute a new procurement or make use of an existing framework

**Project specific contacts or framework**

In the case of Lots 1, 2B and 2C the works required are particular to the projects and whilst significant in value are relatively limited in duration. The Council does also not expect to be procuring similar works of such a scale in the near or foreseeable future. Thus this is considered a one-off requirement and the procuring of a new framework is not appropriate.

**New procurement or existing framework**

It is acknowledged that where the Council or other public sector partners have established frameworks of suppliers with appropriate levels of expertise, capacity, capability and where these meet requirements such as appropriate levels of insurances, that the Council should consider making use of these frameworks in this first instance.

An initial review of the frameworks available identifies the:

- Glasgow City Council – Construction & Trades Framework;
- SCAPE Group Civil Engineering – Scotland Framework; and
- Crown Commercial Services (CCS) Construction Works and Associated Services

The first of these is considered not to be appropriate in view of the size of contracts envisaged to be tendered to the framework and the corresponding capacity and capability of the suppliers appointed. The second of these has been discounted on the basis of a lack of competitive tendering.

The CCS framework covers a wide range of project types and values. The applicable lots for Scotland being Lots 3.4 and 4.2 for General Construction Works between £10 million - £30 million and between £30 million - £80 million respectively. There are more specific Civil Engineering Works lots however these have a maximum value of contract of £3 million.

The CCS framework allows for a range of procurement and tendering processes including: Single Stage tendering, Two Stage tendering, and Early Contractor Involvement; and both Competitive Award and Direct Award procedures. The CCS framework is considered a viable option.

Additionally the Council is currently in the planning stages for procuring a partner for its Enterprise Strategic Commercial Partnership (“ESCP”). It is envisaged that the ESCP will support the Council in realising its ambitions for the large-scale regeneration and infrastructure projects through increasing its capacity to deliver, from initial feasibility, through design to delivery and construction, to lifecycle maintenance and management.

The current programme anticipates that the ESCP will be in place for early/mid 2023. This option has been discounted owing to the significant delay to the commencement of works that would be caused by awaiting the commencement of this Partnership. It is further discounted as the portfolio of works within the current scope means that the expertise of the ESCP is unlikely to be focussed towards infrastructure.

Thus for the Council works: Lots 1, 2B and 2C; it is the Council's intention is to undertake market testing and a capacity and capability check of the CCS framework prior to confirming whether this framework is appropriate or a new procurement is required. In any event, whether using this framework or undertaking a new procurement, the intent would be to use a restricted or restricted style procedure i.e. where an initial selection stage is undertaken to shortlist suppliers prior to a full tender stage. This is considered to be appropriate to the CCS framework given the nature broad range of expertise and experience of a large number of suppliers on the higher value lots 3.4 and 4.2 which covers a wide range of project types.

The exception to this approach being the procurement of the WCML crossing. As noted, the Council has commissioned Network Rail, as ultimate asset owner and maintainer, to develop the options and detailed proposals for the crossing. Network Rail has consequently engaged its current framework contractor for renewals and enhancements in Scotland – Bam Nuttall Limited – to undertake this design. Bam Nuttall Limited were procured by Network Rail in procedures compliant with PCSR 2015.

At the appropriate stage, Network Rail will be commissioned by the Council under an Implementation Agreement to deliver the crossing. It is currently proposed that subject to a joint review by Network Rail and the Council of value for money of the framework contractor's proposals, that Bam Nuttall Limited will be appointed through call-off to undertake the works.

- **Procedure**

In accordance with PCSR 2015 the Council's works under Lots 1, 2B and 2C will be procured through either an Open, Restricted or Competitive Procedure with Negotiation/Competitive Dialogue.

In view of the relative conventional nature and scope of the works, and limitations on options arising from the restrictions on land availability owing to the need to secure a Compulsory Purchase Order in advance of a contract being let, it is considered that there are insufficient

areas of uncertainty to merit the more resource intensive and lengthy process associated with Competitive Dialogue or Competitive Procedure with Negotiation.

Market engagement and the experience of the Council to date has been that receiving high quality, well considered, competitive bids for what will be an extensive set of tender documents and requirements, is best achieved through inviting a shortlist of bidders to submit detailed proposals. This restricts the bidding costs to a smaller number of bidders, increasing the chance of success and consequently improves the quality of submissions.

It is proposed that the Council's works under Lots 1, 2B and 2C are procured through Restricted or Restricted Style (where using the CCS framework) Procedures.

- 3.2.4 Procurement by the Council will be carried out by dedicated procurement officers working in partnership with the Project Team.
- 3.2.5 The preliminary programme for the packages and lots is provided at Appendix 15.

## 4 FINANCIAL CASE

### 4.1 Project Costs

4.1.1 The overall Pan Lanarkshire Orbital Transport Corridor Project has an approved total cost of £189,524,000 inclusive of allowances for inflation, optimism bias and contingency. Within this revised SBC (approved by GCR Cabinet in December 2017) the approved cost for the Ravenscraig Infrastructure Access project was £101,000,000.

4.1.2 Whilst the remainder of North Lanarkshire Council's approved programme is consistent with City Deal funding principles of the member Authority providing 14% of the project costs, in agreeing the realignment of the Council's programme in April 2019 and the revised SBC providing for the inclusion of the strategic infrastructure, it was made clear that no further funds were available at that time beyond those originally identified for North Lanarkshire. As such the contributions from City Deal and the Member Authority towards the £101,000,000 for the Ravenscraig Infrastructure Access project were set at:

- City Deal - £61,902,169 or 61.3%
- North Lanarkshire Council MA Contribution - £39,087,831 or 38.7%.

4.1.3 In developing the proposals from approval of the revised SBC in 2017, the total forecast cost of the project has risen from the initial estimate of £101 million made prior to significant investigations. This is primarily due to:

- Costs being founded on the developed designs for the Southern infrastructure including proposals developed with Network Rail for the WCML Crossing;
- Changes in sustainable drainage legislation and requirements since the approval of the Northern strategic infrastructure in 2013;
- Significant increases in costs of treating soils and other material removed from the site arising from the detailed site investigations and remediation strategy for the northern infrastructure; and Significant increase in allowances for claims and compensation from existing households arising from the impact of the new road infrastructure.

4.1.4 The cost of delivering the strategic infrastructure is now forecast at £127.2 million, comprising £56.0 million and £71.2 million for the Northern and Southern infrastructure respectively. These costs include for construction, land, fees and inflation as summarised in Table 4.1.

**Table 4.1 Project Cost**

Element	Capital Cost
Land Acquisition (inclusive of associated legal and surveying fees)	£18,112,047
Internal Council Management & Design Fees	£1,139,444
Construction Costs (including prelims, OH&P, contractors' risk)	£73,387,072
Client Contingency held construction period	£3,669,354
External Fees	£5,246,998
Inflation	£14,536,106
Optimism Bias	£11,081,473
<b>Total</b>	<b>£127,172,493</b>

The project cost is shown split by eligible expenditure category.

4.1.5 The total Project cost of £127.2 million is to be funded through City Deal and Member Authority contributions and is split:

- City Deal - £61,902,169 or 48.7%
- North Lanarkshire Council MA Contribution - £65,270,324 or 51.3%.

For the avoidance of doubt the conventional Member Authority contribution of 14% is included in the £65.3m or 51.3% contribution from North Lanarkshire Council.

The requirement for a greater Member Authority contribution to the project than the conventional 14% is discussed throughout this OBC and the option to reduce the contribution to 14% is considered in the option appraisal and further in the Commercial Case at 3.1.13 to 3.1.24.

Should one wish to view the project funding in line with the 86%/14% conventional split the Project is funded through:

- City Deal - £61,902,169 or 86%
- North Lanarkshire Council MA Contribution - £10,077,097 or 14%
- **sub-total conventional cost split - £71,979,266**
- Shortfall met by additional North Lanarkshire Council MA contribution - £55,193,227

The additional cost of the project which exceeds the provision in the approved SBC will be met by additional contributions from the Council.

4.1.6 Of these costs some £26 million directly relates to the WCML crossing which will be owned and maintained by Network Rail. This figure includes for all costs paid to Network Rail, Bam Nuttall Ltd and Arup.

4.1.7 The Council will continue to develop the detailed proposals for the project and will investigate options to mitigate these additional costs as we progress with future FBCs, including particularly:

- Alternative approaches to drainage including understanding the experience of other Councils of potential solutions;
- Alternative approaches to the treatment and re-use of soils arising from the works including seeking early contractor involvement; and
- The effectiveness of works to mitigate the impact of the new road infrastructure on existing households, including seeking experiences from other agencies.

4.1.8 The Council will also continue to explore, with City Deal, the potential to reduce the Council's additional 37.3% contribution should the availability of City Deal funding change due to project delay or need to re-focus expenditure on shovel ready infrastructure activity which can ensure high economic return in response to the current economic climate. This would enable the Council and Ravenscraig Ltd proposals to accelerate other elements of the development and provide greater security for, and potential faster realisation of, the economic benefits arising from the follow-on investment.

4.1.9 Given the strategic and economic significance of this project as identified in this OBC, the Council will continue to lobby for further investment in the project as part of any economic recovery proposals in response to the Covid 19 pandemic.



4.1.10 The cashflow of these costs over the Project is shown below in table 4.2 below.

**Table 4.2 Summary cashflow**

Year	Expenditure
Prior	£835,038
2020/21	£1,980,263
2021/22	£5,257,677
2022/22	£30,087,818
2023/23	£11,131,016
2024/25	£30,272,178
2025/26	£39,013,809
2026/27 (post works completion)	£8,473,958
Benefit Monitoring 2027/28 – 2034/35	£120,737
<b>Total</b>	<b>£127,172,493</b>

As shown in table 4.2, of the total cost of £127.2m, £79.6m will have been incurred by end of 2024/25 with £47.6m in subsequent years for final works in 2025/26, payments at end of defect liability periods, liabilities under Land Compensation Act (1973) Part 1, and benefit monitoring.

The £79.6m will include the City Deal funding of £61.9m, the Council's conventional Member Authority contribution of £10.1m and an additional Member Authority contribution of £7.6m will have been incurred by end of 2024/25.

The remaining £47.6m in future years is forecast at this time to come entirely from additional North Lanarkshire Council MA contributions.

Accordingly, allowing for other sub-projects within the SBC, the total cost of the SBC is now forecast at £216m.

4.1.11 It is proposed that the Project will be delivered in packages and lots, as identified in the Commercial Strategy, a number of FBCs will be submitted. The anticipated timing of these is noted below.

**Table 4.3 Provisional timing of FBCs**

Package / Lot	Project Costs	Contract award
<b>2A</b> Creation of WCML Crossing by Network Rail	£26m	Q3 2021/22
<b>2B</b> Dual carriageway from Ravenscraig Regional Sports Facility to Motherwell New signalised roundabout at Airbles Road/Windmillhill Street	£36m	Q3 2022/23
<b>2C</b> Dualling of the existing A723 from Ravenscraig to the M8	£56m	Q2 2023/24

Package / Lot		Project Costs	Contract award
1	Completion of dualling of Airbles Road and minor improvements to junction at Hamilton Road	£9m	Q1 2024/25
Total		£127m	

- 4.1.12 At approval of the revised SBC in December 2017 which incorporated the RAI subproject, £4 million was approved for the development of the proposals and the preparation of the OBC. At the time of submission of the OBC, total costs of £966k has been incurred. The remaining costs required to progress to the first FBC and prior to the award of works contracts totals £7.24 million during 2020/21 and 2021/22. As such approval is sought for a further £4.2 million from GCRCD (£7.24m+ £966k less £4m) to progress to FBC.

For reference, the funds approved as part of the original SBC in 2015 (£1.101m) were for the development of the other sub-projects under the Pan Lanarkshire Orbital Transport Corridor Project as at that time the Ravenscraig Access Infrastructure Project did not form a part of the SBC.

The funding is required for:

Element	Capital Cost
Land Acquisition (inclusive of associated legal and surveying fees) to secure land required for the WCML crossing	£3.58m
Internal Council Management & Design Fees	£0.34m
External Fees	£2.48m
Inflation	£0.16m
Optimism Bias	£0.68m
<b>Total</b>	<b>£7.24m</b>

## 4.2 Benefit Funding

- 4.2.1 As noted in section 3.1.25 and set out in Table 3.3, the success of Ravenscraig and the realisation of the long term benefits is reliant on the development and occupation of the residential and commercial property on the plots enabled by the strategic infrastructure.

## 4.3 Project Funding

- 4.3.1 As noted, the Project cost of £127.2 million is to be funded through City Deal and Member Authority contribution and is split:
- City Deal - £61,902,169 or 48.7%
  - North Lanarkshire Council - £65,270,324 or 51.3%.
- 4.3.2 The significant contribution to be made by North Lanarkshire Council to the Project costs is fully understood, approved and included within appropriate capital programmes and budgets. This OBC, explicitly including the commitment to the contribution, has been approved by the Council's

Enterprise & Growth Committee on the 27<sup>th</sup> August 2020. A copy of the Committee report and minutes are provided at Appendix 16.

#### 4.4 Project Monitoring

4.4.1 Benefit monitoring and evaluation will be undertaken in-house by NLC services and staff as detailed within the Management Case. An allowance has been made to support costs of external data collection and surveys where appropriate. The Enterprise Projects Team will be supported by other Council Services and Teams as part of existing roles and responsibilities. The proposed monitoring and evaluation resource inputs and approach are as follows:

- Monitoring: monitoring will be led by the Enterprise Projects Team, with support from other Council Services and Teams including Planning and Place; Enterprise and Revenue Services. Data will be collected on an annual basis to coordinate with existing processes, where possible, with other data gathered for each PMO reporting deadline and Gateway Review. External support may be obtained for data collection and surveys.
- Evaluation: The Project Manager will coordinate input from all relevant teams and services and collate evaluation reports and progress reporting for the PMO at each Gateway review, and at other intervals as required. Support will be obtained from other experienced NLC officers as required. The Project Manager and Project Development Manager will participate in any external evaluations for the PMO as and when required. It is proposed that the final evaluation report for the Project will also be prepared by internal NLC staff resources.

4.4.2 The cost of the monitoring and evaluation during the City Deal period has been identified and is included in the Project costs. This can be seen in Table 4.2 against “Benefit Monitoring 2026/27 – 2034/35”.

#### 4.5 Impact on North Lanarkshire Council – delivery and operation

4.5.1 The infrastructure created under this Project, with the exception of the WCML crossing, will be adopted by North Lanarkshire Council as public assets following expiry of the defects correction period associated with the construction contracts. The assets will be maintained in perpetuity by the North Lanarkshire Council Environmental Assets division which includes those responsible for operation of roads, foot and cycleway, drainage, lighting and green infrastructure.

4.5.2 The annual cost of this is estimated at £130k per annum and will be met through revenue budgets.

4.5.3 The WCML crossing will be owned and maintained by Network Rail. The capital costs included in this Business Case includes for all costs paid to Network Rail, Bam Nuttall Ltd and Arup in the design and delivery of the WCML crossing. The Council will be required to contribute to the ongoing maintenance costs of the WCML crossing. The form of this charge is to be confirmed prior to commencement of works and submission of the FBC for Lot 2A but it expected to take the form of an annual charge. A provisional figure for this has been included within the Business Case and is taken from discussions with Network Rail and based on recent comparable examples.

4.5.4 The annual cost of this is estimated at £45,000 per annum and will be met through revenue budgets.

4.5.5 The Council's capital contribution to the Project costs will be met through prudential borrowing.

The cost of the prudential borrowing is forecast at £106.5m over 44 years from 2019/20 to 2062/63. This has been estimated using an even draw down of 86/14 City Deal/NLC funding until the point at which the City Deal funding is fully spent thereafter the additional council contributions fund the

remainder of the project. Should the funding available from City Deal in any one year not match 86% of costs in that year the cost of borrowing will differ from that currently estimated.

Once completed £101m of the total costs comprising both land and new roads will be added to the Council's balance sheet. Land will be added at £18m and is not depreciated and the new road assets added at £83.1m and depreciated over 40 years following opening. The £26m value of the WCML crossing being added to Network Rail's balance sheet and similarly depreciated over 40 years.

#### **4.6 Cost Management and Overruns**

- 4.6.1 The management of costs and financial risk of the Project is the responsibility of North Lanarkshire Council. The Project finances and budget monitoring are managed by the Enterprise Projects Team in accordance with established NLC procurement, project management and budget monitoring arrangements and regulations throughout project development and implementation stages.
- 4.6.2 It is clear and understood that the Council bears the full risk of cost overruns for this Project and the Council is using appropriate tools to manage costs during this design development and pre-delivery phase.
- 4.6.3 One of the tools used is optimism bias. The level of optimism bias included for in the Project budget at this stage are identified in 2.9.14. This totals £11.1 million, 8.7% of the total Project budget.
- 4.6.4 Optimism bias, as with any other element of the Project costs, is not allocated to a particular funding source. However the level of contribution being made by the Council to the costs of this project, 51%, which is significantly in excess of the 14% contribution required by Member Authorities under City Deal. Therefore should the costs of the Project at either FBC stage or at completion fall below the total budget identified in this OBC, the first application of this reduction will be to reduce the Council's contribution to the required minimum of 14%.
- 4.6.5 The budget further includes for client contingency on the value of the works contracts. Client construction contingency will be retained post-FBC and will be used to manage the cost of risks and change during the delivery of the works. Again, where any part of this contingency is unused, this saving will, in the first instance, be used to reduce the Council's Member Authority Contribution to the required minimum of 14%.
- 4.6.6 In the preparation and submission of the future FBCs the Council will review the remaining risks and adjust the levels of optimism bias and contingency appropriately.

#### **4.7 VAT Treatment**

- 4.7.1 The project cost estimates are exclusive of VAT, as Section 33 of the VAT Act 1994 ensures that local authorities recover VAT paid on non-business activities and exempt business activities. As a result, VAT on expenditure on North Lanarkshire Council's City Deal programme is recovered in full from HMRC.

#### **4.8 Guarantees and Financial Agreements, Follow-On Investment**

- 4.8.1 As described in the Commercial Case the realisation of the full benefit of development at Ravenscraig is dependent on the follow on investment and development activity which is released by the Project, occurring. Accordingly the financial and economic appraisal include for the costs and investment required in the whole.

- 4.8.2 The appraisal considers activity over a long period of development, some 25 years, and as such the level of the investment and support identified for the follow-on plot development is taken as an indication only at this time of the scale of support that is likely to be required. Such support has to date, been provided by existing conventional grant and funding programmes related to housing and commercial development and regeneration of vacant and derelict land, and is presumed to continue to be available as individual plots are brought forward over the 25 year development period.
- 4.8.3 More broadly, as noted, the structure of Ravenscraig Ltd provides that all receipts from land sales or development activity are retained and reinvested within the development.
- 4.8.4 Additionally, the Council and Ravenscraig Ltd have entered an Infrastructure Agreement which provides a structure for partnership working and committing Ravenscraig Ltd to development subject to viability and to the Council to delivering the major road infrastructure.
- 4.8.5 As noted there is a Section 75 agreement in place between the Council and Ravenscraig Ltd for provision of funds and works within the masterplan to contribute towards local transport improvements and education provision.

#### **4.9 Financial Risk**

- 4.9.1 The main project specific financial risks relate to project funding and budget and in particular to:
- Costs of land assembly;
  - Increases in the cost of works arising from either unforeseen ground conditions or from a failure to secure competitive tenders; and
  - Liabilities for compensation for claims made under Part 1 of the Land Compensation (Scotland) Act 1973 which will arise no earlier than one year after opening.
- 4.9.2 The descriptions along with actions or strategies to manage and/or mitigate these are noted in the Risk Register provided at Appendix 6.

## 5 MANAGEMENT CASE

### 5.1 Project Roles and Responsibilities

5.1.1 The delivery of the North Lanarkshire Council's City Deal Programme is led from the Enterprise & Communities directorate by the Enterprise Projects Team.

5.1.2 In accordance with the Programme Management Toolkit, project roles have been assigned as shown in table 5.1. The lead members below have considerable and relevant experience in the developing and delivering projects of this scale and complexity. Further details of the experience of the Council is provided at Appendix 17.

**Table 5.1 Project Roles, Responsibilities and Experience**

<b>PROJECT LEADERSHIP</b>		
<b>Project Role Responsibility</b>	<b>Named team member</b>	<b>Expertise, skills and experience</b>
<p><b>Senior Responsible Officer (“SRO”)</b></p> <p>Overall accountability and ultimately responsible for the delivery of the project; the SRO’s role is to ensure the project is focused and meets its objectives.</p>	Pamela Humphries Head of Planning and Regeneration	Over 20 years’ experience in local government and capital project delivery.
<p><b>Project Sponsor (“PS”)</b></p> <p>Accountable to the SRO and those charged with governance, the PS is the key driving force behind the project Responsibility for managing the delivery of NLC City Deal Programme</p>	Kate Bryson Enterprise Projects Manager	Over 15 years’ experience in physical regeneration and programme management. Background in economic development
<p><b>Senior Project Manager</b></p> <p>Responsible for day to day coordination and direction across the overall Project and coordination between packages</p> <p><b>Project Manager – Southern infrastructure</b></p> <p>Day to day running of the project on behalf of the PS. Manager responsible for leading and directing the Project Team, and delivering the project</p>	Jonathan Speed Senior Project Manager	Over 20 years’ experience of private and public sector project management and delivery.
<p><b>Project Manager – Northern infrastructure</b></p> <p>Day to day running of the project on behalf of the PS. Manager responsible for leading and directing the Project Team, and delivering the project</p>	Lorna Ogilvy Project Development Coordinator	Over 20 years’ experience in local government and capital project delivery.

5.1.3 Each Project Manager is responsible for their respective Project Team, of which the lead members for each discipline are noted below. Where the team member is external the organisation name is noted.

**Table 5.2 Project Team Core Members**

Project Role	Team member ( <i>organisation where external</i> )	
	Northern infrastructure	Southern infrastructure
<b>Lead designer</b>	Graham Campbell	<i>Mark Wells (Amey)</i>
<b>Principle Designer</b>	Graham Campbell	<i>Gordon Henderson (Amey)</i>
<b>Landscape design</b>	Antonia Boyle	<i>Barry Craig (Amey)</i>
<b>Drainage engineer</b>	<i>Pauline McCabe (RPS)</i>	<i>Doug Lewis (Amey)</i>
<b>Environmental design &amp; assessment</b>	<i>Bruce Davidson (ERM)</i>	<i>Becky McLean (Sweco)</i>
<b>Geotechnical &amp; geo-environmental engineering</b>	<i>Roy Harrison (Sweco)</i>	<i>Roy Harrison (Sweco)</i>
	<i>Steven Ritchie (Sweco)</i>	<i>Steven Ritchie (Sweco)</i>
<b>Transport modelling</b>	<i>Grant Davidson (Jacobs)</i>	<i>Warren Murphy (Amey)</i>
<b>Property surveying</b>	Will Peat, Surveyor	Colin Scott, Surveyor
<b>Contract Management, Site Supervision and CoW/Quality Inspector</b>	<i>To be appointed externally during Q2/3 2020/21</i>	<i>TBC (Amey)</i>
<b>Legal – land assembly</b>	Leanne McLemon, Principal Solicitor Conveyancing	
<b>Legal – agreements</b>	Isabel Lawton, Solicitor	
<b>Procurement Manager</b>	Dorothy Balfour, Enterprise Category Manager	
<b>Communications &amp; PR</b>	Fiona Shaw, Communications Officer	
<b>Benefits Monitoring</b>	Derek Taylor, Project Development Coordinator	
<b>Accountant</b>	Louise McGrath, Accountant	
<b>Roads Authority</b>	Jim McGuire, Business Manager, Environmental Design and Engineering	
<b>Operations</b>	John Ashcroft, Business Manage, Environmental Asset Maintenance	



- 5.1.4 Where external resources have been appointed to the Project Team, this has been through competitive tender, and in a limited number of cases by direct award, from existing frameworks. In all cases there has been a technical submission requiring suppliers to demonstrate appropriate experience of comparable projects of key staff and their team.
- 5.1.5 There is a further project team within Network Rail who are currently commissioned for the design development of the WCML crossing. This team reports, via a single point of contact, to Jonathan Speed, the Project Manager for the southern infrastructure (and Senior Project Manager for the overall Project). This team is led within Network Rail by a Project Sponsor - Grace Heath, and Project Manager - Mark Wilson, with identified leads at Bam Nuttall Ltd - Dawn Docherty, and Arup - Rory McEwan. A structure for this team is available upon request.

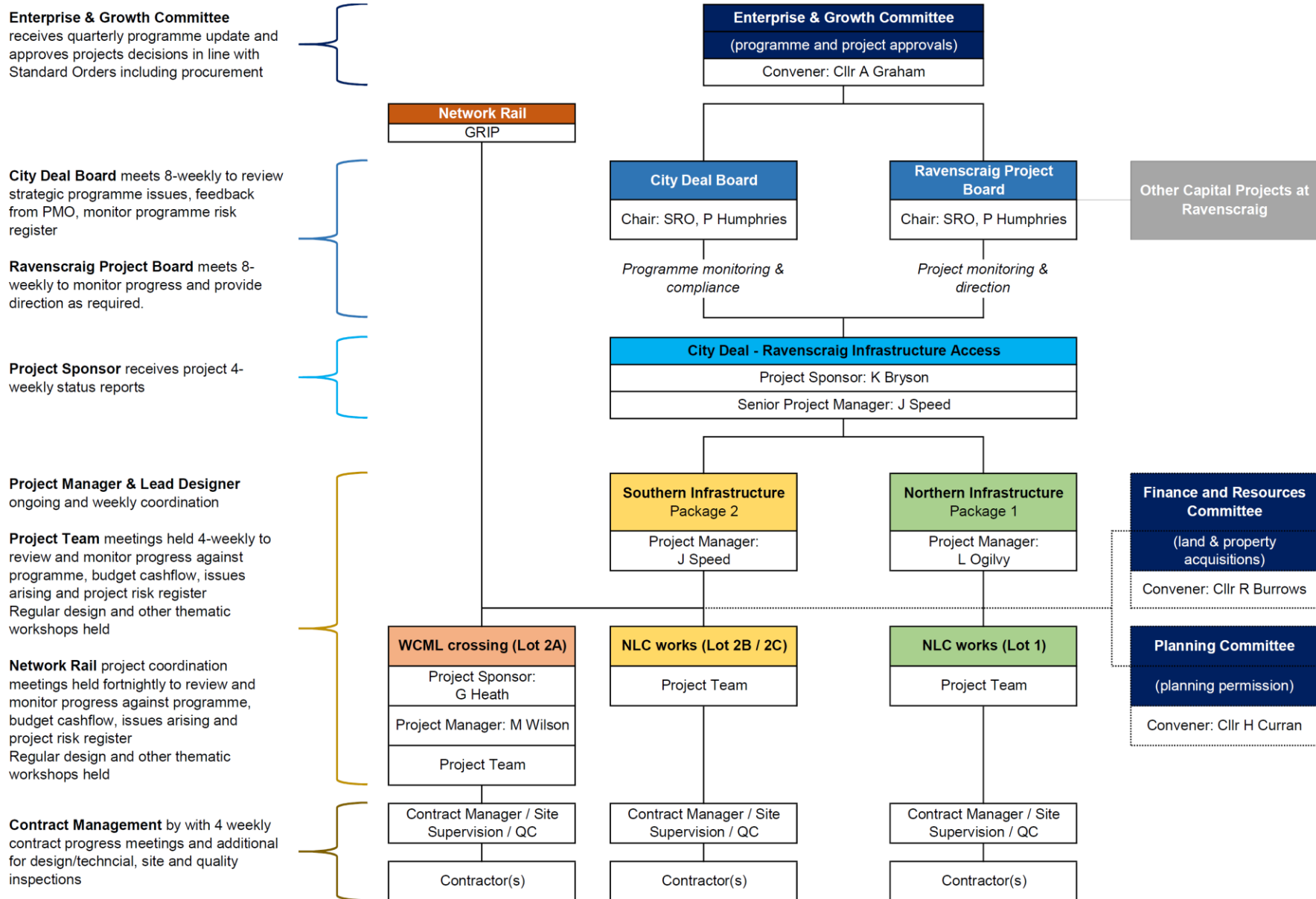
## 5.2 Project Governance Structures

### Governance and Approval Processes

- 5.2.1 The Programme Management Toolkit sets out a standardised governance structure for the delivery of City Deal Schemes. North Lanarkshire Council has furthermore set up internal governance arrangements for the management of its City Deal Programme and the projects therein.
- 5.2.2 The governance structure provides for regular and appropriate reporting from the day to day operations of the Project Teams and the multiple strands of scheme development, and bringing these together appropriately frequently.
- 5.2.3 The structure seeks to provide a regime that is both robust in its monitoring and reporting and sufficiently agile and local to respond issues arising, providing direction as required by appropriately senior officers, in line with the Council's Standing Orders and Scheme of Delegation. Regular reporting to Councillors, and approvals as required, are undertaken through Committee reporting, augmented with more detailed stage specific briefings.
- 5.2.4 The governance structure for the Project is shown overleaf on Figure 10. This identifies the frequency and nature of reporting at each level and identifies the relationship between:
- Enterprise & Growth Committee
  - City Deal Board
  - Ravenscraig Project Board
  - Project Sponsor and Senior Project Manager
  - Project Teams
- 5.2.5 The City Deal Board and the Ravenscraig Project Board bring together senior officers from those services delivering, receiving and funding the assets. These officers are supported in providing oversight and direction by senior colleagues from planning, legal and property services.
- 5.2.6 Terms of reference for these Boards are provided at Appendix 18.
- 5.2.7 At key points the Project Team will seek approval for additional activities whose approval falls under the remit of other Committees. This includes, for example:
- Finance and Resource Committee for approval of land or property acquisitions
  - Planning Committee for approval of planning applications

- 5.2.8 In addition to the Council governance structures, the development of proposals for, and the delivery of, the WCML crossing will be governed by Network Rail through GRIP, which provides for a formal and staged approach to project development. The stages and approvals of GRIP are described in Network Rail's Investing in the Network - <https://cdn.networkrail.co.uk/wp-content/uploads/2018/02/Investing-in-the-Network.pdf>.

Figure 10 Programme and Project Governance Structure



### **Committee Approval**

- 5.2.9 This OBC, explicitly including the commitment to the contribution, and the impact on revenues, has been approved by the Council's Enterprise & Growth Committee on the 27<sup>th</sup> August 2020. A copy of the Committee report and minutes are provided at Appendix 16.

### **Procedures for Asset Transfer on Completion**

- 5.2.10 The infrastructure created under this Project, with the exception of the WCML crossing, will be adopted by North Lanarkshire Council as public assets following expiry of the defects correction period associated with the construction contracts. The assets will be maintained in perpetuity by the North Lanarkshire Council Environmental Assets division which includes those responsible for operation of roads, foot and cycleway, drainage, lighting and green infrastructure.
- 5.2.11 Senior and operational officers within the Environmental Assets teams are involved extensively during design development, reviewing proposals and contributing to specification and value engineering discussions through regular thematic workshops. This engagement will continue throughout the design and specification including the approval of tender documents and with regular attendance on site during works. New and upgraded road, public realm, footpath and cycleway infrastructure will be presented for inspection and adoption 12 months following completion in line with standard practice.
- 5.2.12 The WCML crossing will be owned and maintained by Network Rail and the Council will contribute to the ongoing maintenance costs of the WCML crossing.

### **5.3 Project & Community Benefits**

- 5.3.1 The Project Managers are responsible for the delivery, monitoring and evaluation of project benefits including community benefits. In this, they will be supported by an officer with specific responsibility for benefits monitoring and reporting.
- 5.3.2 The Project benefits and the profile for realisation is shown in Table 2.7.
- 5.3.3 Community Benefits are secured through the procurement of services and works in line with the City Deal Community Benefit Strategy. The Community Benefits for this Project will be delivered throughout the design, planning and implementation phases. This has started already with the suppliers providing geotechnical and environmental, and design services to the project teams and will continue with the procurement of works.
- 5.3.4 A schedule of those community benefits secured in the professional services contracts awarded to date is provided at Appendix 19.
- 5.3.5 The Community Benefits are typically procured through requiring provision of a mandatory set of Community Benefits, the type and number of which is determined with specific reference to the nature and duration of the contract and the of supplier. Additionally suppliers have the opportunity to offer additional voluntary Community Benefits over and above the mandatory minimum. As we progress from one procurement to another the Council is developing and refining it's ask through lesson learned.
- 5.3.6 For those works procured by others i.e. the WCML crossing, where the Council commissions Network Rail as operator of the railway, and Network Rail procures its construction, the Implementation Agreement between the Council and Network Rail will provide for community benefits in line with the City Deal Community Benefit Strategy.

- 5.3.7 All Community Benefits, whether mandatory or voluntary (at the time of tender), form a part of the contract for those services or works.
- 5.3.8 The progress of development of detailed proposals for, and the delivery of, community benefits for the Project is managed through the regular Project Team meetings. The Council has been heavily involved in the development of the Cenefits system and this Project is the first that the Council is using within Cenefits to record and monitor delivery and to help test and refine the system.
- 5.3.9 There are a number of projects taking place at Ravenscraig, funded through City Deal and other capital programmes. The community benefits for these projects, which includes other professional services and construction works currently on site, are coordinated alongside those arising from this City Deal Project, in an area based programme to ensure they are best spread in time and geography that maximises their impact and benefit.
- 5.3.10 As described at 2.5.5, the quantitative benefits of the preferred option for Ravenscraig will deliver economic benefits including GVA but also employment, training and skills benefits.

#### **5.4 Legal Matters**

- 5.4.1 There are a variety of legal matters arising in the delivery of this Project and the realisation of benefits.

##### **State Aid**

- 5.4.2 North Lanarkshire Council has assessed the State Aid risk of the Council receiving funding from the City deal for the development of roads and other infrastructure to enable development at Ravenscraig. There are four key tests which need to be considered in order to establish whether a project contains State Aid. State Aid exists if all of the following four criteria apply to the proposed funding:
- It is granted by the state or through state resources;
  - It favours certain undertakings or the production of certain goods;
  - It distorts or threatens to distort competition; and
  - It has the potential to affect trade within the EU.
- 5.4.3 State Aid has been considered both at a strategic and programme level and is not deemed to be a risk for this project. This is particularly in view of the nature of the public assets being created, the market failure described earlier, and the structure of Ravenscraig Ltd i.e. with all revenue invested in the site and no external returns made by the private sector.
- 5.4.4 There is sufficient evidence held by the Council that the infrastructure is to provide a wider benefit to the public at large in terms of providing better transport links for a wider range of personal and business users across a large catchment area. The Project does not exclusively benefit a single developer or landowner.

### **Land assembly including Compulsory Purchase**

- 5.4.5 Land is required for the delivery and operation of the infrastructure that is currently owned and/or occupied by third parties i.e. excluding the Council, Network Rail and Ravenscraig Ltd. It is often the case in large infrastructure (and particularly roads) projects that the asset is not able to be completed and operated should any part of the land and interests required not be secured.
- 5.4.6 Accordingly it is common that a single programme of land assembly under Compulsory Purchase is undertaken to lessen risks of abortive acquisitions.
- 5.4.7 Whilst this would be the case here, the strategy for land assembly differs owing to:
- The more advanced nature of the northern infrastructure with detailed planning permission secured in 2013 with opportunistic land acquisitions taking place earlier, has meant that it is appropriate to continue to seek to secure the land required through negotiation and voluntary agreement; and
  - The intent for secure the land required for the WCML crossing through negotiation and voluntary agreement at an earlier stage to make best use of an existing planned closure of the WCML.
- 5.4.8 In both cases for the northern and southern infrastructure, the intent is to seek Compulsory Purchase powers to ensure that all land can be acquired, whilst continuing to secure the land by negotiation and voluntary agreement. The Compulsory Purchase powers will be sought under the Roads (Scotland) Act 1984.
- 5.4.9 The Council has consulted with officers of Transport Scotland's CPO team in developing the land assembly strategy.
- 5.4.10 Decisions to acquire any interests require the approval of the Finance and Resource Committee.

### **Local Authority Powers**

- 5.4.11 North Lanarkshire Council will undertake the Project in accordance with existing legislation. In particular, the requisite land acquisition will be undertaken under the local authority's powers under sections 69 and 70 of the Local Government (Scotland) Act 1973. Construction of the road infrastructure will be undertaken using Section 20 of the Roads (Scotland) Act 1984.

### **Other approvals and regulations**

- 5.4.12 The Project will require various other permissions. The most notable being including planning permission (which includes consideration against Environmental Impact Regulations, Noise Insulation Regulations).
- 5.4.13 Detailed planning permission for the northern infrastructure was secured in 2013 and these proposals are currently be updated to reflect subsequent changes in environmental regulations relating to drainage.
- 5.4.14 The southern infrastructure falls under two extant planning permissions in principle – one for the *Revised Masterplan*, issued in 2020, and one for works to Airbles Road renewed in 2018.
- 5.4.15 The *Revised Masterplan* and the preceding permission were subject to screening and scoping of the proposals under the Town and Country Planning (Environmental Impact Assessment) (Scotland) Regulations 2017. Screening and scoping for the preparation of detailed proposals for the southern infrastructure has taken place during early 2020.

- 5.4.16 A summary of the planning history of the project area generally is provided at Appendix 20.
- 5.4.17 Further statutory approvals will be required in due course and prior to the commencement of works, including from SEPA. These will be sought variously by the Project Teams and appointed contractors as appropriate.

#### Agreements

- 5.4.18 As noted, the Council has entered an Infrastructure Agreement with Ravenscraig Ltd, which provides a structure for partnership working and commits Ravenscraig Ltd to provide land for infrastructure, to continue development subject to viability and the Council to delivering the major road infrastructure.
- 5.4.19 Additionally, the Council has commissioned Network Rail to develop the options and detailed proposals for the crossing. Network Rail has consequently engaged its current framework contractor for renewals and enhancements in Scotland – Bam Nuttall Limited – to undertake this design. The design development stage is carried out under a Development Services Agreement. Network Rail will be subsequently commissioned by the Council under an Implementation Agreement to construct the crossing.

### 5.5 Project Schedule

- 5.5.1 The overall project programme is provided at Appendix 15. A summary of the key milestones is given below.

**Table 5.3 Project Schedule and Milestones**

Element	Programme year and quarter																							
	2020/21				2021/22				2022/23				2023/24				2024/25				2025/26			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
<b>Northern infrastructure: Package 1</b>																								
Completion of detailed design																								
Land assembly (incl CPO)																								
Procurement of Lot 1 works																								
Construction Lot 1																								
<b>Southern infrastructure: Package 2</b>																								
Detailed design																								
Planning approval																								
Land assembly Lot 2A																								
Lot 2A enabling and offline works																								



Element	Programme year and quarter																								
	2020/21				2021/22				2022/23				2023/24				2024/25				2025/26				
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	
Lot 2 disruptive rail works																									
Land assembly Lot 2B																									
Procurement of Lot 2B works																									
Construction Lot 2B																									
Land assembly Lot 2C																									
Procurement of Lot 2C works																									
Construction Lot 2C																									

5.5.2 The programme for each Lot will be finalised during procurement and presented in the corresponding FBC.

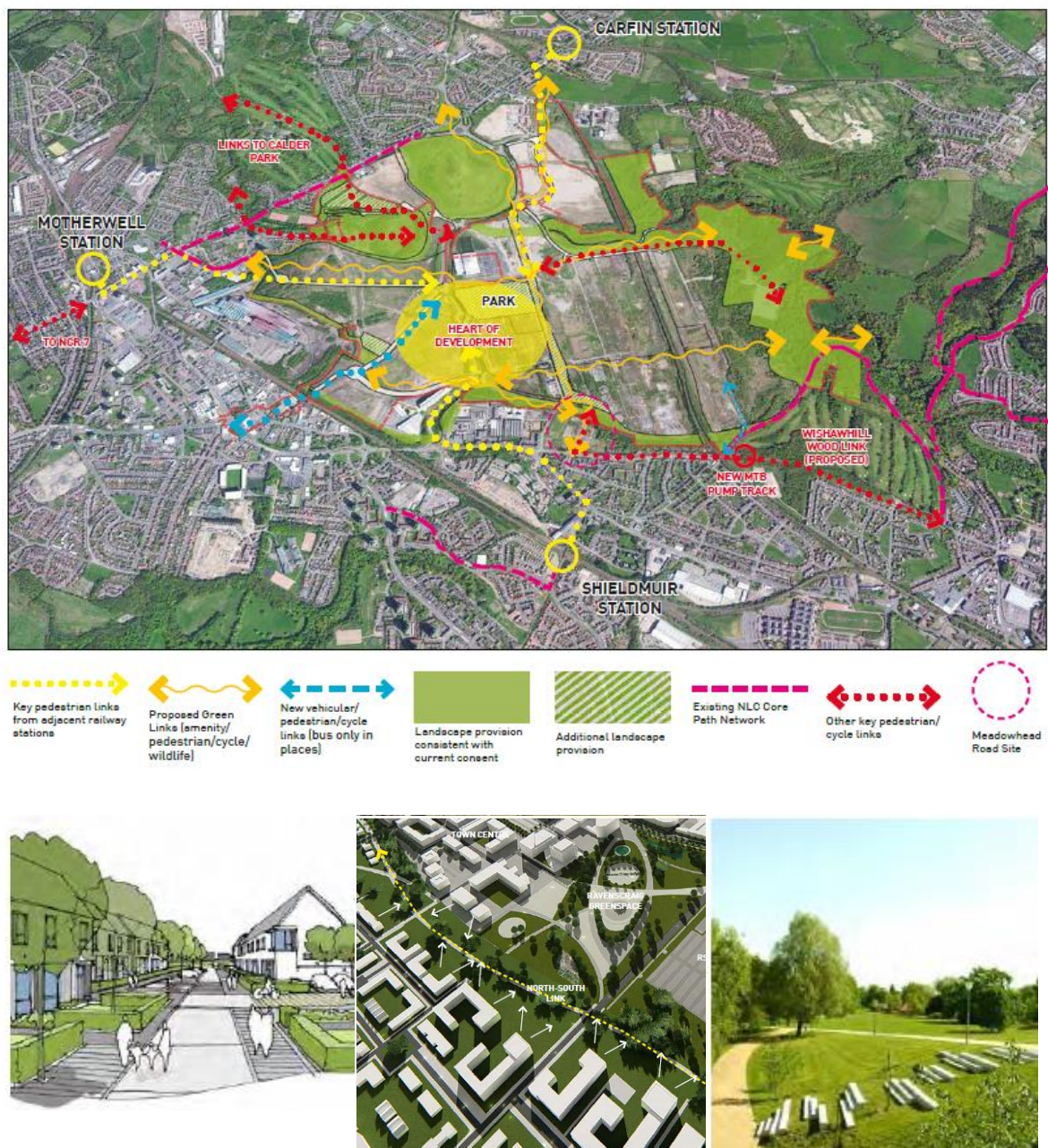
## 5.6 Sustainability Case

### Developing Sustainable Proposals

5.6.1 As described in the Strategic Case, the *Revised Masterplan* presents a framework for sustainable mix-use development and community growth. It seeks to build upon the unique history of the site and its many natural assets to improve connections to and its relationship with both the surrounding communities and the development completed at Ravenscraig to date. It better recognises the complex nature of regenerating this brownfield site than the original plan and presents a proposal to deliver high quality, mixed use, sustainable development to provide homes, jobs, retail, leisure and recreation for the planned residential communities and the existing communities within Ravenscraig and the surrounding area.

5.6.2 The aim of the *Revised Masterplan* to deliver mixed use development and sustainable community growth is in line with Scotland’s National Performance Framework and its focus on action to achieve sustainable and inclusive economic growth. Through the provision of strategic infrastructure to release vacant and derelict land for the development of new homes and the creation of employment opportunities close to areas of high deprivation, within a well designed and well connected place incorporating attractive greenspaces and active travel routes, the regeneration of Ravenscraig will contribute to national outcomes on economy, health and communities and the related national indicators of economic growth, income inequality, journeys by active travel and access to green and blue space.

Figure 11. Revised Masterplan



Source: Revised Ravenscraig Masterplan

5.6.3 The *Revised Masterplan* supported by this Project to deliver the strategic infrastructure has been developed over a significant period of time and the subject of extensive assessment. The application itself provided a significant amount of supporting information including:

- Pre Application Consultation Report
- Masterplan Document/Design & Access Statement
- Planning Statement
- Transport Assessment

- Bus Contributions Study Document
- STAG Part 1 Appraisal
- Landscape Strategy
- Ecological Assessment
- Site Conditions Review and Contamination assessment
- Earthworks and Remediation Strategy
- Air Quality Assessment
- Noise Assessment
- Energy Strategy
- Retail Impact Assessment
- Economic Appraisal/Impact Assessment

5.6.4 These assessments and strategies are developed further for individual developments within Ravenscraig.

5.6.5 The Project further aligns with two of the four priorities, for Investment and Inclusive Growth, of Scotland's Economic Strategy (2015), which sitting under the Performance Framework, sets out how the Scottish Government aims to achieve a more productive, cohesive, fairer Scotland based on increasing competitiveness and tackling inequality. The Project objectives listed under 1.3 pick up on specific actions identified in the Strategy to deliver the priorities of Investment and Inclusive Growth as follows:

- By delivering strategic transport infrastructure to improve connectivity to and from Ravenscraig as well as through the city region the *Project* aligns with the identified action of "investing in Scotland's infrastructure to help business grow and create good quality employment opportunities";
- By unlocking land at Ravenscraig for sustainable, mixed use development for housing, employment uses and community facilities within the one site, and designed with consideration to lowering carbon emissions, the *Project* supports the Government's action as identified in the Strategy to "invest in strengthening the success and resilience of local communities";
- By improving connectivity into Ravenscraig, including provision for active travel, and facilitating the development of employment land at Ravenscraig as in the *Revised Masterplan* the *Project* supports the action identified in the Strategy to "realise opportunities across Scotland's towns, capitalising on local knowledge and resources, to deliver more equal growth across the country". This action being significant in terms of improving North Lanarkshire's economic performance to reducing the gap at a regional level.

5.6.6 NPF3 sets out a vision for Scotland which is based upon the planning outcomes detailed in the Economic Strategy which consist of: a successful, sustainable place, a low carbon place, a natural, resilient place and a connected place. The *Revised Masterplan* has been considered in terms of each outcome below.

- A Successful Sustainable Place: The national spatial strategy sets out opportunities for Scotland's city regions to develop as successful, sustainable places. Ravenscraig has been



specifically identified in NPF3 as a sustainable place for growth in the Glasgow and the Clyde Valley city region;

- Low Carbon Place: The *Revised Masterplan* would contribute to lower carbon emissions through promoting modal shift from road to public transport in the form of the proposed bus service, thus reducing the number of private car movements. This is reinforced by the energy strategy which outlines the case for the development of an energy centre to promote a district heating network across the site;
- A Natural Resilient Place: This aspect of the vision states and encourages respect to enhance and make responsible use of our natural and cultural assets. The spatial strategy highlights that natural and cultural assets in around urban areas have a key role to play in supporting sustainable growth, maintaining distinctiveness and promoting quality of life. The proposed green network, strategic planting and greenspace management would support the aim of the spatial strategy to create a walkable place which links open space and wider travel networks (through connections to the wider communities of Motherwell and Wishaw) and can deliver better environments for pedestrians and cyclists;
- A Connected Place: NPF3 sets out that Scotland will maintain and develop good internal and global connections, with particular regard to road and rail infrastructure improvements. In order to facilitate improved connections, spatial priorities for change highlight road improvement works from the M8/M74 motorway network to the site and the requirement for public transport improvements to promote modal shift away from private car journeys. In light of this position, it is considered that the development of Ravenscraig supports this national spatial priority.

5.6.7 The specific works under this Project to form the strategic infrastructure, form a central part of the sustainable transport strategy. As described in 2.2.5 and 2.2.6, the *Ravenscraig TA* and the transport strategy, is based around a principle of Fostering a Green Movement. The Movement Strategy for Ravenscraig is guided by the following core principles:

- minimising the use of the car by 'designing in' the best possible access for sustainable travel modes;
- proactive intervention to encourage & support sustainable travel behaviour;
- integrating the development within the urban fabric of the Motherwell and Wishaw areas, taking advantage of and reinforcing local transport links;
- using the mixed use nature of the development to encourage an interaction between adjacent uses and
- linked trips by sustainable modes;
- encouraging walking and cycling for trips within the development and short trips to adjacent areas in the form of a walking and cycling access strategy plan which will comprise traffic free links and routes throughout the masterplan site;
- maximising public transport accessibility by designing the development around key public transport routes, entering into partnerships with bus operators to provide high quality services with links to existing rail stations in co-operation with the relevant authorities in the form of a public transport strategy plan;
- providing for improved road access to and within the site; and
- supporting innovative initiatives to reduce environmental pollution.

### **Economic Sustainability**

- 5.6.8 The economic analysis in chapter 2, and in particular the cost-benefit analysis considers the long term additional returns to the economic (net additional GVA) that will be arise from the Project, set against the public sector capital and revenue costs. The analysis confirms that the Project delivers a positive economic outcome with benefits exceeding costs.

### **Environmental Sustainability and Environmental Impact Assessment**

- 5.6.9 An Environmental Impact Assessment (“EnvIA”) was prepared to support the development of the detailed proposals for the Northern infrastructure and the planning application made in 2013.
- 5.6.10 A detailed review of this earlier EnvIA was undertaken in 2018 and identified the need to
- Update noise and air quality impact assessment including developing proposals for mitigation; and
  - Revisiting proposals and sustainable urban drainage in view of updated regulations.
- 5.6.11 Accordingly updated surveys, assessments and associated design have been prepared during 2019 and 2020 in consultation with statutory and regulatory bodies.
- 5.6.12 The original masterplan and permission for the development of Ravenscraig was supported by an extensive EnvIA. An updated screening opinion was sought in the preparation of the *Revised Masterplan* in 2017. This concluded that whilst, if being submitted for the first time, the application would merit the submission of an EnvIA, the scale and impact of the original permission were more significant than that the *Revised Masterplan*. As a result, looking only at the proposed changes for the *Revised Masterplan*, these were not considered to merit an EnvIA.
- 5.6.13 However in view of the age of the existing EnvIA, changes to conditions on the ground and in regulations, it is recognised that there are a number of technical areas that would likely to need fresh submissions as part of any application. These would include (and not be limited to), Transportation Assessment, Noise and Air Quality, Retail Impact Assessment, Green Infrastructure and ongoing Ecological Assessment.
- 5.6.14 The *Revised Masterplan* provided these assessments in its submission.
- 5.6.15 The Southern infrastructure, with the exception of the upgrading of the Hamilton Road/Airbles Road junction including completing the dualling of Airbles Road, falls largely within the bounds of the *Revised Masterplan* and the Planning Permission in Principle. Under this permission, detailed applications, for Matters Specified by Condition, are required to provide further detailed assessment on a range of technical and environmental matters including:
- Ground conditions;
  - Noise, vibration, air quality and light;
  - Flooding and drainage; and
  - Nature conservation and environmental protection.
- 5.6.16 The upgrading of the Hamilton Road/Airbles Road junction including completing the dualling of Airbles Road fall within the bounds of a separate Planning Permission in Principle which owing to its smaller scale did not require an EnvIA.

- 5.6.17 In developing proposals for the Southern infrastructure, the project team has undertaken new screening and scoping under EnvIA. Whilst the planning applications will be made under the two respective planning permissions, the impacts will be considered of all work. For example, such that the noise, vibration, and air quality impacts considered in each application are taken from the greater traffic flows resulting from all works and not any part in isolation.
- 5.6.18 Copies of the EnvIAs are available upon request.

## **5.7 Project Monitoring**

- 5.7.1 North Lanarkshire Council has overall responsibility for the ongoing monitoring and evaluation of the Project. A monitoring and evaluation plan has been devised for the Project, to monitor achievement of the indicators of success and the benefits which will be realised as a result of the project. This is incorporated in the Benefit Tracking Template provided at Appendix 13. The Council is fully aware of the need to demonstrate Best Value and progress towards economic impacts to adhere to the GCR City Deal Programme Management Toolkit.
- 5.7.2 Benefit monitoring and evaluation will be undertaken by in-house by Council Services and staff. The Enterprise Projects Team are responsible for managing the monitoring activity, reporting to the Senior Responsible Officer (who has overall responsibility for benefit delivery), and will deliver regular benefits realisation updates at each Gateway Review, culminating in a final evaluation report of the Project at Gateway 4. This will allow information to be fed into the ongoing collection of information by the PMO and the five yearly gateway review process.
- 5.7.3 The cost of the monitoring and evaluation during the City Deal period has been identified and is included in the Project costs. This can be seen in Table 4.2 against “Benefit Monitoring 2026/27 – 2034/35”.