

# Independent Evaluation of Local Growth Interventions: Glasgow City Region Infrastructure Fund

Final Report

October 2019

The logo for SQW, consisting of the letters 'SQW' in a bold, dark red, sans-serif font.

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	Director		

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# Executive Summary

## Introduction

1. A series of Growth and City Devolution Deals have empowered local partners across the UK to design and deliver programmes to develop their local economies. As part of this approach to local economic growth, 'localities' across the UK including Glasgow City Region (GCR) were awarded long-term investment funds.
2. The GCR City Deal was approved in August 2014 and is an agreement between the UK and Scottish Governments and the eight local authorities across GCR. The Deal included a 20 year £1.13bn Infrastructure Fund which aims to: improve public transport and the transport network across Glasgow and the Clyde Valley; and unlock key development and regeneration sites across the City Region.
3. After the first five years of the GCR Infrastructure Fund, the two Governments will undertake a Gateway Review to assess progress to date and decide on the next five-year tranche of funding. The Gateway Review will be informed by an impact evaluation undertaken by the independent National Evaluation Panel, which comprises a consortium of evaluators led by SQW<sup>1</sup>. The headline findings from the Panel are set out below, framed against each of the Gateway Review assessment criteria. Appendix A of this report describes where this report addresses the evaluation indicators by the UK Government for Gateway Review 1. It is understood that the remaining criteria will be addressed separately by the locality.

## Context

4. With a population of 1.8m, an annual GVA of more than £41bn, over 850,000 work-based employees, and around 48,000 businesses, GCR is one of the most significant sub-national economies in the UK. The GCR has many economic strengths such as a high share of degree-level qualified residents, impressive higher education and research institutions, a vibrant cultural and creative offer, and well-developed transport networks.
5. However, the City Region also faces significant socio-economic challenges, in part reflecting the long-term restructuring of the economy. Specifically, the City Region suffers from stubborn pockets of deeply entrenched socio-economic deprivation as well as significant land and property market failures.
6. Against this backdrop, the GCR Infrastructure Fund was developed as an ambitious long-term capital programme designed to tackle persistent market failures. The overarching goal was to provide GCR with a modern and high quality enabling physical infrastructure that would energise the private sector and accelerate inclusive growth. There are strong complementarities between the Infrastructure Fund sponsored projects and other skills and innovation focused City Deal interventions, as well as the emerging Innovation District initiatives that are progressing in Glasgow and Renfrewshire.

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<sup>1</sup> The consortium includes Cambridge Econometrics, Savills, Steer, and an Academic Group (Prof Martin Boddy, University of West of England; Prof Ron Martin, University of Cambridge; Prof Philip McCann, University of Sheffield; Prof Peter Tyler, University of Cambridge; and Prof Cecilia Wong, University of Manchester).

7. It was agreed that the Fund would support 21 interventions across GCR, including two pan city-regional projects to improve access to Glasgow Airport and enhance the regional bus network. Current expenditure forecasts indicate that most of the Fund resources will be spent over the first 10 years, by 2025, with benefits expected to be realised by 2035. It was agreed that the work of the National Evaluation Panel would focus on 12 interventions (or significant sub-projects within interventions) that were expected to be most advanced by the time of the first Gateway Review at the end of 2019/20.
8. As part of the evaluation, forecasts were produced on how the GCR economy was expected to develop at the point that the Deal and Infrastructure Fund were agreed in 2014. These data were compared to actual out-turns at the point of the Gateway Review 1 evaluation. The analysis reveals that employment growth has been stronger than forecast, but GVA and productivity growth has been slightly lower than forecast - a trend also reflected in Scotland and the UK more widely. Overall, the contextual economic forecasting has revealed some differences in economic performance to what was expected in 2014. However, the view of the evaluators is that it is unlikely that these differences have had a material effect on the implementation, progress or impact of the GCR Infrastructure Fund.

## Evidence of intervention progress

9. **The evaluation evidence reveals that GCR has achieved an impressive level of Infrastructure Fund expenditure.** As shown in Table 1 below, the 12 Infrastructure Fund interventions that fall within the scope of the evaluation have spent £158.5m to date (Q1 2019/20). The highest spending interventions thus far have been Canal and North Gateway (£61.3m), the Cathkin Relief Road (£14.5m, now completed) and the Clyde Waterfront and Renfrewshire Riverside (£14.4m). The Gartcosh–Glenboig Link Road has also been completed.
10. Across the totality of the Infrastructure Fund sponsored programme (21 interventions), £168.4m has been spent, with a further £35m of other funding contributions secured (mainly public sector at this stage). Expenditure is slightly behind target in terms of what was planned at the time of the evaluator's Baseline Report in June 2018<sup>2</sup>. However, **the Fund has already invested more than the £30m p.a. public sector grant allocation for the full five years. This level of investment is an impressive achievement in the early phase of a programme, during which new structures, processes and systems have been established.**

**Table 1: Financial progress of the GCR Infrastructure Fund (IF) interventions**

	Value (£m)
Anticipated IF spend by Q1 2019/20 (12 projects)	176.1
Actual IF spend by Q1 2019/20 (12 projects)	158.5 (90% of forecast)
Anticipated IF spend by Q1 2019/20 (All 21 projects)	195.1
Actual IF spend by Q1 2019/20 (All 21 projects)	168.4 (86% of forecast)
Other funding contributions secured	35.1

*Source: GCR monitoring workbook*

<sup>2</sup> Note that the planned figures in June 2018 were significantly lower than the five-year forecasts produced in November 2015.

11. **The latest financial projections indicate that the Infrastructure Fund will have invested £230m by the end of the first five-year Gateway Review period (i.e. by the end of Q4 2019/20).** This forecast has reduced by around £90m over the last 12 months, or by £59m when the £31m risk adjustment is accounted for, to reflect potential implementation delays. This is a significant change, which is attributable primarily to a combination of project manager optimism bias last year, and various delivery challenges as some of the major physical infrastructure projects move into the construction phase. Some examples of the types of implementation issues faced by project managers and partners are summarised below:
- Adapting delivery plans and implementation timescales to complement wider investments and maximise synergies
  - Responding to and overcoming unexpected planning issues
  - Some site-specific development challenges have been greater than expected.
12. Despite the delays observed on some projects, it is evident that project managers have generally been able to solve most delivery problems quickly and this has helped to ensure that schemes have continued to move forwards. **Therefore, although anticipated delivery milestones have been missed, the evaluators have found no evidence to suggest that the projects will not be completed as initially envisaged, albeit on a slightly elongated timescale. Importantly, the delays witnessed across the GCR projects have not translated into increased project costs.**

### Evidence of intervention impact

13. **Across the 12 Infrastructure Fund projects, the investment made to date has sustained over 900 construction job years, enhanced or created 5.4 km of road, reclaimed or redeveloped around 260 ha of land, unlocked over 400 ha of land for residential development and created 2,700 sqm of commercial floorspace.**
14. **Across most of the supported projects, it is too early to assess net economic impacts in terms of new/safeguarded jobs and GVA generated, as the important 'follow-on' investments have not yet happened.** However, the detailed impact evaluations of the Canal and North Gateway, M77 Strategic Corridor, and Cathkin Relief Road interventions provide initial evidence of impact - or progress towards impact - and this is summarised below.

### Impact evaluation 1: The Canal and North Gateway

15. The total funding commitment for the wider Canal and North Gateway Programme is £189m (including the investment in the community campus development), of which £89m has been allocated from the Infrastructure Fund. The project has spent £61.3m from the Infrastructure Fund to date (by the end of Q1 2019/20) representing 95% of the planned expenditure by this stage of the intervention. The intervention seeks to regenerate a large area of North Glasgow. The investment includes extensive site remediation works designed to unlock large-scale residential development, the installation of new bridges to enhance access to the city centre, public realm improvements and the creation of a new public park.

16. **House builders are currently on-site and are progressing developments that will eventually deliver c1,500 new houses. These confirmed developments mean that more than £170m of funding has been leveraged by the intervention thus far.**
17. **Based on construction spend up to Q1 2019/20, the intervention has sustained 507 years of construction employment (£28m in cumulative gross GVA for GCR). Future construction impacts will deliver an additional £72m in cumulative gross GVA.**
18. The evaluators found a high level of additionality with the scheme. Due to the extent of the contamination and the substantial costs associated with the site remediation works, a strategic programme of developments such as these would not have been commercially viable in the absence of the public-sector investment through the Fund.
19. Although the intervention (due to its scale) will result in some displacement of residential-led investment in other parts of GCR, the evaluators see this as being a positive development, with investment flowing into an area that has been identified as a regeneration priority and historically suffered from high levels of deprivation as well as multiple land and property market failures.
20. **Overall, strong progress has been made on the Canal and North Gateway project. Major (and complex) enabling infrastructure works are now close to completion in Sighthill and Port Dundas, and residential developers will soon be on-site to construct a large volume of new homes.** In Sighthill, some new buildings have been built (a new Community Campus and St Rollox church) and there is now increasing levels of excitement and anticipation amongst local community groups as they are beginning to see the new vision for the area translated into new facilities, housing and improved infrastructure on the ground. This ambitious project will take another 10-15 years to achieve all of its objectives fully, but encouragingly, it is already showing its potential through the follow-on investments that have been secured thus far and the detailed designs that have emerged for the new communities being built in North Glasgow.

### ***Impact evaluation 2: The M77 Strategic Corridor***

21. The total funding commitment for the M77 Strategic Corridor package of interventions is £44m from the Infrastructure Fund and £9m of the Fund has been spent to date (by the end of Q1 2019/20). The intervention seeks to support the regeneration of Barrhead and the continued growth of Newton Mearns through the development of new industrial workshop units, commercial office space, training facilities, road and access improvements, a new railway station and visitor centre.
22. **In total, 843 sqm of new workshop space is now fully occupied with tenants employing 33 people (generating a cumulative gross GVA figure of £1.9m), 1,345 sqm of commercial floorspace across 36 flexible office suites has been constructed and will launch to the market later this calendar year. On the former Nestle Purina site, 0.93 hectares of brownfield land has been remediated and a planning application for a new £12m retail park with c130 jobs has been submitted.**
23. The evaluators found a high level of additionality with this intervention. Due to the nature of the local market and the commercial risks involved, it is unlikely that the private sector would have brought forward the industrial, business accommodation and training space. Similarly,

the private sector would not have funded the road improvements. There is likely to be a high level of displacement in relation to the new industrial space. The level of displacement associated with the commercial workspace facility will be determined by the extent to which the centre attracts new businesses to the area and helps existing firms to grow.

24. **The M77 Strategic Corridor package of investments is contributing to the continued regeneration of Barrhead, building on previous work by the Council, including around the Town Centre. With improvements to The Foundry, 10 new workshop units at Crossmill and the land remediation at the former Nestle site already complete, plus works on road and rail improvements in the pipeline, the M77 intervention has contributed to the general stakeholder perception that Barrhead is “moving in the right direction”. For example, the 1,110 residential units planned for Barrhead South will be more than six times the number of units built in Barrhead over the past seven years. Importantly, these will also be larger and higher quality houses than those built in the area previously.**
25. At this stage, with the development of Crossmill Business Park and the construction (if not occupation) of Greenlaw Business Centre, the logic model outcome of an increased supply of commercial space has been realised. Moreover, consultation feedback indicates that the provision of this business space is additional and would not have been provided by the market. Crossmill is already generating positive economic impacts for the local economy. At the time of writing, gross employment on site was 32.5 FTEs. Taking account of the length of time each tenant has been at Crossmill, cumulative gross GVA generated to date is estimated by the evaluators as £1.9m. The provision of the high quality industrial premises at Crossmill and modern business space at Greenlaw should encourage start-ups and existing firms to stay and expand in East Renfrewshire, as opposed to locating elsewhere.

### **Impact evaluation 3: Cathkin Relief Road**

26. The total funding commitment for the intervention is £16m (initially it was £21.6m, but significant savings were found) and £14.5m has been spent to date (by the end of Q1 2019/20). There remains around £1.5m in the project budget to cover some additional walkways/cycle lane and bus infrastructure improvements, which will be completed by the end of 2019/20.
27. The new Cathkin Relief Road was opened in March 2017 and connects two existing roads to provide a piece of ‘missing infrastructure’ along the important transport corridor that runs from East Kilbride to the East End of Glasgow. In aggregate, **1.6 km of new road has been developed, 5 km of new cycle routes formed, 6.6 km of new pedestrian routes created and three junctions improved, plus 6,900 sqm of new blue/green infrastructure, 1.6 km of carriageway with reduced flood risk, 6.9 ha land with reduced flood risk, 40 properties with reduced flood risk, and 6,900 sqm of public realm enhanced. Additionally, 91 construction years of employment have been generated by the intervention.**
28. Traffic count data show that traffic is being transferred from smaller residential roads onto the strategic network including the Cathkin Relief Road and ‘feeder’ roads such as the Cathkin Bypass. Journeys made using the new road show a greater reduction in journey time than the 10% Business Case target. This ranged from a 16% to a 37%



reduction. However, the wider data on journey times (including northbound journeys on the Relief Road) are complex and do not show a clear picture, which may in part be related to the fact that the data are a snapshot c.18 months after the Relief Road was opened and it takes time for changes in traffic flows/behaviours to adjust to a new road. There may also be other factors influencing traffic movements that are not evident from the data and which South Lanarkshire Council is investigating.

29. The evaluators found a high degree of additionality with the new road and are of the opinion that in the absence of the Fund, the scheme would not have progressed at all or would have been subjected to significant delays.
30. By providing an alternative route, the Relief Road has enhanced the capacity of the transport network in this part of the City Region and importantly, increased its resilience. However, performance against the wider economic outcomes included in the augmented business case is less clear to the evaluators. Whilst most businesses consulted noted an improvement in commuting times for employees, they struggled to identify consequent impacts on their business performance in terms of employment, turnover, costs, investment or overall productivity to date. Similarly, there was limited evidence of the road contributing to unlocking/accelerating residential and commercial development. As such, the augmented business case appears to have been overly optimistic regarding the expected timing of economic impacts.
31. **Overall, the Cathkin Relief Road performs well against the original transport-based business case rationale and objectives. There are directly attributable benefits as a result of the Relief Road which would not otherwise have happened. The initial data show that the target journey time reduction has been reached already on a number of routes, but not in relation to morning peak journeys heading north. South Lanarkshire Council is investigating the causes of this anomaly and has time to resolve the issue to meet the target by 2025. Northbound morning traffic represents commuters travelling into the (East End) of Glasgow. As such, any improvements in journey times may generate wider positive economic outcomes for businesses in the area.**

### Evidence of capacity development and partnership working

32. **The evidence from both the online surveys and the strategic stakeholder consultations demonstrates that local capacity development and partnership working in GCR has improved over the last four years since the City Deal and Infrastructure Fund were announced. Although there have been many contributory effects, the creation and implementation of the City Deal and Infrastructure Fund have been the most important factors in driving these positive changes.** Specifically, the City Deal and Infrastructure Fund have provided a strong focus and clear incentive for local authorities to come together around a common growth agenda. Additionally, the importance of the Fund to the wider City Deal (and the extent of the complementarities between the two) is clearly evident to the evaluators.
33. The most positive feedback from the e-survey was in relation to strategic-level decision making and planning, engagement of high level stakeholders, and overall economic development capacity and partnership working.



34. The feedback from the strategic stakeholders on the effects of the City Deal and Infrastructure Fund on local economic capacity was, on the whole, very positive and slightly more optimistic in tone than the e-survey results. The discussions with stakeholders highlighted that **most progress to date has been in terms of senior level partnership working and the creation of new governance and management structures to oversee the City Deal and Infrastructure Fund implementation.** Prior to the City Deal and Infrastructure Fund, there was already some level of interaction across the councils at officer level, but this did not exist at the Chief Executive and Council Leader levels.
35. The improved partnership working is starting to broaden out to other public-sector partners through the work of the theme-based portfolio groups and most recently through the newly established Regional Partnership that was set up in 2018. There remains more work to do in terms of engaging more effectively with the private sector. However, this will be facilitated by the Regional Partnership and the creation of a regional investment prospectus with the buy-in of key private sector investors and developers. Additionally, the first Glasgow City Region Economic Strategy was produced in 2016 and is now being refreshed. This improved strategic vision for the Glasgow City Region is seen as an important output from the new structures.
36. It is expected that the increased levels of trust and closer partnership working observed at the most senior level will filter down through organisations and help to address some of the operational challenges experienced by project managers (and highlighted earlier) in delivering the Infrastructure Fund projects.
37. With an increased policy focus on City Region working across the UK over the last five to 10 years, it is not unreasonable to assume these types of structures may have emerged in Glasgow City Region at some point. However, these **City Region level structures tend to work best if they are complemented by new powers, increased autonomy, freedoms and funding available to partners - this has been provided through the Infrastructure Fund.**
38. The development of the three Innovation Districts in GCR illustrates how the Infrastructure Fund projects are stimulating and supporting wider economic development investments in the City Region. Significant investment is being made along the Glasgow waterfront to unlock sites for development. These regeneration aims were boosted by the decision of Barclays to build a major new technology campus on the south bank of the Clyde by 2020, which will consolidate Barclays' existing Scottish workforce of 2,500 and add an additional 2,500 jobs to the campus.
39. The progress that has been made in building local capacity in relation to strategic economic development and in strengthening partnership working arrangements is a significant beneficial outcome from the City Deal and Infrastructure Fund. However as shown elsewhere in the UK, notably Greater Manchester, this process of creating strong city-regional structures and encouraging partners to think as a region takes time.
40. **A key finding from the evaluation is the encouraging progress that has been made over a relatively short time period, which demonstrates to both UK and Scottish Governments the capability and willingness of partners to design and deliver local economic growth programmes in GCR.**

# 1. Introduction

## Investment Funds and the Gateway Review process

- 1.1 A series of Growth and City Devolution Deals have empowered local partners across the UK to design and deliver programmes to develop their local economies. This encourages partners within functional economic areas to work more closely together and to develop new governance arrangements.
- 1.2 As part of this approach to local economic growth, city regions and counties across the UK (referred to as 'localities') including Glasgow City Region (GCR) were awarded long-term investment funds. Spend of these funds is allocated to locally appraised projects, providing localities with greater control over directing priority investment decisions. These projects are appraised in line with assurance processes agreed with the UK and Scottish Governments.
- 1.3 The GCR City Deal Infrastructure Fund is co-funded by the UK and Scottish Governments. It is a long-term funding commitment of up to £1.13bn over 20 years, with £500m each from the UK and Scottish Governments, and the remaining £130m from the locality.
- 1.4 Key features of the approach agreed between UK and devolved Governments and localities include:
  - the first five years of funding is confirmed and this is paid in annual instalments
  - there is a Gateway Review after the first five years (2019), and then every five years subsequently; for the GCR, with the Infrastructure Fund starting in 2015/16, this involves a Gateway Review by March 2020
  - the understanding that future funding beyond the first five years will be subject to the outcome of Gateway Reviews and Ministerial decision-making
  - agreement that the Gateway Review is informed by an assessment of the impact of investments, undertaken by an independent National Evaluation Panel; in November 2016, an SQW-led consortium<sup>3</sup> was appointed to deliver the work of the National Evaluation Panel.

## The National Evaluation Panel

- 1.5 The purpose of the National Evaluation Panel is to evaluate the impact of the locally-appraised interventions on economic growth in each locality to inform the first Gateway Review and Ministerial decision-making on future funding. In GCR, this is specifically focused on the Infrastructure Fund, not the full City Region Deal.
- 1.6 The focus of the National Evaluation Panel is on the impact of activities supported by the investment fund (in the GCR this is the Infrastructure Fund), or the progress in delivery where it is too early for impact to be established. The work of the National Evaluation Panel does not

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<sup>3</sup> The consortium includes Cambridge Econometrics, Savills, Steer, and an Academic Group (Prof Martin Boddy, University of West of England; Prof Ron Martin, University of Cambridge; Prof Philip McCann, University of Sheffield; Prof Peter Tyler, University of Cambridge; and Prof Cecilia Wong, University of Manchester).

cover the processes of decision-making and the delivery mechanism, or advising on what projects should be supported.

- 1.7 The work of the National Evaluation Panel to inform the first Gateway Review has involved:
- the development of evaluation frameworks – a National Framework and in turn Locality Frameworks that were endorsed formally by localities and the Cities and Local Growth Unit (CLGU) on behalf of the UK Government. The GCR Locality Framework was also endorsed by the Scottish Government
  - the agreement of evaluation plans for each locality, and subsequent delivery of the agreed evaluation research by the consortium, informed by monitoring data collected by the localities
  - evaluation reports on impact and progress of the investment funds.
- 1.8 The National Evaluation Framework was approved by the Steering Group<sup>4</sup> of the National Evaluation Panel in August 2017. It established three principal strands of work:
- **Impact Evaluation** - assessing the extent to which interventions supported by the investment funds have generated economic outcomes and impacts for their locality
  - **Progress Evaluation** - where it is too early to evidence outcomes and impacts, even at an interim stage, an assessment of the progress that interventions have made in terms of their implementation, for example, against anticipated expenditure, delivery milestones, and in generating outputs
  - **Capacity Development and Partnership Evaluation** - to provide qualitative evidence on the effects of the investment funds on local capacity development and partnership working.

## This report

- 1.9 This is the Final Report for the evaluation of the GCR City Deal Infrastructure Fund, to inform the first Gateway Review. It is the third and final output from the evaluation, following a Baseline Report in October 2018 and a One Year Out Report in February 2019. This Final Report has been reviewed by GCR, the Glasgow Commission on Urban Economic Growth<sup>5</sup>, and the consortium's Academic Panel. The Final Report will be submitted to CLGU, on behalf of the UK Government, and the Scottish Government in November 2019.
- 1.10 The remainder of this report is divided into five further sections. These are:
- Section 2: Policy and economic context
  - Section 3: Overview of the Infrastructure Fund

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<sup>4</sup> The Steering Group comprises representatives from the 11 participating Localities: Glasgow City Region; Greater Cambridge Greater Manchester; Leeds City Region; Liverpool City Region; Tees Valley; Cambridgeshire and Peterborough; Cardiff Capital Region; Sheffield City Region; West Midlands; West of England,

<sup>5</sup> In 2015, a Commission of independent experts was set up to monitor and verify the economic impacts of the City Deal projects. It is chaired by Professor Sir Anton Muscatelli, Principal of the University of Glasgow and acts as a 'critical friend' to the City Deal Chief Executives Group and PMO. It is also implementing a research programme to assess the City Deal's contribution to inclusive growth

- Section 4: Assessment of progress
- Section 5: Assessment of economic impacts
- Section 6: Wider contribution of the Infrastructure Fund.

1.11 Two technical annexes are provided:

- Annex A: CLGU Gateway Review criteria
- Annex B: Peer Review comments
- Annex C: Economic forecasts and out-turns.

1.12 This main report is supported by five detailed evidence papers on:

- Capacity Development and Partnership Working
- Progress Evaluation
- Impact Evaluation of the Cathkin Relief Road intervention
- Impact Evaluation of the Canal and North Gateway intervention
- Impact Evaluation of the M77 Strategic Corridor intervention.

## 2. Policy and economic context

### The Glasgow City Region City Deal and wider policy context

#### *Glasgow City Region City Deal*

- 2.1 The Infrastructure Fund covered by the evaluation of Local Growth Interventions forms a key part of the GCR City Deal. The Deal was approved in August 2014, and is an agreement between the UK Government, the Scottish Government and eight Local Authorities across the City Region. It includes a £1.13 billion Infrastructure Fund, which partners have used to support 21 interventions. Six non-Infrastructure Fund sponsored projects have focused on life science cluster development, business support, and activities designed to strengthen the City Region's labour market. The six non-Infrastructure Fund projects have all been completed and are summarised in the table below.

**Table 2-1: Non-Infrastructure Fund City Deal projects**

Project	City Deal funding	Summary
Working Matters	£9m (£4.5m each from the DWP and Councils)	Employability programme supporting clients facing multiple barriers to employment
In Work Progression Pilot	£0.6m (£300k each from the DWP and Glasgow City Council)	Support to businesses and low paid staff within the care sector to improve the skills/earning potential
Youth Gateway	£15m (all funded through existing resources)	Additional support for youth employability services
Tontine	£1.6m (from BEIS, on behalf of the UK Government)	Capital works for a new centre for business incubation in Glasgow's Merchant City
Medicity	£1.2m (from BEIS, on behalf of the UK Government)	Capital works to develop a dedicated medical technology incubation facility and boost the development of new medical technology
Imaging Centre of Excellence (ICE)	£16m (from BEIS, via the Medical Research Council, on behalf of the UK Government)	Capital investment for a new R&D facility at the Queen Elizabeth University Hospital in Govan, housing a 7 Tesla MRI scanner and incubation space.

*Source: Locality*

- 2.2 Over its lifetime, it is estimated that the GCR City Deal will:
- support an additional overall increase of around 29,000 jobs in the City Region
  - work with 19,000 unemployed residents and support over 5,500 people back into sustained employment
  - leverage an estimated £3.3 billion of private sector investment into the area
  - spread the benefits of economic growth across Glasgow and the Clyde Valley, ensuring that deprived areas benefit from the additional economic activity<sup>6</sup>.

<sup>6</sup> Glasgow and Clyde Valley (2014), Glasgow and Clyde Valley City Deal

- 2.3 The City Deal is a key delivery mechanism for the GCR Economic Strategy<sup>7</sup>. The 2035 vision for the City Region is to build a:

*... strong, inclusive, competitive and outward-looking economy, sustaining growth and prosperity with every person and business reaching their full potential.*

- 2.4 The City Deal contributes directly towards the Strategy's objectives through its support for key sectors, addressing economic inactivity, encouraging innovation and investing in the enabling infrastructure required to unlock economic growth. Indeed, although a wide range of projects have been progressed as part of the City Deal, the main focus of the Infrastructure Fund relates to:

- bringing forward new employment opportunities through commercial and residential development (across both large and small development sites), including the physical regeneration and remediation of brownfield land
- targeted improvements to the local and strategic transport networks, designed primarily to enhance labour market flows and improve access to new employment hubs.

### **The national policy landscape**

- 2.5 Economic development policy in Scotland is driven by the Scottish Government's Economic Strategy<sup>8</sup>, which was launched in 2015 with the twin aims of increasing competitiveness and tackling inequality. The strategy also has four priority areas (the four I's) of investing in people and infrastructure, fostering a culture of innovation, promoting inclusive growth, and promoting Scotland internationally. Although the GCR City Deal predated the Scottish Economic Strategy, it has a strong emphasis on two of the national priority areas of infrastructure investment and inclusive growth through improved connectivity across the City Region.
- 2.6 In 2016, the Scottish Government conducted the Enterprise and Skills Review<sup>9</sup> in order to better align the national agencies to Scotland's Economic Strategy. As part of the Review, it recommended the creation of Regional Partnerships, building on the "experiences, structures and learning from City Deals". For the first time since the abolition of the Local Enterprise Companies (LECs) in 2008, there will be a forum for senior representatives from the councils, the Scottish and UK Governments, enterprise agencies (Scottish Enterprise, Skills Development Scotland and Scottish Funding Council), further and higher education institutions, and the private sector. GCR was the first area to set up its Regional Partnership in autumn 2018 and four meetings have taken place to date (as of October 2019).
- 2.7 Also in 2016, the GCR launched its first City Region Economic Strategy (RES)<sup>10</sup>. The RES Action Plan set out partners' priorities under eight portfolio themes, each of which was led by a different City Region local authority. The Regional Economic Strategy is currently being refreshed and will be re-launched in early 2020.

<sup>7</sup> Glasgow City Region (2016), Glasgow City Region Economic Strategy 2017-2035

<sup>8</sup> Scottish Government (2015), Scotland's Economic Strategy

<sup>9</sup> Scottish Government (2016-2017), Enterprise and Skills Review

<sup>10</sup> Glasgow City Region (2016), Glasgow City Region Economic Strategy 2017-35

- 2.8 The last five years since the GCR City Deal and Infrastructure Fund were first launched has been characterised by a period of economic and political uncertainty. The recovery from the recession that emerged after the financial crash was followed by the Scottish independence referendum of September 2014 and the Brexit vote in 2016. The subsequent lack of clarity on how and when the UK is leaving the EU has led to more uncertainty. At the time of writing, the UK Government has committed to leave the EU at the end of October 2019.

## The Glasgow City Region economy

- 2.9 With a population of 1.8m, an annual GVA of over £41 billion, over 850,000 work-based employees, and around 48,000 businesses, GCR is one of the most significant sub-national economies in the UK.
- 2.10 The GCR Regional Strategic Assessment<sup>11</sup> sets out the key strengths and assets of the City Region, which include:
- one of the UK's largest labour markets (which is relatively self-contained), with a high share of degree-level qualified residents
  - a network of impressive higher education and research institutions, that attract talent and high levels of private sector industry collaboration and research funding, supporting innovation, enterprise and employment pathways
  - a vibrant cultural and retail offer – centred particularly around Glasgow City Centre – and a growing reputation as an event/conference location, helping to attract increasing numbers of overseas and domestic visitors
  - a well-developed strategic transport network supporting labour mobility and access to international markets, including an international seaport and airport, with a growing number of passengers and routes, and strong local and national rail and road connections, including recently improved motorway links (such as the M74 completion, and M8/M73/M74 improvements)
  - a large supply of land which could be developed for housing and employment space.
- 2.11 However, the City Region also faces significant socio-economic challenges, in part reflecting the long-term restructuring of the economy, and the associated deeply entrenched socio-economic deprivation and inter-generational challenges facing many of the City Region's areas and communities. Key weaknesses and barriers to growth include:
- poor business start-up and survival rates, resulting in a smaller business base than other UK city regions and low representation in high value and high growth sectors
  - skills and learning deficits including high levels of residents with no/low skills, and relatively low levels of job-related training for 16-24 year olds
  - significant labour market inclusion issues in some parts of the City Region, with high levels of economic inactivity, much of which is due to long-term limiting illnesses. Additionally, there are employment problems for residents of the most deprived

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<sup>11</sup> Glasgow City Region (2019), Regional Strategic Assessment

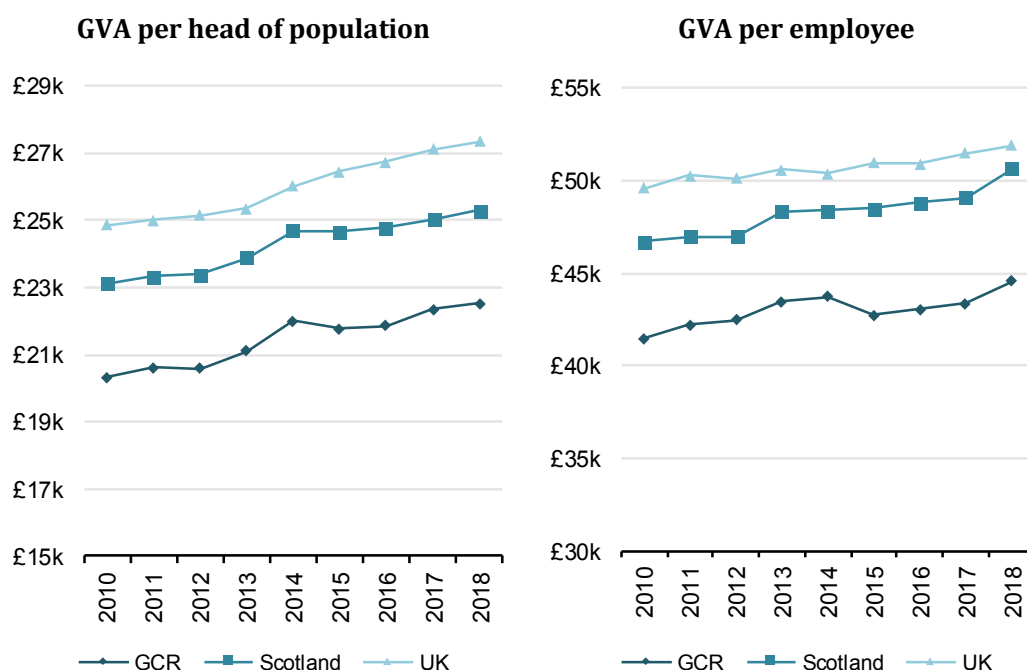


communities and those failing to secure a good educational or employment outcome by their late teens/early 20s

- despite high availability, much of the available land supply is brownfield/vacant and derelict land, with relatively high development costs/constraints limiting housing starts and completions, and low take-up of available industrial and business land; the scale of the challenge is significant, while accounting for only 4% of Scotland's total land mass, the City Region accounts for around 30% of Scotland's total supply of urban vacant and derelict land.

2.12 These challenges are reflected in deficits in both GVA per head and GVA per employee, as summarised in Figure 2-1. The data for both indicators reveal that the gap between the City Region and the UK has not closed over the past decade. However, there has been an incremental widening of the gap between the City Region and Scotland for GVA per employee.

**Figure 2-1: GVA per head & per employee for the Glasgow City Region, Scotland and UK 2010-18**



Source: Cambridge Econometrics and ONS

2.13 Table 2-2 provides a summary of key socio-economic performance indicators for the City Region, relative to Scotland and the UK. The table shows a baseline position when the City Deal and Infrastructure Fund was agreed and the latest available data at the time of writing. The data reflect the strengths, and some of the challenges, of the City Region noted above; for example, the City Region has consistently out-performed the UK in terms of higher-level qualifications, but there have been and remain sizeable deficits in relation to enterprise, business density, and the wider skills base. The City Region also remains much more reliant on public sector employment than is the case nationally, and has fewer employees in professional/managerial occupations.

**Table 2-2: Key socio-economic indicators for Glasgow City Region**

	Baseline			Latest data		
	Glasgow CR	Scotland	UK	Glasgow CR	Scotland	UK
<b>Business</b>						
Business stock per 10,000 working-age population	349	452	552	401	500	641
Business start-up rate per 10,000 working-age population	59	61	85	60	62	92
Private sector employment as share of all employment	76%	77%	82%*	76%	77%	83%*
<b>Labour market</b>						
Employment rate 16-64	69%	73%	72%	71%	74%	75%
Economic activity rate 16-64	75%	77%	77%	75%	77%	78%
% employment in professional / managerial occupations**	29%	28%	30%	29%	29%	31%
<b>Skills</b>						
% with NVQ4+ - aged 16-64	40%	41%	36%	42%	44%	39%
% with no qualifications (NVQ) - aged 16-64	13%	9%	9%	13%	10%	8%

**Note:** 'Baseline' represents data in 2014 for all indicators apart from 'Private sector employment as share of all employment' where the data available was 2015. The 'latest data' represents 2018 for the business stock indicators, 2017 for other business indicators and 2018 for all labour market and skills indicators.

\*Due to data availability, these figures are representative of Great Britain and not the UK.

\*\*Professional and managerial occupations are those that are classed as managers, directors and senior officials, or have professional occupations, as classified by ONS.

Source: Annual Population Survey, Business Demography, Business Register and Employment Survey

- 2.14 The data above focus on the City Region as a whole. However, it is important to recognise that there is significant variation in the socio-economic performance within the City Region, between different local areas, each of which have their own strengths and challenges. For example, as summarised in Table 2-3, residential and workplace earnings vary substantially across the City Region geography; these data reflect the different roles that local areas play in the city-regional economy.

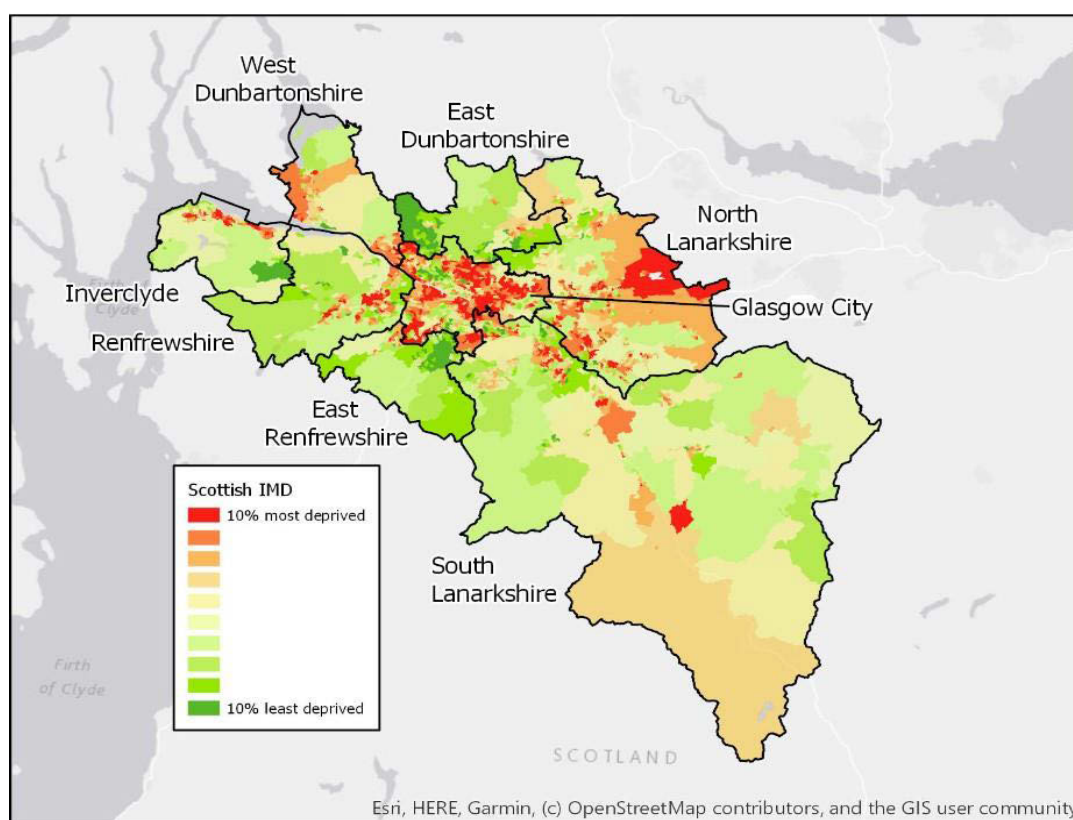
**Table 2-3: Gross annual earnings for Glasgow City Region Localities (£k)**

	Resident annual pay (gross, median, £k)		Workforce annual pay (gross, mean, £k)	
	2014	2018	2014	2018
East Dunbartonshire	32.0	34.5	26.0	23.9
East Renfrewshire	31.5	38.4	23.8	25.3
Glasgow City	25.8	27.7	27.5	29.4
Inverclyde	26.2	28.9	26.1	30.7
North Lanarkshire	26.0	28.3	25.3	28.3
Renfrewshire	27.1	30.9	27.2	26.3
South Lanarkshire	26.8	29.5	26.8	30.0
West Dunbartonshire	25.7	26.9	26.0	29.3
Scotland	27.0	29.2	27.0	29.3
UK	27.2	29.6	27.2	29.6

Source: ONS (Annual survey of hours and earnings data)

- 2.15 The variation in socio-economic performance across the City Region is highlighted further in Figure 2-2, based on the 2016 Index of Multiple Deprivation for Scotland. Whilst containing some of Scotland's least deprived (most prosperous) areas, there are also concentrations of severe relative deprivation, notably in Glasgow City, Inverclyde, North Lanarkshire, and West Dunbartonshire; residents of more disadvantaged areas are also disproportionately affected by environmental blight, with a high proportion of the City Region's vacant and derelict land located within the most deprived areas.

**Figure 2-2: Glasgow City Region, Index of Multiple Deprivation 2016**



Source: Produced by SQW 2019. Licence 100030994. Contains Scottish Index of Multiple Deprivation data (2016)

## Economic forecasts and out-turns

### Approach

- 2.16 To provide context for the impact and progress evaluations, the National Evaluation Framework recommended that economic forecasting should be used to identify how the economy in GCR was expected to develop at the point that the City Deal and Infrastructure Fund were agreed in 2014. Cambridge Econometrics' forecasting model produced a perspective on future economic performance from 2014 and these forecasts were then compared to actual out-turns at the point of the final evaluation.
- 2.17 **The primary purpose of this analysis was to consider how expectations of economic growth in the City Region have changed during the first five years of delivering the Infrastructure Fund. It is important to note that the analysis did not seek to, and could not, measure the impact of the Fund on the GCR economy during this period. Instead, the analysis sought to highlight wider issues in the City Region's economy that may or may not have influenced the progress and early impact of the Infrastructure Fund projects.**
- 2.18 The forecasts were produced by Cambridge Econometrics' highly disaggregated database of employment and GVA by industry, using the data available in 2014. Importantly, these data were tailored to reflect the "view from 2014" factoring in key additional developments that were known about at the time. This projection sought to be as consistent as possible with policy makers' expectations of the wider macro environment around the time that the City Deal and Infrastructure Fund were agreed, and excluded economic and policy contexts/circumstances, which were not known about at the time (most obviously Brexit).
- 2.19 The projections have subsequently been compared to the latest information available on actual out-turns, including data up to 2018. Further details regarding the approach, technical considerations and limitations, and the detailed data from the initial projections and analysis of out-turns are set out in Annex C.

### Key findings

- 2.20 The headline projections and out-turn data for employment, Gross Value Added (GVA), and productivity (measured in terms of GVA per employee) growth over the 2012-18 period in the GCR are presented in Table 2-4.

**Table 2-4: Comparison of projected and actual economic performance in GCR 2012-2018**

	2014 projection	Actual out-turn
Change in employment 2012-18 (%)	5.2%	6.9%
Change in GVA 2012-18 (%)	14.6%	12.2%
Change in productivity 2012-18 (%)	8.9%	5.0%

*Source: Cambridge Econometrics and ONS*

- 2.21 Regarding the headline data it is apparent that:
- employment growth in the City Region has been somewhat stronger than forecast; 1.1% p.a. compared to 0.8% p.a. and in aggregate terms, there were some 14,300 more

jobs in the City Region in 2018 than forecast in the baseline projections, with above forecast employment growth reflecting the national (UK) trend over this period

- by contrast, GVA growth has been slower than forecast; annual GVA growth in the City Region over the 2012-18 period was 0.4 percentage points lower than forecast in the baseline projections, although this was in line with Scotland and the UK, where annual GVA growth was also below the forecast level. Although care needs to be taken when comparing the two sets of GVA data<sup>12</sup>, the revised GCR GVA figure for 2018 is £2.2 bn lower than the original forecast for 2018
- productivity growth has also been lower than forecast in the baseline projections for the City Region; this is consistent with the lower than forecast GVA growth, alongside higher than forecast employment growth, with this trend also witnessed in Scotland and the UK.

- 2.22 Sectoral trends influencing the overall performance of the City Region include higher than forecast employment growth in Construction and Information and communications sectors, and lower than forecast GVA growth in Manufacturing, Distribution and Finance and Business Services. Granular sector-level data are provided in Annex C.

### ***Implications for the evaluation***

- 2.23 **The analysis indicates that the economy in the City Region has not performed as well (in GVA and productivity terms) as expected at the time that the City Deal and Infrastructure Fund were agreed in 2014.** Employment growth has been slightly higher than expected. In simple terms, the GCR has been creating jobs, but not enough of these are high value and consequently, GVA and productivity growth has been slower than forecast. However, it should be noted that there has been a similar trend elsewhere and performance in the GCR has largely tracked performance in Scotland and the UK as a whole over this period.
- 2.24 As may be expected in a large and diverse economy, there have been sectoral variations in performance compared to the baseline projections, with construction performing better than expected, notably in employment terms. This may have impacted on the delivery of some of the Fund sponsored interventions in terms of access to labour/specialist suppliers over this period (i.e. if the local construction sector had limited spare capacity over this period).
- 2.25 In addition, both the Manufacturing and Finance and Business Services sectors have not performed quite as well as expected in GCR in terms of employment growth. This is important contextually (and is arguably a key part of the rationale) for the Infrastructure Fund projects designed to secure follow-on investments in these high value sectors (e.g. at Clyde Waterfront and around Glasgow Airport).
- 2.26 Similar to elsewhere, the Brexit referendum result of 2016 is the key policy development from the last five years that was not expected at the time the City Deal and Infrastructure Fund were announced. As highlighted by some City Region stakeholders (for the capacity development and partnership working strand of the evaluation), the subsequent political uncertainty has impacted on the volume of property-related investment in the City Region. **Looking ahead to**

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<sup>12</sup> The original GVA forecasts were based on ONS data using an income approach. ONS has now changed to using an improved balanced approach. More detail can be found in Annex C.

**the next few years, the nature of the UK's departure from the European Union (i.e. with or without a deal) could also have implications for the timing of any private sector follow-on investments supported by the Infrastructure Fund.**

- 2.27 Overall, the contextual economic forecasting has revealed some differences in economic performance to what was expected in 2014. However, the view of the evaluators is that it is unlikely that these differences have had a material effect on the implementation, progress or impact of the GCR Infrastructure Fund.

## 3. Overview of the Infrastructure Fund

### Coverage of the Fund

Scope	
Maximum value of fund	£1.13bn
Length of fund	20 years
Number of interventions in scope of the evaluation	12
Level of funding of interventions in scope of the evaluation	£617.6m Infrastructure Fund £730.3m total including other public and private sector funding
Funding type	Capital
National Evaluation Framework Thematic coverage	
Transport	Yes
People	No
Infrastructure	Yes
Enterprise & Innovation	No
Other	Yes (public realm)

### Strategic overview of Fund approach and model

- 3.1 The Infrastructure Fund is a 20-year, £1.13 billion pot that was agreed in 2014 and became operational in 2015. The Fund aims to: improve the transport network across Glasgow and the Clyde Valley; unlock key development and regeneration sites; and improve public transport and connectivity across the region.
- 3.2 During 2013, around 80 potential Infrastructure projects were modelled to assess their potential economic benefit and then prioritised in order of their anticipated quantum of net GVA impact. In 2014, a programme of 21 interventions was agreed, including two pan city-regional projects to improve access to Glasgow Airport and enhance the regional bus network. Most of the Fund resources will be spent during the first 10 years, by 2025, with benefits expected to be realised by 2035.
- 3.3 The Fund, which is central to the GCR City Deal, is expected to generate a sustainable uplift in GVA of 4% (c. £2.2bn p.a.) for the City Region by 2035. It is reported this will support an overall increase in the economy of around 29,000 jobs in the City Region<sup>13</sup>.

### Interventions in scope of the evaluation

- 3.4 The evaluation to inform the first Gateway Review is focused on interventions that had been approved formally (with an approved OBC) within the first Gateway Review period, and

<sup>13</sup> Glasgow City Region City Deal (2015), Infrastructure Fund Economic Case



where significant Fund expenditure has been incurred (either in absolute or percentage terms). In practice, to allow sufficient time for evidence on progress of delivery to emerge, to inform the evaluation, this meant interventions that commenced delivery (including the design and construction phases) and expenditure before December 2018. Within these criteria, 12 interventions are covered in the evaluation.

- 3.5 The 12 'in-scope' interventions are summarised in Table 3-1; they are grouped according to the four logic models developed in the Locality Framework, reflecting the relationships between individual interventions across the Fund, and similar activity types. As part of the Locality Evaluation Framework, four tailored logic models were developed to inform the consideration of evaluation methods and approaches, and to identify the data requirements building on the expected theory of change (i.e. why and how the interventions were expected to deliver beneficial impacts for the GCR economy).

**Table 3-1: Interventions covered by the evaluation to inform the first Gateway Review**

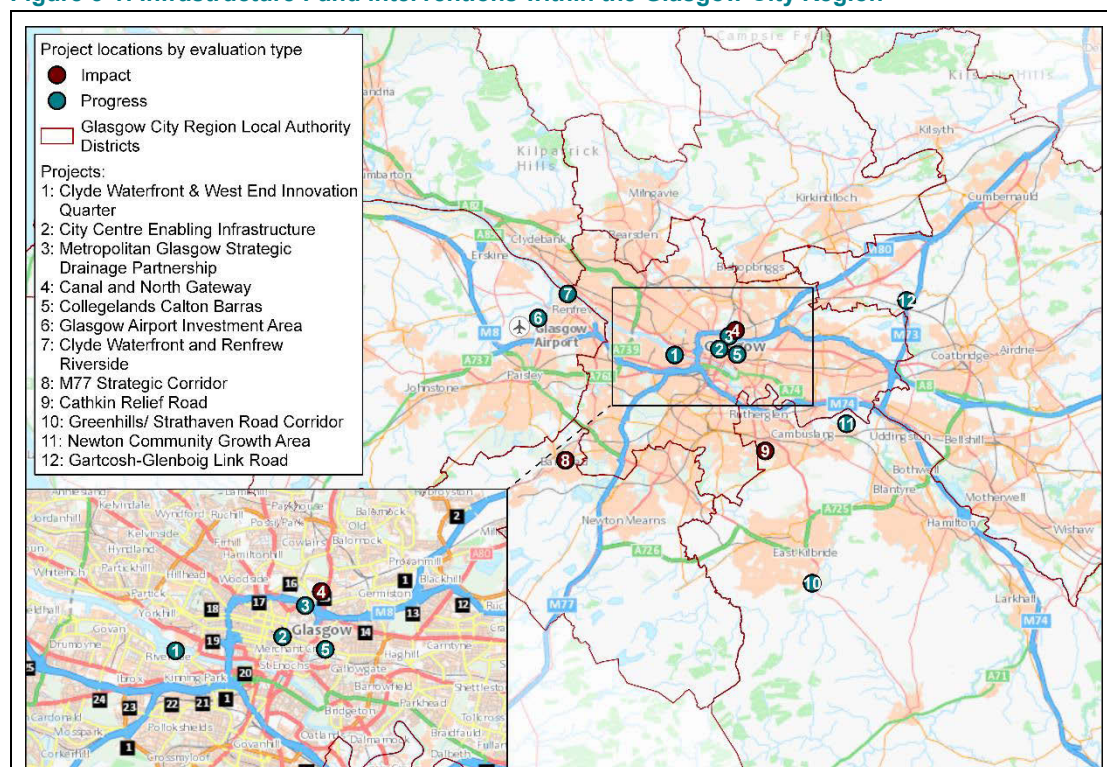
Intervention (grouped by logic models)	Summary	Infrastructure Fund lifetime allocation
<b>Glasgow Hybrid</b>		
Collegelands Calton Barras	Station upgrade, junction improvements, land remediation, access works, environmental improvements, master-planning and public realm improvements	£27.0m
Metropolitan Glasgow Strategic Drainage Partnership (MGSDP)	Portfolio of 14 projects including realignment of watercourse channels across the city, and implementation of surface water management interventions	£40.2m
Canal and North Gateway	Site remediation and servicing, new bridges and road access, public realm improvements and implementation of public transport and active travel infrastructure	£89.3m
City Centre Enabling Infrastructure	Public realm and place making improvements, including implementation of traffic management, local cycle infrastructure, surface water management interventions and street trees	£115.5m
Clyde Waterfront & West End Innovation Quarter	Improvements to pedestrian / cycling routes and public transport links including new pedestrian / cycle bridge, upgrading a motorway / dual carriageway junction, land remediation, environmental improvements including public realm and works to enhance access and integrity of river frontage including quay wall works	£113.9m
<b>City Region Connectivity</b>		
Cathkin Relief Road	Road infrastructure works, including a new 1.6km relief road, quality bus measures and associated pedestrian and cycling improvements at Rutherglen	£16.0m
Greenhills/ Strathaven Road Corridor	Road widening to dual carriageway in East Kilbride	£25.7m
<b>City Region Site Development</b>		

Intervention (grouped by logic models)	Summary	Infrastructure Fund lifetime allocation
Clyde Waterfront and Renfrew Riverside	New opening bridge crossing the River Clyde close to Renfrew and Yoker, plus new Renfrew Northern Development Road and associated green network improvements	£90.6m
Glasgow Airport Investment Area	Realignment of Abbotsinch Road and other access improvements including White Cart crossings to open up vacant development sites and enable Glasgow Airport expansion and other developments	£39.0m
Gartcosh-Glenboig Link Road (sub-project of wider Gartcosh-Glenboig Community Growth Area)	New road to support the development of the Community Growth Area	£6.3m
Newton CGA (sub-project of wider South Lanarkshire Community Growth Area)	Infrastructure improvement works designed to unlock development and promote investment in key sites at Newton	£10.2m
<b>City Region Hybrid</b>		
M77 Strategic Corridor	Various projects around the M77 including a new visitor centre, enhanced road infrastructure, new employment space, country park improvements and a new rail station	£44.0m

Source: Locality

3.6 The spatial location of the 12 interventions in scope for evaluation across the GCR is shown in Figure 3-1. The map indicates whether a project has been covered by *impact* or *progress* evaluation.

**Figure 3-1: Infrastructure Fund interventions within the Glasgow City Region**



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## Evaluation approach

3.7 The remit of the National Evaluation Panel is to provide evidence on the impact of the GCR Infrastructure Fund in delivering local growth outcomes. However, as noted in Section 1, in some cases it was considered too early to evidence impacts at this stage. Therefore, two different but complementary approaches to evaluation have been completed:

- **Impact evaluation** – three of the more advanced Infrastructure Fund projects were selected for more detailed analysis and research with key stakeholders and businesses to assess the extent to which the investments were achieving the anticipated outcomes and impact. These three projects are: Canal and North Gateway (Glasgow City Council); M77 Strategic Corridor (East Renfrewshire Council); and Cathkin Relief Road (South Lanarkshire Council)
- **Progress evaluation** – for earlier stage Infrastructure Fund supported projects, progress has been assessed based on monitoring data, consultations with project managers and in some cases, wider stakeholders. All 12 interventions, including the three impact projects introduced above, have been subject to progress evaluation.

## 4. Assessment of progress

- 4.1 This section provides a summary of the delivery progress of the GCR Infrastructure Fund in terms of planned and actual project expenditure and outputs. As set out in the Evaluation Plan, it was agreed with the locality that the evaluation work would focus on those interventions that were likely to be most advanced by 2019. For a number of the projects covered by the evaluation, we are only able to measure progress against those project elements that have been developed by Gateway Review 1.
- 4.2 Therefore, the main emphasis of the progress review is on the 12 interventions that fall within the scope of the evaluation. However, for completeness, the evaluators have also analysed expenditure data across all 21 Infrastructure Fund sponsored interventions. Where the analysis compares planned with actual expenditure, the planned figures are those that were provided to the evaluation team in June 2018 for the Baseline Report.

### Key messages from the progress evaluation research

- The 12 Infrastructure Fund interventions that fall within the scope of the evaluation have spent £158.5m of Fund resource to date (Q1 2019/20). All 21 interventions have spent £168.4m. In both cases, expenditure is slightly behind forecast in terms of what was planned at the time of the Baseline Report in June 2018<sup>14</sup>.
- The latest forecast expenditure by Gateway Review 1 (the end Q4 2019/20) is £230m and this is significantly lower than the planned figure of £320m from 12 months ago (or £289m using the risk adjusted figure). This is due to a range of implementation issues and challenges, which have delayed expenditure.
- However, the Infrastructure Fund has managed to spend a significant amount and the City Region always planned to front-load the Infrastructure Fund investment as much as possible.
- Even based solely on the level of expenditure to date (up to Q1 2019/20), the Fund has already spent more than the £30m p.a. Government grant allocation for the full five years. This is an impressive achievement and demonstrates the speed with which project delivery has progressed across the City Region.
- Two of the 12 interventions in scope for the evaluation have been completed and these road projects are already demonstrating progress towards expected outcomes in relation to reduced congestion and unlocking new residential development.
- The other 10 'live' projects are slightly behind schedule (which clearly impacts on the overall expenditure forecasts) due to a range of implementation issues. However, some have already secured follow-on investments (such as for residential development), which will generate additional economic outcomes.
- Across the 12 Infrastructure Fund projects, the investment made to date has sustained over 900 construction job years, enhanced or created 5.4 km of road, reclaimed or redeveloped around 260 ha of land, unlocked over 400 ha of land for residential development, and created 2,700 sqm of commercial floorspace.
- Despite the delays on some projects, it is evident that project managers have generally been able to solve most delivery problems quickly and this has helped to ensure that schemes continue to move forwards. Therefore, although anticipated delivery milestones have been missed, the evaluators have found no evidence to suggest that the projects will not be completed as envisaged, albeit on a slightly elongated timescale.

<sup>14</sup> As highlighted earlier, the planned figures in June 2018 were themselves significantly lower than the five year forecasts produced in November 2015.

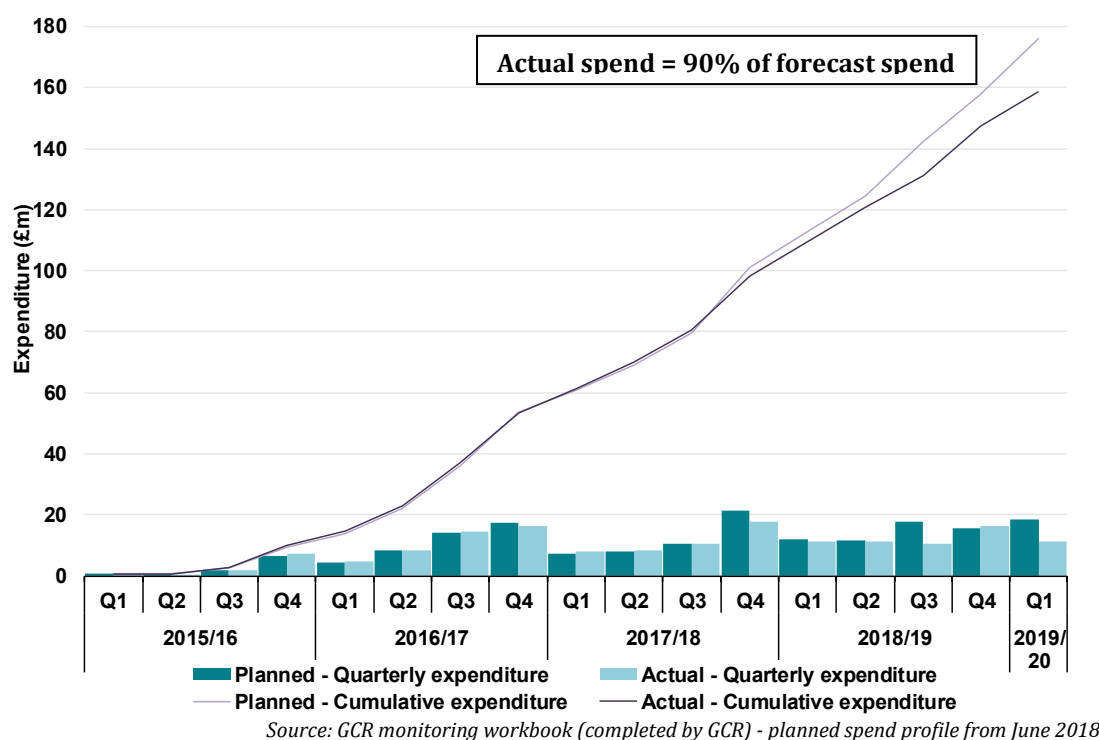
## Overview of progress

Expenditure across the 12 projects within scope of the evaluation	
Anticipated expenditure by end-June 2019	£176.1m Infrastructure Fund £210.4m total including other public and private sector funding
Actual expenditure by end-June 2019	£158.5m Infrastructure Fund £193.5m total including other public and private sector funding
Infrastructure Fund expenditure as % anticipated	90.0%
Expenditure across all 21 Infrastructure Fund projects – the totality of the programme	
Anticipated expenditure by end-June 2019	£195.1m Infrastructure Fund £230.4m total
Actual expenditure by end-June 2019	£168.4m Infrastructure Fund £203.5m total
Infrastructure Fund expenditure as % anticipated	86.3%
Status of the 12 interventions within scope of the evaluation	
Interventions completed by end-June 2019	<ul style="list-style-type: none"> <li>• Cathkin Relief Road</li> <li>• Gartcosh-Glenboig Link Road</li> </ul>
Interventions on-going at end-June 2019	<ul style="list-style-type: none"> <li>• Collegelands Calton Barras</li> <li>• Metropolitan Glasgow Strategic Drainage Partnership (MGSDP)</li> <li>• Canal and North Gateway</li> <li>• City Centre Enabling Infrastructure</li> <li>• Clyde Waterfront &amp; West End Innovation Quarter</li> <li>• Greenhills/ Strathaven Road Corridor</li> <li>• Clyde Waterfront and Renfrew Riverside</li> <li>• Glasgow Airport Investment Area</li> <li>• Newton CGA</li> <li>• M77 Strategic Corridor</li> </ul>

## Expenditure

- 4.3 The cumulative anticipated and actual Infrastructure Fund expenditure for the 12 interventions in scope of the evaluation is shown in Figure 4-1. Across these schemes, project managers and the Programme Management Office (PMO) team reported (in June 2018) an anticipated Infrastructure Fund expenditure of £176.1m by the end of June 2019. **The actual expenditure out-turn by the end of June 2019 was £158.5m, which represents 90% of the anticipated level.** The highest spending interventions to date have been Canal and North Gateway (£61.3m), Cathkin Relief Road (£14.5m, now completed) and the Clyde Waterfront and Renfrewshire Riverside (£14.4m).

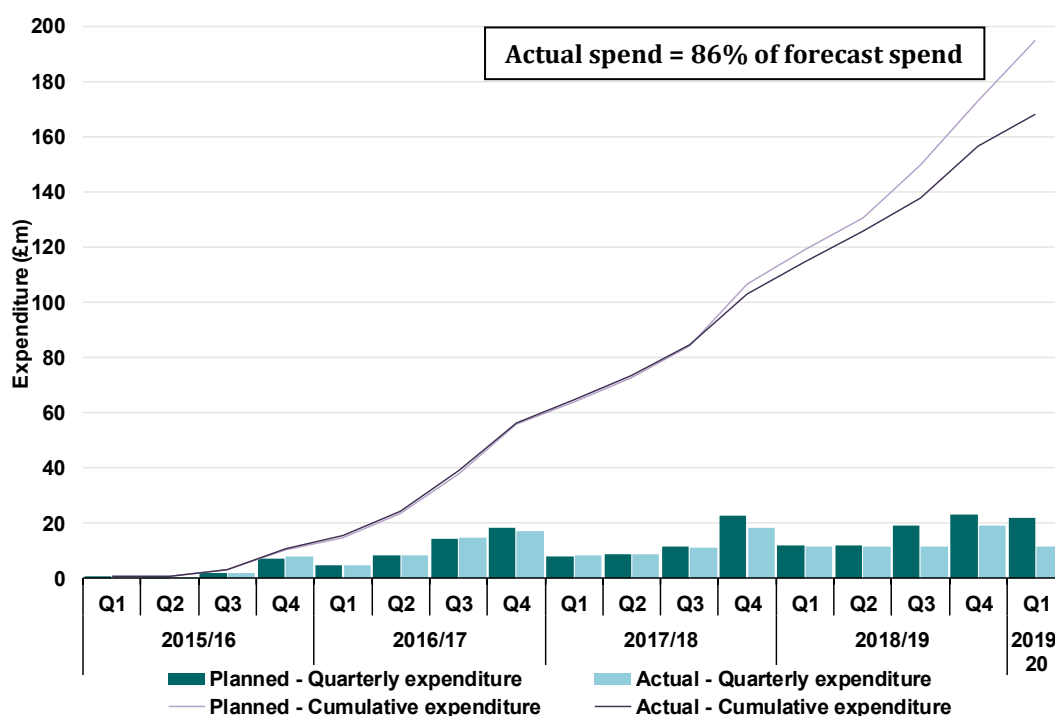
Figure 4-1: Infrastructure Fund expenditure Q1 2015/16 to Q1 2019/20 (12 interventions)



- 4.4 **The total Infrastructure Fund expenditure across all 21 interventions by the end of Q1 2019/20 was £168.4m, which represents 86% of the forecast level of spend.** As shown in Figure 4-2, up to Q4 2017/18, the quarterly actual expenditure was broadly in line with anticipated expenditure up to that point. This was the latest data used in the Baseline Report and the planned expenditure figures have been unchanged since Q4 2017/18. Since then, however, there has been some divergence between actual and planned expenditure, due to delivery challenges delaying spend.
- 4.5 It is important to note that the Baseline Report from June 2018 contained two sets of forecasts. There was an original aspiration in November 2015 that the Fund would spend £569m by Gateway Review 1. In June 2018, this forecast was reduced to £320m (this figure included a risk adjustment of £31m, which would reduce the overall spend forecast to £289m). The evaluators note the significant scale of the revision, but acknowledge that this in part reflects the complex and uncertain nature of a large physical regeneration programme such as this and the delivery challenges that can occur on major capital projects.
- 4.6 As projects move through the business case and project development process, the profiling of projected spend has been adjusted and managed. This is in response to the specific circumstances and challenges faced by each project, such as securing other funding, collaboration with partner organisations, and the conclusion of planning or other statutory processes required to deliver the project.



Figure 4-2: Infrastructure Fund expenditure Q1 2015/16 to Q1 2019/20 (All 21 interventions)



Source: GCR monitoring workbook (completed by GCR) - planned spend profile from June 2018

- 4.7 The latest financial projections indicate that the Infrastructure Fund will have spent £230m by the end of the first five-year Gateway Review period (i.e. by the end of Q4 2019/20). This forecast has reduced by around £90m (or £59m from the risk adjusted figure) over the last 12 months. This is a significant change, which is attributable primarily to a combination of project manager optimism bias last year, and delivery challenges as major physical infrastructure projects move towards the main construction phase. There were also major revisions to previous financial forecasts in the planned figures produced in June 2018.
- 4.8 However, the fact that the Fund has already spent more than the £30m p.a. grant allocation for the full five years is an impressive achievement and demonstrates the encouraging progress that the City Region has made in the early years of the Fund's delivery. The front-loading of the project expenditure has been enabled through Councils' existing borrowing limits.

#### Project level progress assessment

In the following sections, we assess the progress of the completed and ongoing interventions in scope for the evaluation (i.e. the 12 projects). The assessment has been guided by the following:

- Where a project's expenditure at the end of Q1 2019/20 is 95% or above the planned expenditure figure from June 2018 then it is deemed to be 'on budget'.
- Where a project is not deemed to be on budget, this means that the project spend has slipped rather than it has gone over budget in financial terms.
- Progress against milestones and outputs is based on what was expected at the time of the first wave of consultations with project managers, which were carried out in November 2018.



- Although the analysis in this report compares the latest progress against what was expected in 2018, each Infrastructure Fund project provides revised timescales and spend profiles, which are agreed through the PMO and governance structures set up to manage the GCR City Deal and Infrastructure Fund.

## Out-turn of completed interventions

### Summary overview

- 4.9 By the end of June 2019, two of the interventions supported by the Infrastructure Fund had been completed. A detailed assessment of each intervention against the five Progress Evaluation research questions is set out in the accompanying Progress Evaluation Evidence Paper. A summary of the evidence across these interventions is presented in the table below.

Number of completed interventions: Two	
Was expenditure on budget?	
Yes	No
<ul style="list-style-type: none"> <li>➤ Cathkin Relief Road</li> <li>➤ Gartcosh-Glenboig Link Road</li> </ul>	
<ul style="list-style-type: none"> <li>The Cathkin Relief Road cost £14.5m and the Gartcosh-Glenboig Link Road cost £5.5m (all Infrastructure Fund monies), both as planned. Although the Cathkin Relief Road opened in 2017, there are still some associated works to be completed in terms of improving cycle/walkways and the bus infrastructure on adjoining roads. Some funding is also being held in a contingency pot for potential future compensation payments to residents.</li> <li>Similarly, for Glenboig Link Road expenditure will take place on ecological monitoring with funding also being held as contingency for possible ecological mitigation (subject to ongoing monitoring), for final payments to the contractor (subject to agreement of a final account) and for any compensation payments to residents.</li> </ul>	
Were agreed delivery milestones met?	
Yes	No
	<ul style="list-style-type: none"> <li>➤ Cathkin Relief Road</li> <li>➤ Gartcosh-Glenboig Link Road</li> </ul>
<ul style="list-style-type: none"> <li>There were some delays with the construction works (3 months with Cathkin Relief Road and 12 months with the Gartcosh-Glenboig Link Road), but both roads have now completed.</li> </ul>	
Were anticipated outputs delivered as anticipated?	
Yes	No
<ul style="list-style-type: none"> <li>➤ Cathkin Relief Road</li> <li>➤ Gartcosh-Glenboig Link Road</li> </ul>	
<ul style="list-style-type: none"> <li>The Cathkin Relief Road opened in 2017 and delivered 1.6km of new road</li> <li>The Gartcosh-Glenboig Link Road opened in 2018 and delivered 0.5km of enhanced road and 0.5km of new road.</li> </ul>	
Were intermediate outcomes delivered as anticipated?	
Yes	No
Cathkin Relief Road	

Gartcosh-Glenboig Link Road	
<ul style="list-style-type: none"> <li>For the Cathkin Relief Road, the Council's traffic survey data indicate that there has been a reduction in traffic in the adjacent streets and that the road has led to journey time savings</li> <li>For the Gartcosh-Glenboig Link Road, there is anecdotal feedback that housing development adjacent to the road has been accelerated.</li> </ul>	
<b>Do interventions remain on course to deliver against their original objectives?</b>	
<b>Yes</b>	<b>No</b>
<ul style="list-style-type: none"> <li>➤ Cathkin Relief Road</li> <li>➤ Gartcosh-Glenboig Link Road</li> </ul>	
<ul style="list-style-type: none"> <li>Based on the Council's traffic data, the Catkin Relief Road has helped to reduce traffic flow on adjacent streets and is therefore contributing to reduced congestion. As set out in Section 5 on impact evaluation, the evidence of the road delivering against its economic objectives is less convincing at present. There was limited evidence of the road, at this stage, helping to unlock/accelerate nearby residential and commercial developments and generally because the road has not been open long enough for some of the expected commercial development and employment outcomes to be realised</li> <li>The Gartcosh-Glenboig Link Road is helping to deliver additional housing in North Lanarkshire.</li> </ul>	

### Intervention level

- 4.10 A summary of the main outputs generated by the interventions and any delivery issues encountered is set out in Table 4-1. Further details are provided in the separate Progress Evaluation Evidence Paper.

**Table 4-1: Interventions level outputs and delivery issues – completed interventions**

Intervention	Outputs generated	Delivery issues
Cathkin Relief Road	1.6km of new road developed 3 junctions improved 5 km of new cycle routes created 6.6 km of new pedestrian routes created 6,900sqm of blue/green infrastructure developed 1.6km carriageway with reduced flood risk 6.9ha land with reduced flood risk 40 properties with reduced flood risk 6,900sqm of public realm enhanced 91 construction years of employment	Some project delays due to due site contamination and heavy rainfall during preliminary digging The complementary works following the road opening (cycle lanes/walkways and bus infrastructure) have been delayed after the liquidation of the main contractor.
Gartcosh-Glenboig Link Road	0.5km of new road developed 0.5km of road enhanced 2 new junctions created 1.4km of new cycle routes created 1.4km of new pedestrian routes created 21,500sqm of public realm created 9 construction years of employment	12 months delay in completing the road due to design issues, unexpected discovery of key utilities infrastructure and programming.

Source: SQW, based on monitoring data and consultations with project managers

## Discussion

- 4.11 The completion of the two new road schemes was delayed slightly due to heavy rain and flooding, as well as challenges around coordinating utilities firms, contractors and developers. These types of issues are relatively common for construction projects and overall, delivery of the projects has been quite straightforward. There is emerging evidence that both road projects are starting to deliver against their stated objectives in terms of reducing congestion (Cathkin Relief Road) and stimulating new private sector residential development in the local area (Gartcosh-Glenboig Link Road). The Cathkin Relief Road intervention is explored further in Section 5 on impacts.

## Progress of on-going interventions

### Summary overview

- 4.12 By the end of June 2019, ten of the 12 interventions supported by the Infrastructure Fund in scope for the Progress Evaluation remained in delivery. It should be noted that two of these ongoing interventions (Canal and North Gateway and M77 Strategic Corridor) were deemed to be sufficiently advanced to also be subject to impact assessment and are considered in Section 5. A detailed assessment of the progress made by each intervention against the five Progress Evaluation Research Questions is set out in the accompanying Progress Evaluation Evidence Paper.

Number of on-going interventions: 10	
Is expenditure on budget?	
Yes	No
<ul style="list-style-type: none"> <li>➤ Metropolitan Glasgow Strategic Drainage Partnership (MGSDP)</li> <li>➤ M77 Strategic Corridor</li> </ul>	<ul style="list-style-type: none"> <li>➤ Collegelands Calton Barras</li> <li>➤ Canal and North Gateway</li> <li>➤ City Centre Enabling Infrastructure Integrated Public Realm</li> <li>➤ Clyde Waterfront &amp; West End Innovation Quarter</li> <li>➤ Greenhills/ Strathaven Road Corridor Improvements</li> <li>➤ Clyde Waterfront &amp; Renfrew Riverside</li> <li>➤ Glasgow Airport Investment Area</li> <li>➤ Newton Community Growth Area</li> <li>➤</li> </ul>
<ul style="list-style-type: none"> <li>• The analysis of progress against approved budget is based on the cumulative spend to date (Q1 2019/20) compared to the financial profile taken from June 2018</li> <li>• Projects adjust their financial profiles on a quarterly basis and report this to the PMO</li> <li>• It is important to note that where we have indicated projects are not on budget, this means that there has been some delay in the expenditure and not that there has been overspend</li> </ul>	
Have agreed delivery milestones been met?	
Yes	No
<ul style="list-style-type: none"> <li>➤ Collegelands Calton Barras</li> </ul>	<ul style="list-style-type: none"> <li>➤ Metropolitan Glasgow Strategic Drainage Partnership (MGSDP)</li> <li>➤ Canal and North Gateway</li> </ul>

			<ul style="list-style-type: none"> <li>➤ City Centre Enabling Infrastructure Integrated Public Realm</li> <li>➤ Clyde Waterfront &amp; West End Innovation Quarter</li> <li>➤ Greenhills/ Strathaven Road Corridor Improvements</li> <li>➤ Clyde Waterfront &amp; Renfrew Riverside</li> <li>➤ Glasgow Airport Investment Area</li> <li>➤ Newton Community Growth Area</li> <li>➤ M77 Strategic Corridor</li> </ul>
<ul style="list-style-type: none"> <li>• All but one of the projects have experienced delays and implementation challenges across strands of their activity. This suggests to the evaluators that there was a general issue with optimism bias (in terms of unrealistic spend and delivery profiles) during the initial set-up phase of the programme.</li> <li>• It was also decided by the GCR Cabinet to ask all projects to update their business cases to HM Treasury Green Book standards and this process also contributed to some delays.</li> <li>• Intervention level issues are highlighted in the following section.</li> </ul>			
Have anticipated outputs been delivered as anticipated?			
Yes		No	N/A
<ul style="list-style-type: none"> <li>➤ Collegelands Calton Barras</li> </ul>		<ul style="list-style-type: none"> <li>➤ Canal and North Gateway</li> <li>➤ City Centre Enabling Infrastructure Integrated Public Realm</li> <li>➤ Newton Community Growth Area</li> <li>➤ M77 Strategic Corridor</li> </ul>	<ul style="list-style-type: none"> <li>➤ Clyde Waterfront &amp; West End Innovation Quarter</li> <li>➤ Greenhills/ Strathaven Road Corridor Improvements</li> <li>➤ Clyde Waterfront &amp; Renfrew Riverside</li> <li>➤ Glasgow Airport Investment Area</li> </ul>
<ul style="list-style-type: none"> <li>• The main outputs delivered have included remediated land, land assembled for development, enhanced road, new commercial space created, and enhanced public realm.</li> <li>• Although generally delayed, the scale of outputs reported are broadly in line with what was expected given the amount of project expenditure.</li> <li>• Collegelands Calton Barras has delivered outputs as anticipated. Another four projects have delivered outputs, but they are behind schedule.</li> <li>• Four projects were not expected to have delivered outputs by this point and are listed in the column labelled N/A. Due to overall project delays, they are likely to deliver agreed outputs later than expected.</li> </ul>			
Have intermediate outcomes been delivered as anticipated?			
Yes		No	N/A
<ul style="list-style-type: none"> <li>➤ Collegelands Calton Barras</li> <li>➤ Canal and North Gateway</li> <li>➤ City Centre Enabling Infrastructure Integrated Public Realm</li> <li>➤ Newton Community Growth Area</li> <li>➤ M77 Strategic Corridor</li> </ul>		<ul style="list-style-type: none"> <li>➤ Metropolitan Glasgow Strategic Drainage Partnership (MGSDP)</li> </ul>	<ul style="list-style-type: none"> <li>➤ Clyde Waterfront &amp; West End Innovation Quarter</li> <li>➤ Greenhills/ Strathaven Road Corridor Improvements</li> <li>➤ Clyde Waterfront &amp; Renfrew Riverside</li> <li>➤ Glasgow Airport Investment Area</li> </ul>

- A range of outcomes have been reported by project managers in terms of improved attractiveness of sites, and increased interest from potential private sector developers/investors. In some cases, follow-on investment has been secured such as the large-scale residential developments in Canal and North Gateway and Newton CGA, and the decision to locate major new innovation/R&D centres at the Glasgow Airport Investment Area site. There are also plans to create a new innovation campus near to the Queen Elizabeth University Hospital (QEUH) campus as part of the West End Innovation Quarter project.
- The achievement of outcomes is broadly in line with what was expected at this stage.
- Four projects were not expected to have delivered intermediate outcomes by this point. Due to overall project delays, they are likely to deliver these outcomes later than expected.

**Do interventions remain on course to deliver against their original objectives?**

Yes	No
<ul style="list-style-type: none"> <li>➤ Collegelands Calton Barras</li> <li>➤ Metropolitan Glasgow Strategic Drainage Partnership (MGSDP)</li> <li>➤ Canal and North Gateway</li> <li>➤ City Centre Enabling Infrastructure Integrated Public Realm</li> <li>➤ Clyde Waterfront &amp; West End Innovation Quarter</li> <li>➤ Greenhills/ Strathaven Road Corridor Improvements</li> <li>➤ Clyde Waterfront &amp; Renfrew Riverside</li> <li>➤ Glasgow Airport Investment Area</li> <li>➤ Newton Community Growth Area</li> <li>➤ M77 Strategic Corridor</li> </ul>	
<ul style="list-style-type: none"> <li>• Although all projects have been delayed to varying extents, the scope of their activity has not changed and project managers remain confident that they will achieve their long-term objectives.</li> <li>• The securing of follow-on investments for the residential developments at Canal and North Gateway and Newton CGA, the major innovation centres that have been announced for the Glasgow Airport Investment Area site in Renfrewshire, and the ambitious plans for a new innovation campus near the QEUH campus provide confidence that these projects are on track to achieve their objectives.</li> </ul>	

### Intervention level

- 4.13 The outputs generated by individual interventions and any associated delivery issues encountered are set out in Table 4-2. Further details are provided in the Progress Evaluation Evidence Paper. With all of these issues, the project managers in each of the councils have had to work closely with partners to address the problems and in some cases, strengthen their internal project management capacity.

**Table 4-2: Intervention level outputs and delivery issues – for the 10 on-going interventions**

Intervention	Outputs generated	Delivery issues
Collegelands Calton Barras	<ul style="list-style-type: none"> <li>• 9 construction years of employment</li> <li>• 0.6km of road enhanced</li> <li>• 3,300sqm of public realm created</li> </ul>	Delays to High Street Station improvements due to scale of work and continued negotiations with Network Rail
Metropolitan Glasgow Strategic Drainage	<ul style="list-style-type: none"> <li>• 65 construction years of employment</li> </ul>	Negotiating land access and coordination of infrastructure works with Scottish Water and Network Rail resulted in delays

Intervention	Outputs generated	Delivery issues
Partnership (MGSDP)		
Canal and North Gateway	<ul style="list-style-type: none"> <li>1 new road bridge</li> <li>51 ha land reclaimed (40 Ha in Sighthill; 11 Ha in Port Dundas)</li> <li>51 ha land assembled for residential development and unlocked for commercial development (both sites)</li> <li>1.2km of new road developed (Port Dundas)</li> <li>1,094 sqm of public realm created (Port Dundas)</li> <li>507 construction years of employment</li> </ul>	<p>Technical issues with the chemicals and ground contamination caused a delay in delivering the initial site remediation works</p> <p>This has caused a knock-on delay for the site servicing works</p>
City Centre Enabling Infrastructure	<ul style="list-style-type: none"> <li>48 construction years of employment</li> <li>19,500 sqm public realm created</li> <li>800 sqm blue/green infrastructure</li> <li>1km road enhanced</li> <li>1km pedestrian routes enhanced</li> <li>800m new cycle routes created</li> <li>5 junctions improved</li> </ul>	<p>Sauchiehall Street pilot was delayed due to the Glasgow School of Art fire in June 2018</p>
Clyde Waterfront & West End Innovation Quarter	<ul style="list-style-type: none"> <li>4 construction years of employment</li> </ul>	<p>Several re-designs required responding to: community feedback; having to adapt to partners' evolving investment plans; and new SEPA climate change guidance affecting all waterfront projects</p> <p>Plans have been adapted to align with other partner investments</p> <p>Some further delays due to the process to augment project business cases to ensure compliance with the latest HM Treasury Green Book guidance</p> <p>Internal project management resource had to be increased and there have also been supplier capacity issues associated with seeking to deliver multiple Infrastructure Fund projects at the same time</p>
Greenhills/ Strathaven Road Corridor	<ul style="list-style-type: none"> <li>38 construction years of employment</li> </ul>	<p>Some unexpected issues with the local utility infrastructure followed-by challenges of coordinating contractors and utility firms</p> <p>Some further delays due to the process to augment project business cases to ensure compliance with the latest HM Treasury Green Book guidance</p>
Clyde Waterfront and Renfrew Riverside	<ul style="list-style-type: none"> <li>7 construction years of employment</li> </ul>	<p>The objection from West Dunbartonshire Council to the planning application for the new Renfrew to Yoker bridge caused a delay of 12 months on the project</p>

Intervention	Outputs generated	Delivery issues
Glasgow Airport Investment Area	<ul style="list-style-type: none"> <li>52 ha of site reclaimed, (re)developed or assembled</li> <li>12 construction years of employment</li> </ul>	There was a delay due to the CPO process, which lasted 18 months instead of 12 months as advised by the Scottish Government
Newton Community Growth Area	<ul style="list-style-type: none"> <li>153 ha of site reclaimed, (re)developed or assembled</li> <li>0.2 ha of land assembled for commercial development</li> <li>43.5 ha of land assembled for residential development</li> <li>600sqm of public realm created</li> <li>1 junction enhanced</li> <li>4,005sqm community/education facilities</li> <li>98 construction years of employment</li> </ul>	Some further delays due to the process to augment project business cases to ensure compliance with the latest HM Treasury Green Book guidance and issues with public utility providers
M77 Strategic Corridor	<ul style="list-style-type: none"> <li>0.93 ha of site reclaimed, (re)developed or assembled</li> <li>8.23 ha of land assembled for commercial development</li> <li>204 ha of land assembled for residential development</li> <li>2,703sqm of commercial floorspace developed</li> <li>7 business tenants</li> <li>34 construction years of employment</li> </ul>	<p>There was a delay in completing one of the Business Centres due to changes made by Scottish Water to the local water supply plans</p> <p>Road improvements next to a reservoir have been delayed because Scottish Water need to improve the drainage infrastructure</p> <p>There are also ongoing negotiations relating to the new rail station with Transport Scotland and Network Rail, which could delay delivery.</p>

Source: SQW, based on monitoring data and consultations with project managers

- 4.14 **Across the 12 Infrastructure Fund projects, the investment made to date has sustained over 900 construction job years, enhanced or created 5.4 km of road, reclaimed or redeveloped around 260 ha of land, unlocked over 400 ha of land for residential development, and created 2,700 sqm of commercial floorspace.**

### Discussion

- 4.15 Discussions between the evaluators and project managers provided useful insight into the day-to-day realities of setting up and delivering often complex capital projects. The main delivery challenges encountered and how project managers have responded to these difficult issues are summarised below.

#### Adapting delivery plans to leverage/complement wider investments

- 4.16 The consultations highlighted a number of examples where project managers have proactively sought to reshape activity to secure investment from other partners and/or the private sector. For example, as part of Glasgow's City Centre Enabling Infrastructure project, project managers have been working closely with hotel developers to ensure the proposed public realm designs fit with the investment plans of the private sector. The Clyde Waterfront and West End Innovation Quarter project manager has been working closely with developers



along the waterfront, and the Glasgow Airport Investment Area has evolved to accommodate two major innovation centre developments as part of the Advanced Manufacturing Innovation District Scotland (AMIDS).

#### *Responding to and overcoming unexpected planning issues*

- 4.17 Both of the Renfrewshire Council projects have experienced challenges in relation to the statutory process. The Clyde Waterfront and Renfrew Riverside project includes a new bridge connecting Clydebank, Yoker and Renfrew. Following objections to the planning application and the project being called in by Scottish Government, in November 2018, the Scottish Government granted planning approval for the bridge. This came 16 months after the Council submitted the planning application and has caused significant delays to the original timescale. Land acquisition and the CPO (Compulsory Purchase Order) process has also taken longer than expected for the Glasgow Airport Investment Area project.

#### *Developing construction capacity within the market*

- 4.18 Many of the Infrastructure Fund projects are in fact mini-programmes where complementary activity is split into different contracts. As highlighted earlier, there has already been a significant level of expenditure over a relatively short period of time. Two of the project managers in Glasgow highlighted a challenge in terms of the availability of suppliers to carry out the work (due to the demand for public realm works in the city), and as a result, a new supplier framework has been created to ensure sufficient capacity in the market to deliver. An increase in demand for this type of work has contributed to the better than expected performance in the local construction sector as highlighted in Section 2.

#### *Site specific challenges*

- 4.19 There have been some unforeseen challenges such as those associated with the complexity of dealing with severely contaminated land in Canal and North Gateway and the Glasgow School of Art fire, which delayed the Sauchiehall Street pilot project in the City Centre Enabling Infrastructure Integrated Public Realm project.

#### *... and coordinating activity with key partners*

- 4.20 The very nature of these multi-faceted infrastructure projects requires effective partnership-working across a wide range of organisations. Based on consultations with project managers, a lot of time has been spent dealing with key third party organisations such as Scottish Water, Network Rail, Transport Scotland and SEPA (the Scottish Environmental Protection Agency). Aligning the investment and activities of a number of partners on often complex capital projects has generally taken longer than originally expected. This is an important lesson for GCR going forwards.

## 5. Assessment of economic impacts

- 5.1 This section presents the key evidence from the impact evaluations of the Canal and North Gateway, M77 Strategic Corridor, and Cathkin Relief Road interventions. The detailed findings and an overview of the methodology used by the evaluators in each case are contained in the accompanying Impact Evaluation Evidence Papers.
- 5.2 As part of the evaluation process, the research team in conjunction with the PMO, developed tailored logic models for each of the three interventions subjected to impact evaluation, drawing on the material presented in the individual business cases. Importantly, although the business cases did not present detailed logic models for the schemes, the core outputs and outcomes that were expected to be generated were defined and the main “routes to impact” were implicit (if not explicit) in the text.

### Key messages from the impact evaluation research

#### *The Canal and North Gateway*

- The total funding commitment for the intervention is £189m, of which £89m has been allocated from the Infrastructure Fund. The project has spent £61.3m from the Infrastructure Fund to date (by the end of Q1 2019/20) representing 95% of the planned expenditure by this stage.
- The intervention seeks to regenerate a large area of North Glasgow (focusing specifically on Sighthill, Speirs Locks, Port Dundas, and Cowlands) through extensive site remediation works designed to unlock large-scale residential development, the installation of new bridges to enhance access to the city centre, public realm improvements and the creation of a new public park.
- The project will create Glasgow’s Smart Canal to predict and manage surface water and reduce flood risk across North Glasgow. At the time of writing, the sensors for the new system are being tested.
- House builders are currently on-site and are progressing developments that will eventually deliver c1,500 new houses. These confirmed developments mean that more than £170m of funding has been leveraged by the intervention thus far.
- Based on construction spend up to Q1 2019/20, the intervention has sustained 507 years of construction employment (£28m in cumulative gross GVA for the GCR). Future construction impacts will deliver an additional £72m in cumulative gross GVA.
- The evaluators found a high level of additionality with the scheme. Due to the extent of the contamination and the substantial costs associated with the site remediation works, a strategic programme of developments such as these would not have been commercially viable in the absence of the public sector investment through the Fund.
- Although the intervention (due to its scale) will result in some displacement of residential-led investment in other parts of the GCR, the evaluators see this as being a positive development, with investment flowing into an area that has been identified as a regeneration priority and historically suffered from high levels of deprivation as well as multiple land and property market failures.

#### *The M77 Strategic Corridor*

- The M77 Strategic Corridor represents a total funding commitment of £44m from the Infrastructure Fund and £9m of the Fund has been spent to date (by the end of Q1 2019/20).
- The intervention seeks to support the regeneration of Barrhead and the continued growth of Newton Mearns through the development of new industrial workshop units, commercial office space, training facilities, road and access improvements, a new railway station and visitor centre.

- 843 sqm of workshop space is now fully occupied with tenants employing 33 people (generating a cumulative gross GVA figure of £1.9m), 1,860 sqm of office space across 36 flexible office suites has been constructed and will launch to the market later this calendar year (a year of full occupancy with c100 FTEs could result in a gross GVA impact of £3.5m).
- On the former Nestle Purina site, 0.93 hectares of brownfield land has been remediated and a planning application for a new £12m retail park with c130 jobs has been submitted.
- The evaluators found a high level of additionality with this intervention. Due to the nature of the local market and the commercial risks involved, it is unlikely that the private sector would have brought forward the industrial, office and training space. Similarly, the private sector would not have funded the road improvements.
- There is likely to be a high level of displacement in relation to the new industrial space (and there is evidence of this from the Crossmill business park). The level of displacement associated with the workspace facility will be determined by the extent to which the centre attracts new businesses to the area and helps existing firms to grow.

#### ***The Cathkin Relief Road***

- The total funding commitment for the intervention is £16m (initially it was £21.6m, but significant savings were found) and £14.5m has been spent to date (by the end of Q1 2019/20). There remains around £1.5m in the project budget to cover some additional walkways/cycle lane and bus infrastructure improvements, which will be completed by the end of 2019/20.
- The intervention involves the construction of a new 1.6km long and 7.3m wide carriageway between the junctions of the existing Cathkin Bypass/Burnside Road and Fernhill Road/Croftfoot Road/Blairbeth Road in Rutherglen, South Lanarkshire.
- 1.6km of new road has been developed, 5km of new cycle routes formed, 6.6km of new pedestrian routes created and three junctions improved, plus 6,900sqm of new blue/green infrastructure, 1.6km of carriageway with reduced flood risk, 6.9ha land with reduced flood risk, 40 properties with reduced flood risk, and 6,900sqm of public realm enhanced. This has led to 91 construction years of employment generated<sup>15</sup>.
- Traffic count data show that traffic is being transferred from smaller residential roads onto the strategic network including the Cathkin Relief Road and 'feeder' roads such as the Cathkin Bypass. Journeys made using the new road show a greater reduction in journey time than the 10% business case target.
- However, the wider data on journey times (including northbound morning peak time journeys on the Relief Road) are complex and do not show a clear picture. This may in part be related to the fact that the data are a snapshot c.18 months after the Relief Road was opened and that it takes time for changes in traffic flows/behaviours to adjust to a new road. There may also be other factors influencing traffic movements that are not evident from the data and which South Lanarkshire Council is investigating.
- The evaluators found a high degree of additionality with the new road and are of the opinion that in the absence of the Fund, the scheme would not have progressed at all or would have been subjected to significant delays.
- By providing an alternative route, the Relief Road has enhanced the capacity of the transport network in this part of the City Region and importantly, increased its resilience. However, performance against the wider economic outcomes included in the augmented business case is less clear to the evaluators. There was limited evidence of the road, at this stage, helping to unlock or accelerate any nearby residential and commercial development. More generally, the road has not been open long enough for some of the expected commercial development and employment outcomes to be realised.

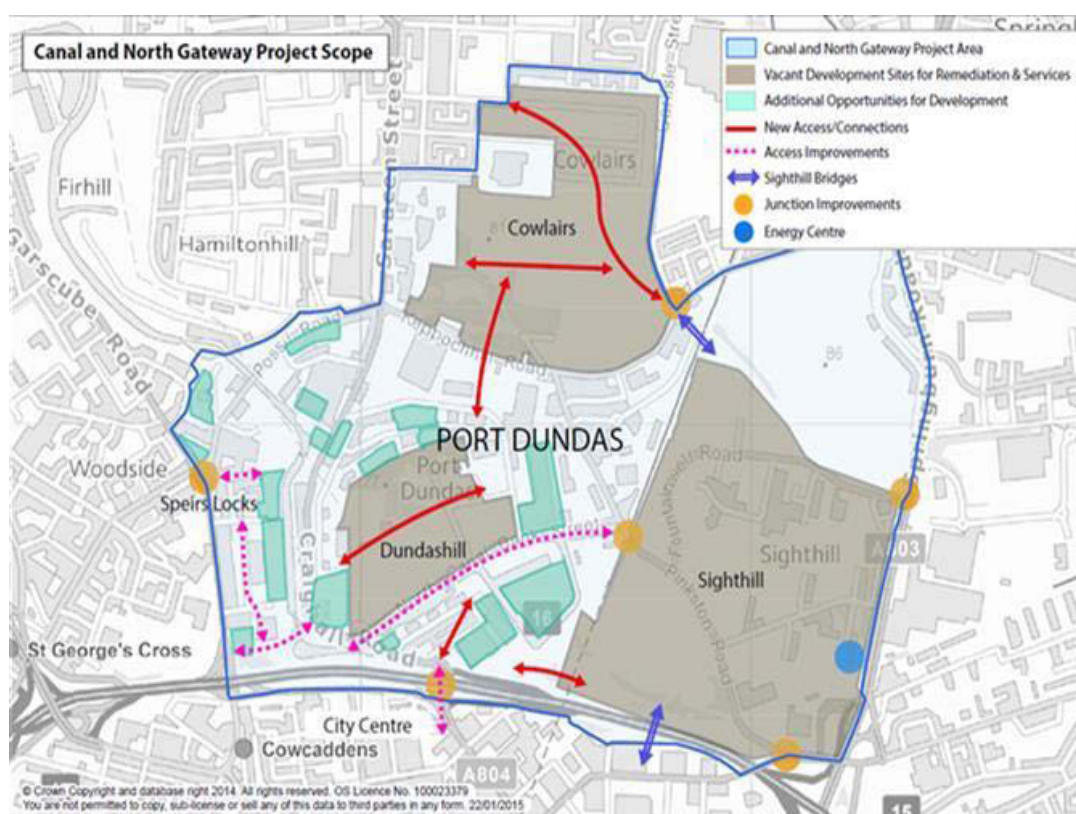
<sup>15</sup> GCR analysis using the Scottish Construction Jobs Calculator

## Impact evaluation 1: Canal and North Gateway (Glasgow City Council)

### Coverage and approach

- 5.3 The Canal and North Gateway intervention is a £189m programme of investment with £89m provided by the Infrastructure Fund. The project aims to deliver site remediation and servicing, create new bridges, roads access and public realm improvements in an area to the north of Glasgow city centre. The infrastructure improvements in Sighthill, Port Dundas, Cowlares and Speirs Lock will help to reconnect North Glasgow to the city centre and reposition the area for private sector investment and development.

Figure 5-1: Map showing the key Canal and North Gateway development sites



Source: Glasgow City Council

- 5.4 The evaluation adopted a **case-based approach** using a combination of project monitoring data, contextual data, and primary research with local stakeholders and businesses. The main sources of evidence include the following:
- Qualitative feedback from key contractors, developers and other stakeholders (including Glasgow City Council, the Scottish Government, community groups and local businesses) collected via a mix of telephone and face-to-face consultations
  - Review and analysis of monitoring data covering delivery of the outputs and outcomes set out in the logic model
  - Data analysis looking at long-term socio-economic trends e.g. prior to and during the project implementation phase for the project sites and for other parts of the local area during the intervention period. This includes analysis of the local property market to

assess whether there is any early evidence to suggest that the intervention is having an impact on the attractiveness of the area, as measured by property transactions.

### **Logic model**

- 5.5 A logic model was developed to inform the impact evaluation at the Locality Framework stage. Drawing on this logic model, a summary of the evidence from the impact evaluation, setting out what has been achieved at this stage in terms of inputs, activities, outputs and outcomes, and the evidence on 'additionality' is set out below.

What the intervention has achieved ...			
Inputs	Activities	Outputs	Outcomes
<ul style="list-style-type: none"> <li>£61m of Infrastructure Fund expenditure to date (against a lifetime total of planned £89m expenditure) across four areas of North Glasgow: Sighthill; Speirs Locks; Port Dundas; and Cowlares</li> <li>Infrastructure Fund expenditure matched by £28m of other public expenditure to date (against a lifetime total of planned £100m other public expenditure)</li> <li>Funding for drainage through the North Glasgow Integrated Water Management Scheme (NGIWMS)</li> </ul>	<p><b>Sighthill</b></p> <ul style="list-style-type: none"> <li>Infrastructure remediation was completed in 2017 but was slightly delayed due to technical issues with containing and encasing waste from the former chemical works on the site</li> <li>Servicing and site development is close to completion (December 2019) – development of new platforms for housing, new utilities and road infrastructure, and new Sighthill Park</li> <li>Tender documents for the new M8 pedestrian bridge were issued in June 2019</li> <li>FBC approval for the bridge is expected in November 2019 with work starting early 2020 and expected to be completed by summer 2021</li> </ul> <p><b>Port Dundas</b></p> <ul style="list-style-type: none"> <li>Site remediation works at 100 acre hill/ Dundas Hill completed in July 2019</li> </ul> <p><b>Cowlares &amp; Speirs Locks</b></p> <ul style="list-style-type: none"> <li>Infrastructure works still at design stage as they are later phases of the project</li> </ul> <p><b>NGIWMS</b></p> <ul style="list-style-type: none"> <li>Phase 1a works completed in August 2019</li> </ul>	<p><b>Sighthill</b></p> <ul style="list-style-type: none"> <li>Cowlares Bridge installed by Network Rail over the main Edinburgh to Glasgow rail line to provide improved road and pedestrian access</li> <li>40Ha land reclaimed and assembled for residential development</li> <li>First housing platforms were available to housing developer in July 2019</li> </ul> <p><b>Port Dundas</b></p> <ul style="list-style-type: none"> <li>11Ha land reclaimed and assembled for residential development</li> <li>1.2km of new road developed</li> <li>1,094 sqm of public realm created</li> </ul>	<p><b>Sighthill</b></p> <ul style="list-style-type: none"> <li>House builder now on-site and contracted to build 824 homes (incl 198 mid-market rental homes for Glasgow Housing Association)</li> <li>This will be a £90m development with the first phase of house building due to start by October 2019</li> </ul> <p><b>Port Dundas</b></p> <ul style="list-style-type: none"> <li>There is a pre-application in the planning system for 600 housing units over the next six years, with the developer investing around £84m</li> <li>West of Scotland Housing Association has submitted a planning application for the first 89 properties</li> </ul> <p><b>Emerging quantifiable impact</b></p> <ul style="list-style-type: none"> <li>Based on construction spend up to Q1 2019/20, the project has sustained 507 years of construction employment</li> <li>This equates to £28.1m in cumulative gross GVA for the City Region</li> <li>The future construction jobs created by the residential developments at the two sites unlocked by the Infrastructure Fund support will amount to around 1,300 years of construction employment and £71.7m in cumulative gross GVA for the City Region.</li> </ul>



	<ul style="list-style-type: none"> <li>Sites now physically connected to the canal through two new drawdown points, but they still have to be formally commissioned – expected over the next six months</li> </ul>		
<b>... and how additional this is i.e. what would not have occurred without the intervention?</b>			
<ul style="list-style-type: none"> <li>Although the intervention (due to its scale) will result in some displacement of residential-led investment in other parts of the GCR, the evaluators see this as being a positive development, with investment flowing into an area that has been identified as a regeneration priority and has historically suffered from high levels of deprivation as well as multiple land and property market failures</li> <li>Overall there are high levels of additionality with this investment. The feedback from stakeholders generally acknowledged that some pockets of regeneration activity would have continued in North Glasgow through the Glasgow Canal Regeneration Partnership without the Infrastructure Fund support. However, according to consultees, the regeneration activity would have been less strategic and there would have been no development activity at some of the most challenging sites in Sighthill and Port Dundas.</li> <li>Developers at Sighthill and Port Dundas made it clear to the evaluation team that due to the site contamination issues, no private sector developer would have been willing to invest in the absence of public sector funding. Wider discussions with property agents in the city also reinforced the view that without the basic infrastructure being addressed at these sites, it would not have been possible to attract the follow-on developments.</li> </ul>			

Source: SQW



### Key evaluation findings

- 5.6 Due to the complexity of the Canal and North Gateway project and the scale of the site-specific issues that had to be addressed, primarily at Sighthill, but also at 100 Acre Hill in Port Dundas, significant investment in site remediation and enabling infrastructure works has been required. These activities over the last four years have been designed to prepare the sites for future development and private sector investment.
- 5.7 The evaluation evidence found high levels of additionality with the intervention. Although some pockets of regeneration activity would have progressed in North Glasgow without the Infrastructure Fund support, in our view, it would have been less strategic, on a much smaller scale, at a slower pace, and there would have been no development activity at some of the most problematic sites in Sighthill and Port Dundas, which suffered from major contamination issues. Through the scale of the Infrastructure Fund support, the project is bringing together different areas of regeneration activity, and perhaps most importantly, integrating this with wider city investments.
- 5.8 The first four years of activity in the Canal and North Gateway project have provided the enabling infrastructure for future follow-on private sector investments in residential and commercial developments. Ambitious plans for Sighthill and Port Dundas have already been formally agreed and are now being progressed. As well as the site-specific infrastructure works, a new bridge connecting Sighthill to Cowlares has been built and new drainage infrastructure has been installed connecting the Sighthill, 100 Acre Hill/ Dundas Hill and Hamilton Hill sites to a 'smart canal' system. These works have provided the necessary foundations for the follow-on investments that will deliver the expected economic outcomes over the coming years.
- 5.9 **In Sighthill, Keepmoat Homes has been contracted to build 824 homes over the next nine years and the first phase of house-building will start in autumn 2019. In Port Dundas, there are plans to bring forward 600 new homes over the next six years with a planning application currently being assessed for the first 89 properties. There is also further residential development taking place in other parts of North Glasgow, notably at Hamiltonhill, where 600 homes will be built over the coming years.**
- 5.10 Although not directly relevant to the economic outcomes, it is also important to recognise other areas of complementary activity in Sighthill, which illustrate regeneration progress, changing market perceptions, and increased market confidence – these ancillary investments will play a key role in supporting the new community that is being created. The new Sighthill Community Campus and St Rollox Church are currently close to completion and both facilities will open in October 2019.
- 5.11 The evidence on the economic impact of the Canal and North Gateway project at this point is still emerging, and this was largely expected when the Evaluation Plan was developed. However, the evaluation has other important findings that demonstrate the encouraging progress of the project and these are set out below.
- **The evaluation has found that there continues to be a strong economic and strategic rationale for the project.** North Glasgow has not benefited from the positive regeneration activity observed in other parts of the city over recent years

(e.g. East End regeneration as part of the Commonwealth Games) and without the Infrastructure Fund sponsored project activity, it is likely that it would have continued to suffer from a stubborn mix of market and other failures, with limited levels of private sector investment.

- **The scale of Infrastructure Fund investment has allowed a more comprehensive, coherent and strategic approach to the long-term regeneration of North Glasgow.** It is likely that without the Infrastructure Fund monies, the area would have been reliant on relatively small-scale isolated projects as part of a piecemeal agenda. However, the substantial amount of public sector investment is enabling partners to adopt a long-term view as they address the unique and multi-faceted challenges facing this part of North Glasgow – from site contamination linked to the area’s industrial past, to the need to completely re-build the Sighthill community and also address the connectivity challenges caused by the motorway, rail and canal infrastructure.
- **The wider Infrastructure Fund approach is enabling a more joined-up and synergistic investment programme.** The ongoing regeneration of North Glasgow over the next few years at the same time as encouraging commercial developments in the city (such as the Innovation Districts and the Clyde Waterfront regeneration) will increase the training and employment opportunities in the city centre for the new residents of North Glasgow.

- 5.12 **Overall, strong progress has been made on the Canal and North Gateway project. Major (and complex) enabling infrastructure works are now close to completion in Sighthill and Port Dundas, and residential developers will soon be on-site to construct a large volume of new homes.** In Sighthill, some new buildings have been built (new Community Campus and St Rollox church) and there is now increasing levels of excitement and anticipation amongst local community groups as they are beginning to see the new vision for the area translated into new facilities, housing and improved infrastructure on the ground. This ambitious project will take another 10-15 years to achieve all of its objectives fully, but encouragingly, it is already showing its potential through the follow-on investments that have been secured thus far and the detailed designs that have emerged for the new communities being created in North Glasgow.

## Impact evaluation 2: The M77 Strategic Corridor (East Renfrewshire Council)

### *Coverage and approach*

- 5.13 The M77 Strategic Corridor Infrastructure Fund programme aims to sustain the regeneration of the town of Barrhead and support the continued growth of Newton Mearns. Additionally, it has been designed to enable local SMEs to grow and develop, and transform the Dams to Darnley Country Park into a regional leisure attraction. The programme contains a number of complementary elements (see Figure 5-2 for project location details) which are progressing on different timescales:

- The Lavern Works regeneration project involves: the creation of 10 new light industrial units at Crossmill Business Park (843 sqm of new commercial industrial space); site clearance and preparation works at the former Nestle Purina site (opening up the 8.1ha wider Lavern Works development site); and public realm/environmental improvements to the site to make the scheme more attractive to private sector investors
- The East Renfrewshire Business Boost Initiative includes the development of the Greenlaw Business Centre (1,860 sqm gross of commercial floorspace in a flexible and supportive environment for early stage SMEs) in Newton Mearns; and enhanced training and engagement space at The Foundry in Barrhead town centre
- Improvements to the road infrastructure to the south of Barrhead (Aurs Road and Balgraystone Road) which will facilitate the accelerated development of residential units, improve access to a proposed new Railway Station at Barrhead South and a new Visitor Centre at Dams to Darnley Country Park.

Figure 5-2: Map showing the M77 Strategic Corridor interventions



Source: <http://www.eastrenfrewshire.gov.uk/CHttpHandler.ashx?id=20022&p=0>

5.14 The evaluation adopted a **case-based approach** using a combination of project monitoring data, contextual data, and consultation with local stakeholders and businesses. Reflecting delivery to this point in time, the key outcome indicators from the logic model which the evaluation focuses on are:

- Improved market sentiment
- Ha land unlocked for development
- Increased levels of investment
- Average house price uplifts
- Increased supply of commercial space (sqm) and supply of housing units
- Businesses attracted to the locality and increased business start-up rates.

5.15 The main sources of evaluation evidence are as follows:

- Feedback from stakeholders and developers taking forward individual projects. This involved consultations to explore the rationale for Infrastructure Fund support, what difference the investment has made so far, and expectations on delivery against anticipated longer-term impacts.
- Feedback from tenant businesses located at the Crossmill Business Park – looking at the background to the project, the types of businesses in the units and consideration of how the new business accommodation has and will make a difference to their economic performance.
- Data analysis looking at various long-term trends e.g. for house prices and vacant land, prior to and during the implementation phase for the project site and for other parts of the local area during the intervention period.

### **Logic model**

5.16 A logic model was developed to inform the impact evaluation at the Locality Framework stage. Drawing on this logic model, a summary of the evidence from the impact evaluation, setting out what has been achieved at this stage in terms of inputs, activities, outputs and outcomes, and the evidence on ‘additionality’ is set out below.

What the intervention has achieved ...			
Inputs	Activities	Outputs	Outcomes
<ul style="list-style-type: none"> <li>Total planned Infrastructure Fund expenditure by Gateway Review 1 is £11.9m, out of a lifetime total Infrastructure Fund expenditure of £44m</li> <li>Leveraged other public sector planned investment up to Gateway Review 1 of £0.9m</li> </ul> <p>Activities based around three geographic areas:</p> <ul style="list-style-type: none"> <li>M77 Junction 5 to Barrhead - new Balgray access road from Newton Mearns to Barrhead, and Dams road re-alignment</li> <li>M77 to Country Park &amp; Barrhead – new business and training space at the Barrhead Foundry Links; new office/ light industrial units at Glasgow Road, Barrhead; new Barrhead South rail station; new visitor centre for Dams to Darnley Country Park</li> <li>M77 Junction 4 – Eastwood Business Incubator and Innovation Centre.</li> </ul>	<ul style="list-style-type: none"> <li>New office premises and a supportive business environment developed for early stage firms</li> <li>New industrial space developed for expanding firms</li> <li>Road improvements around Barrhead</li> <li>New training space developed at the Foundry Links</li> <li>Planning permissions secured for new large-scale residential developments, which are progressing at Barrhead South and Maidenhill</li> </ul>	<p><b>Crossmill Business Park</b></p> <ul style="list-style-type: none"> <li>843 sqm of light industrial space across 10 self-contained units completed in 2016</li> </ul> <p><b>Greenlaw Business Centre</b></p> <ul style="list-style-type: none"> <li>Building works completed in March 2019</li> <li>Several parties interested in operating the Centre, with an agreed operating strategy expected to be in place by December 2019</li> </ul> <p><b>Former Nestle Purina site</b></p> <ul style="list-style-type: none"> <li>0.93 hectares of brownfield land remediated on the former Nestle Purina site</li> </ul> <p><b>Balgraystone Road</b></p> <ul style="list-style-type: none"> <li>Improvement works began in April 2019 and are expected to be completed by the end of 2019</li> </ul> <p><b>Foundry Links</b></p> <ul style="list-style-type: none"> <li>Enhanced employability support space developed at Foundry Links, including meeting pods</li> </ul>	<p><b>Increased supply of commercial space</b></p> <ul style="list-style-type: none"> <li>Construction of ten new industrial workshop units at Crossmill Business Park (units have been fully occupied since mid-2018) and the completion of Greenlaw Business Centre (1,860 sqm gross, 1,345sq m net across 36 flexible office suites).</li> </ul> <p><b>Increased levels of investment in residential schemes and an increased supply of housing</b></p> <p>At the time of writing, developers are on-site at two large schemes:</p> <ul style="list-style-type: none"> <li>Barrhead South development (1,023 units, of which 169 are affordable)</li> <li>Maidenhill (834 units, of which 209 are affordable).</li> </ul> <p><b>Land unlocked for development and increased levels of investment in commercial schemes</b></p> <ul style="list-style-type: none"> <li>The 8.1ha Lavern Works site (including the former Nestle Purina site) is ready for private sector investment (a planning application for a £12m retail-led scheme was submitted in 2018)</li> <li>Construction is expected to start in 2020, creating c.130 retail jobs following a 12 month build phase with 40 construction jobs</li> </ul>

			<ul style="list-style-type: none"> <li>34 years of construction employment and a cumulative gross GVA of £1.9m from construction activity.</li> </ul>
<b>... and how additional this is i.e. what would not have occurred without the intervention?</b>			
<ul style="list-style-type: none"> <li>Consultees reported that the additionality of the activities supported by the GCR Infrastructure Fund was high. For example, the dynamics of the East Renfrewshire property market mean that developers prefer to build residential rather than commercial developments, so the market alone would not have provided the commercial space at Crossmill or Greenlaw. Nor would the market have delivered the training and employability space at Foundry Links, as this space is used by the council to provide 'customer facing' services.</li> <li>More generally, consultees reported that because of austerity measures, the council would have been unable to fund any of the M77 Strategic Corridor works itself. Therefore, without the Infrastructure Fund monies, the evaluation evidence suggests that none of the sub-projects would have been taken forward.</li> <li>Consultees reported that the residential development at Barrhead South was of a larger scale, a different nature (e.g. including larger four-bedroom houses), and had been brought forward more quickly than would have been the case in the absence of the Infrastructure Fund support. The proposed railway station – to be funded as part of the M77 programme - was seen as being particularly important to this as it will provide a direct commuting route to central Glasgow. In part reflecting the scale of the development at Barrhead South, it is evident that a number of complementary factors (including activity that sits outside of the Infrastructure Fund programme) have also enhanced the attractiveness of the site to housebuilders. Taken in the round, the evaluators are satisfied that the M77 Strategic Corridor investments have had a significant positive impact on the scale, quality, mix and timing of the residential development at Barrhead South.</li> </ul>			

Source: SQW



### Key evaluation findings

- 5.17 The M77 Strategic Corridor intervention is not expected to be fully delivered until after 2021 and c.75% of expenditure is still to be incurred. As such, it is currently too early to comment with any degree of certainty on the full beneficial GVA and employment impacts expected over the longer term. However, the evaluators are satisfied that the outputs referenced in the original business case and subsequent logic model have/are being delivered to the original specification, although some are behind schedule.
- 5.18 At this stage, with the development of Crossmill Business Park and the construction (if not occupation) of Greenlaw Business Centre, the logic model outcome of an increased supply of commercial space has been realised. Moreover, consultation feedback indicates that the provision of this business space is additional and would not have been provided by the market.
- 5.19 **Crossmill is already generating positive economic impacts for the local economy. At the time of writing, gross employment on site was 32.5 FTEs. Taking account of the length of time each tenant has been at Crossmill, cumulative gross GVA generated to date is estimated by the evaluators as £1.9m.** The provision of the high quality industrial premises at Crossmill and modern business space at Greenlaw should encourage start-ups and existing firms to stay and expand in East Renfrewshire, rather than relocate elsewhere.
- 5.20 **The M77 Strategic Corridor is also contributing to the continued regeneration of Barrhead, building on previous work by the Council, including around the Town Centre. With improvements to The Foundry, 10 new workshop units at Crossmill and the land remediation at the former Nestle site already complete, plus works on road and rail improvements in the pipeline, the M77 intervention has contributed to the general stakeholder perception that Barrhead is “moving in the right direction”.** For example, the 1,110 residential units planned for Barrhead South will be more than six times the number of units built in Barrhead over the past seven years. Importantly, these will also be larger and higher quality houses than those built in the area previously.
- 5.21 **Developers indicated that the Infrastructure Fund investments had contributed to the mix of houses being built by encouraging larger houses to be developed in Barrhead, and also provided a combination of scale and timing additionality towards this.** The proposed Barrhead South railway station was reported to be particularly important in making the new houses more attractive to (young) professionals who want to commute to Glasgow and who may not previously have considered Barrhead as an investment location. That said, because of the scale of the Barrhead South site and the relatively constrained supply of land in nearby (and relatively attractive) Newton Mearns, the evaluators are of the opinion that this opportunity would always have been considered seriously by housing developers. Taken in the round, the evaluators are satisfied that the M77 Strategic Corridor investments have had a positive impact on the scale, quality, mix and timing of the residential development at Barrhead South.
- 5.22 **At the time of writing, construction of the Greenlaw Business Centre had been completed, but the facility was not yet open for tenant businesses.** Consultations indicated that there is demand amongst the business community to locate in Greenlaw and the Business Boost Outline Business Case estimates a direct operational impact of 100 net



additional jobs at the level of the GCR. After a year of full occupancy, it is estimated that the 100 FTEs could generate a gross GVA of c.£3.5m.

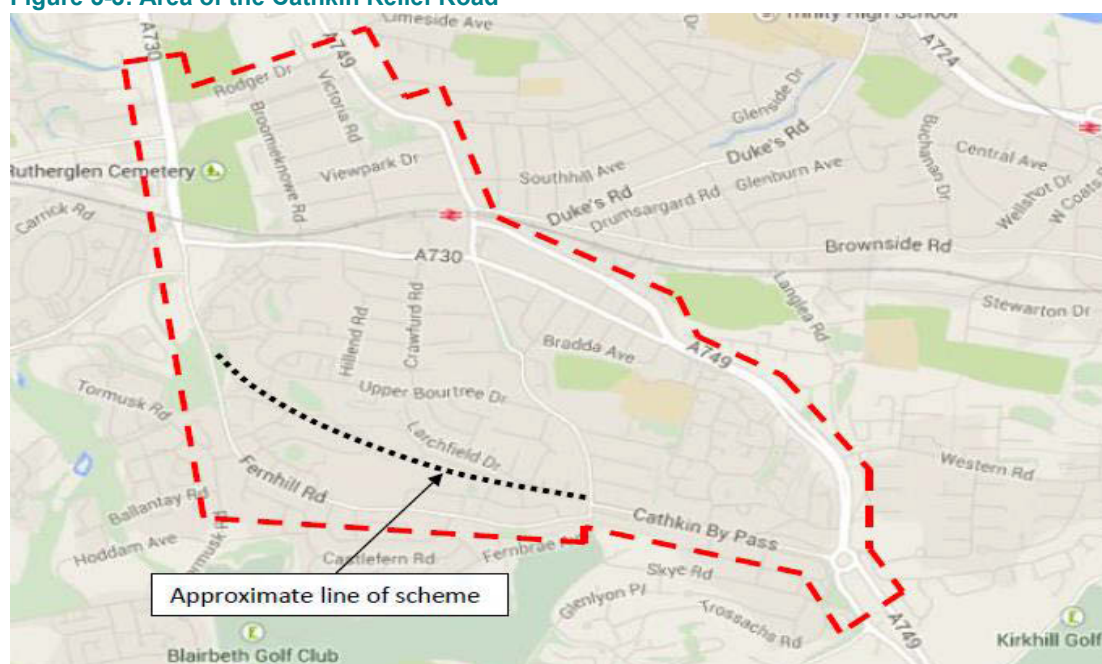
- 5.23 As noted above, the type, scale and timing of residential development at Barrhead South has been enhanced by the M77 Strategic Corridor. The whole site is capable of accommodating over 1,000 new homes and two out of potentially three private sector developers are already in the construction phase. This construction activity will deliver economic outputs and, in the longer term, occupiers of the new houses will also contribute to the economic growth of the area through increased levels of local expenditure. Delivery of the Barrhead South railway station will be an important enabling factor in this.
- 5.24 High additionality was reported for the Infrastructure Fund supported improvement works on Balgraystone Road, as well as the proposed work at Aurs Road and the Dams to Darnley Country Park. This is expected to lead to improved accessibility for a high quality regional leisure and visitor attraction. This will generate positive economic outcomes for the local economy through increased levels of visitor expenditure and by helping to reinforce a positive image and profile for this part of the City Region.

### Impact evaluation 3: Cathkin Relief Road (South Lanarkshire Council)

#### Coverage and approach

- 5.25 The Cathkin Relief Road scheme involves the construction of a new 1.6km long and 7.3m wide single carriageway between the junctions of the existing Cathkin Bypass/Burnside Road and Fernhill Road/Croftfoot Road/Blairbeth Road in Rutherglen, South Lanarkshire (see Figure 5-3 below). The road has been built and was opened in March 2017. The new Relief Road connects two existing roads to provide a piece of 'missing infrastructure' along an important transport corridor that runs from East Kilbride to the East End of Glasgow.

Figure 5-3: Area of the Cathkin Relief Road



Source: AECOM (2015) Traffic Modelling Report

- 5.26 At the time of writing, the GCR Infrastructure Fund had invested £15m in the Cathkin Relief Road <sup>16</sup>, out of a lifetime total of £16m, which is expected to generate economic impacts over the next 25 years.
- 5.27 The project was originally approved in 2015. As with other Infrastructure Fund supported projects, the business case was augmented in 2018/19. In the intervening period, the rationale for the intervention had shifted from transport impacts to wider job creation benefits. This evolution is summarised below:
- 2015 Full Business Case – a Benefit Cost Ratio (BCR) is generated following the PEARS methodology (Program for the Economic Assessment of Road Schemes). This monetises savings in travel time and vehicle operating costs including fuel for businesses, commuters and other road users as well as reductions in greenhouse gas emissions. Benefits were estimated for the 8-9am and 5-6pm peak periods over the 253 working days per a year (i.e. excluding weekends and bank holidays) and scaled up over a 60 year appraisal period.
  - 2019 Outline/Full Business Case – a BCR is generated through construction and operational impacts. The latter are estimated over a 25 year period and include *“employment and GVA from the operational phases of development including accelerated and additional household expenditure”* as well as employment in industrial and commercial sites. Journey time savings do not appear to have been included.
- 5.28 The road was opened in March 2017, slightly later than the original expectation of autumn/winter 2016 due to routine construction project delays (e.g. site contamination, and heavy rainfall during preliminary digging). The specification of the road (including associated cycle routes, pedestrian infrastructure and junction improvements) was delivered as planned.
- 5.29 Funding for the scheme of £21.6m was approved at the Outline Business Case stage in December 2015. Cost savings identified resulted in a reduction to a total of £16m without any change to the specification of the road to be constructed. The project shows a 2% underspend against the revised target at Q1 2019/20.
- 5.30 This evaluation has been undertaken using a **pre and post assessment approach**. The main sources of evaluation evidence are as follows:
- Traffic data analysis looking at the long-term trends prior to, during, and after the opening of the road in the South Lanarkshire area, in addition to the wider Glasgow area (e.g. congestion levels in other key routes into the city)
  - Qualitative feedback from eleven project partners, stakeholders and community groups. This was gathered from consultations which involved discussions about the additionality of the project, the extent to which it displaced activity elsewhere, and expectations for delivery against long-term impacts
  - Feedback from seven local businesses. The evaluation sought to gather in-depth perspectives to understand how the Relief Road has and might impact on firms,

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<sup>16</sup> Expected expenditure to Gateway Review 1

recognising that the road runs through a largely residential area, but also that it was meant to improve access to key employment sites to the north and south

- Review and analysis of monitoring data covering delivery of the outputs and outcomes set out in the logic model.

5.31 The evaluation triangulates quantitative monitoring and traffic data alongside qualitative feedback from consultees to understand the potential effects of the Relief Road at this stage on both local transport conditions and the wider business environment. There were two main challenges in this:

- First, initial data reveal that traffic volumes on alternative routes around the Cathkin Relief Road have reduced since the new road has opened, as expected. However, and seeming to contradict this, journey times on these alternative routes have increased. South Lanarkshire Council is investigating possible causes of this, although at the time of writing, the explanation is unclear. It should also be noted that not all of the changes in traffic flows can be attributed to the new road – other factors such as rising traffic volumes on the wider road network, improvements elsewhere on the strategic transport network, and the opening up of different employment sites are also likely to have contributed to the changes observed. Therefore, attribution to the Infrastructure Fund sponsored investment is difficult.
- Second, whilst consultees were able to identify positive transport impacts e.g. reduced congestion, they found it much harder to attribute economic impacts to the Cathkin Relief Road, reflecting the lack of clear direct linkages to employers. As such, the evaluators have not sought to provide a monetised economic impact estimate.

### **Logic model**

5.32 A logic model was developed to inform the impact evaluation at the Locality Framework stage. Drawing on this logic model, a summary of the evidence from the impact evaluation, setting out what has been achieved at this stage in terms of inputs, activities, outputs and outcomes, and the evidence on ‘additionality’ is set out below.

What the intervention has achieved ...			
Inputs	Activities	Outputs	Outcomes
<ul style="list-style-type: none"> <li>£14.5m of actual expenditure from the Infrastructure Fund up to Q1 2019/2020</li> <li>New 7m wide carriageway between the junctions of Cathkin Bypass/ Burnside Road and Fernhill Road/ Croftfoot Road/ Blairbeth Road – includes cycleway / footway on both sides</li> </ul>	<ul style="list-style-type: none"> <li>Planning permissions secured</li> <li>Cycle path development or improvement</li> <li>Site remediation work</li> <li>New link/access roads developed</li> <li>Improved junctions to enhance access to sites</li> <li>Construction of SUDS/ sewerage systems</li> </ul>	<p>Transport related</p> <ul style="list-style-type: none"> <li>1.6km of new road developed</li> <li>3 junctions improved</li> <li>8.1km of new cycle routes created</li> <li>6.6km of new pedestrian routes created</li> </ul> <p>Flooding related</p> <ul style="list-style-type: none"> <li>6,900sqm of new blue/green infrastructure created</li> <li>1.6km of carriageway with reduced flood risk developed</li> <li>6.9ha land improved with reduced flood risk</li> <li>40 properties with reduced flood risk</li> <li>6,900sqm of public realm enhanced</li> </ul> <p>91 construction years of employment.</p>	<ul style="list-style-type: none"> <li>Reduced journey times. Journeys made using the new road show a greater reduction in journey time than the 10% Business Case target. With one exception, the observed improvement ranges from 16% to 37%.</li> <li>Increased resilience of the local road network</li> <li>Reduced congestion</li> <li>Improved road safety</li> <li>Enhanced accessibility - employment/ business locations and community services</li> </ul>
... and how additional this is i.e. what would not have occurred without the intervention?			
<ul style="list-style-type: none"> <li>Stakeholders indicated high additionality for the intervention activities and outputs. It was felt that the project would not have gone ahead without the Infrastructure Fund monies because there were no alternative sources of funding available to the council. In support of this, consultees noted that the project “had been in the pipeline for years”, but had only gone ahead because of the Infrastructure Fund.</li> <li>Consultees considered that in the absence of the Relief Road, the transport benefits would not have been achieved because there would be no new alternative routes for traffic to use. If traffic volumes had continued to increase, congestion would have got worse on the existing roads. In support of this, traffic data for the wider South Lanarkshire area shows that traffic volumes have increased elsewhere in the area such as the A7254 West of Dalton.</li> <li>The evaluators are therefore satisfied that there are directly attributable benefits as a result of the Relief Road, which would not otherwise have happened.</li> </ul>			

Source: SQW

### Key evaluation findings

- 5.33 **The new Cathkin Relief Road was opened in March 2017 and connects two existing roads to provide a piece of ‘missing infrastructure’ along the important transport corridor that runs from East Kilbride to the East End of Glasgow. The project created 1.6 km of new road, as well as 8.1 km of new cycle routes and 6.6 km of new pedestrian routes. In addition, some 6,900 sqm of new blue/green infrastructure was created, and 6.9 ha of land (covering 40 properties) now has a reduced flood risk.**
- 5.34 **Quantitative data show that traffic volumes have increased on the roads leading to/from the new road, and that traffic volumes have decreased on residential roads which were used previously and were the intended target of the Relief Road.** When data were collected in September 2018, around 1,500 vehicles used the road at peak times. These vehicles benefitted from a journey time saving compared to using alternative routes. With one exception (northbound morning journeys), this ranged from a 16% to a 37% reduction, comfortably exceeding the project target of a 10% journey time reduction. By providing an alternative route, the Relief Road has also enhanced the capacity of the transport network and increased its resilience.
- 5.35 The wider data on journey times are complex. They do not show a clear picture, which might reflect that the data are a snapshot c.18 months after the Relief Road was opened and that, as noted in Transport Scotland guidance<sup>17</sup>, it takes time for changes in traffic flows / user behaviours to adjust to a new road.
- 5.36 **Overall, the Cathkin Relief Road performs well against the original transport-based business case rationale and objectives. There are directly attributable benefits as a result of the Relief Road which would not otherwise have happened.** The business case includes an indicator of success of a ‘10% reduction in journey times on key origin and destinations within the Rutherglen road network’ which is to be achieved by 2025. The initial data show that the target has been reached early on a number of routes, but not in relation to morning peak journeys heading north. South Lanarkshire Council is investigating the causes of this anomaly and has time to resolve the issue to meet the target by 2025. Northbound morning traffic represents commuters into the (East End) of Glasgow. As such, any improvements in journey times may generate wider positive economic outcomes for businesses in the area.
- 5.37 **However, performance to date against the wider economic outcomes included in the augmented business case is less clear to the evaluators. Whilst most businesses consulted noted an improvement in commuting times for employees, they struggled to identify consequent impacts on their business performance in terms of employment, turnover, costs, investment or overall productivity to date. Similarly, there was limited evidence of the road contributing to unlocking/accelerating residential and commercial development thus far.** As such, the augmented business case appears to have been overly optimistic regarding the expected timing of economic impacts. In part, and as noted in Transport Scotland guidance, this is likely to reflect that traffic flows take time to adjust to a new road, plus commercial and residential developers subsequently take time to

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<sup>17</sup> <https://www.transport.gov.scot/media/5613/stripe-guidance-august-2016.pdf>

respond to this. Therefore, it is recommended that additional business consultations are conducted at Gateway Review 2 to provide greater clarity on economic impact.

- 5.38 Looking forwards, the original 2015 Full Business Case and the augmented 2019 Outline/Full Business Case used 60 and 25 year appraisal periods respectively. As such, further work will be required to evidence whether the expected benefits have been realised, both in terms of reduced journey times and unlocking new sites for residential and commercial development. Development activity was expected to begin on all twelve sites listed in the augmented business case by 2023. The first completed development is Clyde Gateway's Red Tree Magenta office scheme in Rutherglen.



## 6. Wider contribution of the Infrastructure Fund

- 6.1 In this final section of the report, the evaluators assess the wider contribution that the Infrastructure Fund has made to the economic development landscape the GCR, specifically in relation to capacity development and partnership working.

### Key messages from the assessment of the Fund's contribution to capacity development and partnership working

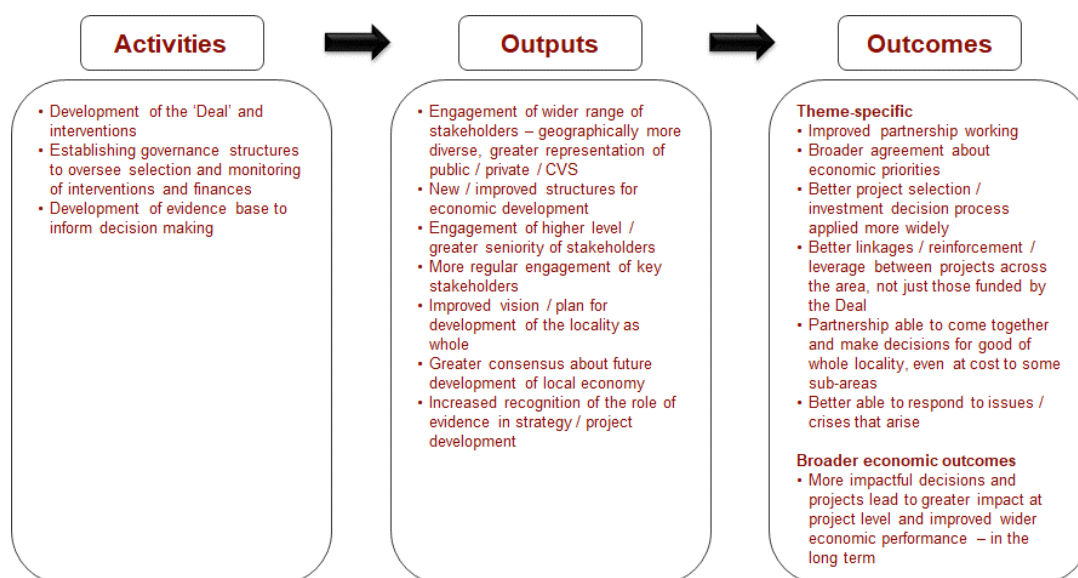
- The evidence from both the online surveys and the strategic stakeholder consultations demonstrates that local capacity development and partnership working in the GCR has improved over the last four years since the City Deal and Infrastructure Fund were announced.
- Although there have been a range of contributing influences, the setting up and implementation of the City Deal and Infrastructure Fund have been the most important factors in driving these positive changes by providing a focus for local authorities to come together around a common agenda. Additionally, the importance of the Fund to the wider City Deal (and the extent of the complementarities between the two) is clearly evident to the evaluators.
- The feedback from the strategic stakeholders on the effects of the City Deal and Infrastructure Fund on local economic capacity was on the whole, very positive, and slightly more optimistic in tone than the e-survey results. The discussions with stakeholders highlighted that most progress to date has been in terms of senior level partnership working and the creation of new governance and management structures to oversee the City Deal and Infrastructure Fund implementation. Prior to the City Deal and Infrastructure Fund, there was already some level of interaction across the councils at officer level, but this did not exist at the Chief Executive and Council Leader levels.
- With an increased policy focus on city region working across the UK over the last five to 10 years, it is not unreasonable to assume these types of structures may have emerged in GCR at some point. However, these city-region level structures tend to work best if they are complemented by new powers, increased autonomy, freedoms and funding available to partners - this has been provided through the Infrastructure Fund.
- The first Glasgow City Region Economic Strategy was produced in 2016 and is now being refreshed. This improved strategic vision for the GCR is seen as an important output from the new structures and evidence of a maturing approach to partnership working. It also demonstrates improved levels of consensus on city-regional priorities and a better quality of evidence base to inform future investments.
- There remains more work to do in terms of engaging more effectively with the private sector. However, this will be facilitated by the Regional Partnership that was set up in 2018 and also through the creation of a regional investment prospectus with the buy-in of key private sector investors and developers.
- The delivery of the Infrastructure Fund projects has helped to improve councils' internal capacity, systems and processes for delivering major capital projects. It has also strengthened relationships between the councils and local stakeholders and landowners.
- The development of the three Innovation Districts in the GCR illustrates how the Infrastructure Fund projects are stimulating and supporting wider economic development investments in the City Region. Significant investment is being made along the Glasgow waterfront to unlock sites for development. These regeneration aims were boosted by the decision of Barclays to build a major new technology campus on the south bank of the Clyde by 2020.

- 6.2 The National Evaluation Framework recommended that evaluations to inform the first Gateway Review should include an assessment of the effects of each fund on local capacity development and partnership working. This was expected to be particularly important for the first Gateway Review, where many projects would not be complete and quantitative benefits



would not yet have been fully realised. Additionally, the design, development and delivery of the Fund may have strengthened local partnership arrangements and boosted local capacity, leading to increased confidence about future delivery. The type of activities, and the nature of the expected benefits – outputs and outcomes – for this assessment of the wider contribution of the Fund is set out in Figure 6-1.

**Figure 6-1: Local capacity development and partnership working logic model**



Source: SQW

### 6.3 Evidence has been collected from two perspectives:

- at a **strategic level**, considering the contribution that the Infrastructure Fund as a whole has made to changes in the behaviours, perspectives, and decisions of actors across the economic development landscape, via an online survey and consultations with senior economic development stakeholders across GCR
- at a **project-up level**, considering how the development and delivery of individual interventions (or groups of linked interventions) has led to changes in the behaviours, perspectives and decisions of actors across the economic development landscape, via consultations with managers of interventions, and in-depth case studies on specific interventions.

### 6.4 The detailed findings from the research are presented in the accompanying Capacity Development and Partnership Evidence Paper, including the results from two waves of the online survey and the case study write-ups.

## Evidence from the online survey

### 6.5 Two online surveys were undertaken of stakeholders involved in economic development in the GCR in summer 2018 and summer 2019. The purpose of the e-surveys was to collect quantitative data on stakeholder perspectives on capacity development and partnership working and the role of the Infrastructure Fund in contributing to any changes. In 2018, 29 survey responses were received, and in 2019, 47 responses were received (including 20 who had responded previously in 2018).

- 6.6 Summary data from the online surveys are set out in the table below. Across both surveys, stakeholders were asked to score out of 10 (where 10 is the highest score) the performance of GCR across a range of factors associated with local economic development capacity - in 2014 (at the time the Infrastructure Fund was announced) and then in 2019. As shown in the table, **all scores have improved with the largest increases observed in the effectiveness of governance and management structures, the effectiveness of the decision-making process, and the level of consensus on key spatial priorities.**
- 6.7 Stakeholders were asked to report on which factors had influenced the changes in local economic development capacity. They rated these factors on a scale of one (“not at all influential”) to five (“extremely influential”). **Based on seven key contributing factors, the top three influential factors reported were the GCR City Deal, the Infrastructure Fund and national government policy.**
- 6.8 Finally, stakeholders were asked specifically about the overall effect of the Infrastructure Fund on various elements of local economic development capacity and given five options ranging from a very negative effect to very positive. Encouragingly, across all the elements, the feedback on the effect of the Infrastructure Fund was very positive. The table below shows **‘net positive’ scores<sup>18</sup> across all indicators, with the most positive feedback provided in relation to strategic-level decision making and planning, engagement of high level / senior stakeholders, and overall local economic development capacity and partnership working.**

	Median score in 2019: where 0 is very poor, and 10 is excellent <sup>19</sup>	Change in median score baseline to 2019 <sup>20</sup>
Effectiveness of partnership working in the delivery of economic development strategy and activity	7	+1
Effectiveness of governance and management structures in the delivery of economic development strategy and activity	7	+2
Effectiveness of the decision-making process for economic development interventions	7	+2
Level of consensus on the key spatial priorities for economic development strategy and activity	7	+2
Level of consensus on the key thematic priorities for economic development	7	+1
Quality of the evidence base underpinning economic development	7	+1
Level of synergy and inter-relationships between key economic development projects	6	+1
Level of engagement of the private sector in economic development strategy and activity	6	+1

<sup>18</sup> The net score = (% positive effect + % very positive effect) – (% negative effect + % very negative effect)

<sup>19</sup> n=47

<sup>20</sup> n = 42 for baseline and n= 47 for 2019

Level of engagement of the voluntary and community sector in economic development strategy and activity	5	+1
Level of engagement of the wider public sector, in economic development strategy and activity	6	+1
<b>Contribution of the Infrastructure Fund</b> The survey results indicate that the three most influential factors (scored out of 5) to the City Region's improved local economic development capacity were: the Glasgow City Deal (3.82); the Infrastructure Fund (3.79); and national government expectations and its policy agenda (3.71). The scores for the other contributing factors were: changes in local strategic priorities and objectives (3.57); changes in political leadership (3.44); changes in overall economic development funding (3.10); and changes in economic development structures (3.03).		
	<b>'Net' positive effect of the development and delivery of the Fund since 2015<sup>21</sup></b>	
Strategic-level decision making and planning	79%	
Engagement of high level / senior stakeholders in economic growth interventions	79%	
Overall local economic development capacity and partnership working	74%	
Operational decision making (i.e. project development/selection)	72%	
Local confidence to develop and deliver economic growth interventions	72%	
Local commitment to develop and deliver economic growth interventions	72%	
Understanding on what works in developing and delivering economic growth interventions	70%	

- 6.9 The samples for the online surveys are relatively small, but they are important as they include a range of key stakeholders from organisations involved directly and indirectly, in the implementation of the Infrastructure Fund and the development of the City Region economy. As highlighted earlier, the 2019 survey sample is larger than the previous year and includes 20 repeat respondents. Broadly, these repeat respondents are people closest to the delivery and management of the Fund. New respondents in 2019 include a broader range of stakeholders.
- 6.10 Due to the size of the samples, it becomes quite difficult for the evaluators to undertake any fine-grained analysis of the results. However, there are some interesting differences in the feedback from the repeat respondents (Cohort 1) and the new respondents (Cohort 2), and these are discussed in detail in the Capacity Development Evidence Paper. **The new survey respondents in Cohort 2 are generally more positive about the scale of change across different elements of local economic development capacity in the City Region over the last five years. However, the Cohort 1 stakeholders are slightly more positive on the contribution made by the Infrastructure Fund to any changes, and the overall effect of the Fund to date.** Cohort 1 respondents were closer to the Fund's governance and implementation, whereas Cohort 2 comprised greater representation from wider

<sup>21</sup> n=47

stakeholders (e.g. industry bodies and universities). Therefore, Cohort 1 respondents may attach greater importance to the City Deal and Infrastructure Fund.

## Evidence from the consultations and case studies

### *Stakeholder perspectives on the strategic effects of the Infrastructure Fund*

- 6.11 In order to assess the strategic effects of the Infrastructure Fund in more detail, the evaluation included two rounds of in-depth qualitative consultations in June 2018 and June 2019. These discussions were carried out with key strategic stakeholders involved in economic development activity across the GCR. The consultees included the Chief Executives of each of the eight councils, Council Leaders from all of the member authorities, and senior economic development officers. The second round of consultations included representatives from the University of Glasgow and Scottish Enterprise, Glasgow Chamber of Commerce, Skills Development Scotland and property agents operating in Glasgow. In 2018, 26 stakeholders participated in the evaluation and this increased to 37 in 2019.
- 6.12 As the programme of activity has moved from feasibility and design into implementation, and in some cases completion, there have been some delivery changes across the 21 Infrastructure Fund supported projects. **However, the overall shape of the programme remains largely as planned back in 2014. The fact that the Infrastructure Fund projects have largely remained the same (albeit with some minor changes) following the 2017 local elections demonstrates strong cross-party and partnership commitment** to delivering a long-term programme of investment. The vast majority of the stakeholder feedback indicated that most, if not all, Infrastructure Fund projects would not have proceeded in the short to medium term without the Fund's support given the nature and scale of the funding required.
- 6.13 New economic development structures have been set up to oversee the implementation of the City Deal and Infrastructure Fund. This is the first time that the most senior council representatives from across the City Region have been brought together to discuss strategic issues at a City Region level. The GCR City Deal was the first Scottish City Deal and, according to consultees, has played an important role in informing the Scottish Government's policy on regionalisation. The new structures to oversee the City Deal and Infrastructure Fund have provided a strong platform to build upon with the new Regional Partnership.
- 6.14 With an increased policy focus on city regions across the UK over the last five to 10 years, it is not unreasonable to assume these types of structures would have emerged in the GCR at some point. However, these structures tend to work best when there are new powers/autonomy or funding available to partners. **As the first Scottish city region to secure a City Deal (including the Infrastructure Fund), the feedback from those with a local and national remit indicated that the effectiveness and style of partnership working in the GCR is helping to inform partnerships elsewhere in Scotland.**
- 6.15 Through the work of the theme-based portfolio groups (again these were set up because of the City Deal and Infrastructure Fund) there has been increased partnership working between the eight councils and other public and private partners than would have otherwise been the case. Some have performed better than others to date, reflecting the need for sufficient capacity and capability in the lead council (the eight councils vary significantly in terms of size

and resource). These groups are now being restructured around three more strategic themes in order to pool more resource, more effectively. Across the structures set up to manage the City Deal and Infrastructure Fund, the evidence suggests that there is scope for a closer relationship with the property agents and developers in GCR so they are fully sighted on the pipeline of development opportunities coming through on the back of Infrastructure Fund supported projects. This is expected to happen with the creation of a Regional Investment Prospectus.

- 6.16 The Glasgow City Region Economic Strategy (RES), the first to cover the full City Region geography, was published at the end of 2016 with an Action Plan following in early 2017. Partners are now refreshing the RES and have recently completed a Regional Strategic Assessment (RSA), which provides an improved evidence base on the opportunities and threats for the City Region. **Developing and updating the strategic vision for the GCR is seen as an important output from the new structures and partnership working arrangements.** The new City Region Intelligence Hub currently being set up is also expected to play an important role in enhancing and maintaining the evidence base on the City Region's economy, working collaboratively with the councils, enterprise agencies and local universities.
- 6.17 The main examples of improved economic development capacity and partnership working over the last three to four years have been in relation to inward investment, joint working on school education, and climate change planning. The City Region now has a more integrated approach to promoting the area for investment (for example, joint attendance at the MIPIM exhibitions, coordinating investment enquires, ensuring the best location was put forward for the Heathrow Hub investment etc.), and subsequent key account management work associated with ongoing support for the investments themselves. In June 2018, Barclays announced the creation of a new technology campus in Glasgow's city centre, which will increase the firm's workforce in Scotland to 5,000. The site that they have selected for the campus is receiving Infrastructure Fund support. The new economic development structures set up to initially manage the City Deal and Infrastructure Fund are now being used to oversee the new City Region Education Improvement Collaborative and they have helped to promote the Climate Ready Clyde network.

#### **Feedback on the 'project-up' benefits generated by the Infrastructure Fund**

- 6.18 The final round of consultations with project managers for progress evaluation included questions on how the delivery of the project to date has had an impact on '*partnership working and engagement, local capacity and systems, understanding, insight and evidence, and strategic prioritisation and decision-making*'. The feedback can be summarised as internal and external effects (i.e. whether the benefits remain within the councils or not).
- 6.19 The main internal effects reported by project managers can be grouped as follows:
- **Improved relationships between different parts of the councils to ensure the effective delivery of infrastructure projects.** A more joined-up approach across different teams including procurement, transportation, planning, housing, regeneration, economic strategy and inward investment was reported to the evaluators

- **Improved systems for developing, appraising, designing, managing and monitoring the delivery of infrastructure projects.** The feedback reveals that the approach to developing the augmented business cases for Infrastructure Fund projects in line with HM Treasury guidance, new governance approaches within councils, and subsequent monitoring and evaluation of economic outcomes are all informing the approach for other non-Infrastructure Fund projects.

6.20 In terms of external effects, the most common feedback from project managers was as follows:

- **Strengthened relationships between the council and local stakeholders and landowners.** The Infrastructure Fund has provided councils with the opportunity to make significant investments in local communities, requiring strong links with housing associations, landowners, developers, house-builders, community groups, and utility companies
- **More strategic relationships with key partners.** It was claimed that a number of the projects have led to the councils becoming more proactive and strategic in terms of economic development initiatives, and the evidence suggests they are now working more closely with the universities and Scottish Enterprise.

6.21 Project manager feedback highlighted the links between the Infrastructure Fund and the creation of GCR's three Innovation Districts: Glasgow City Innovation District; Glasgow Riverside Innovation District; and the Advanced Manufacturing Innovation District Scotland (AMIDS). Collectively, they demonstrate the ambitions of Glasgow City Council, Renfrewshire Council, the two Universities and other key partners to use the area's science and innovation strengths to accelerate economic growth and regeneration in the City Region. These initiatives were the focus of two case studies included in the Capacity Development and Partnership Evidence Paper.

6.22 In all three districts, the Infrastructure Fund projects have played an important enabling role in laying the foundations for greater partnership working, an enhanced strategic vision for the future City Region economy, and securing complementary investment for future economic growth. A summary of the project-up benefits from the Infrastructure Fund in relation to the three Innovation Districts is provided in the table below.

Innovation District	Background	Infrastructure Fund contribution
<b>Glasgow City Innovation District</b>	<p>The Innovation District was launched formally in 2019, but has been developing over the last few years since the opening of Strathclyde University's Technology and Innovation Centre (TIC) in 2015.</p> <p>The next stage of investment planned by the University and City Council is to grow the area of activity out from the key assets at TIC, inovo and the Tontine (funded through the City Deal) to maximise and commercialise expertise in other key sectors, and support the regeneration of the Collegelands</p>	<p>The spatial footprint of the Innovation District overlaps with two of the city's Infrastructure Fund projects, which are being delivered over the next five years – the Collegelands Calton Barras project, and the Enabling Infrastructure and Integrated Public Realm (Avenues) project.</p> <p>The ongoing improvements to the local area will help deliver the objectives of the Innovation District in terms of attracting workers and businesses to co-locate in this part of the city.</p> <p>There has been close cooperation between Glasgow City Council, Scottish Enterprise and the</p>



	area of the city, east of the Merchant City.	University, and the availability of the Infrastructure Fund support has contributed to stronger partnership working.
<b>Glasgow Riverside Innovation District</b>	<p>The Innovation District is at an early stage and will progress alongside the wider Glasgow University campus redevelopment programme. New innovation zones are planned for Church Street at the West End and in Govan next to the QEUH campus.</p> <p>Investments being made through the Clyde Waterfront and West End Innovation Quarter Infrastructure Fund project will provide a platform for new developments including the innovation facilities at the Clyde Waterfront Innovation Campus, which will focus on Precision Medicine and Quantum Technologies.</p> <p>An integral part of this new Campus will be how it can help to engage with the local community in Govan, improve local skills and aspirations, and encourage further regeneration on the south side of the Clyde.</p>	<p>There has been a strong relationship between the Infrastructure Fund and the emergence of the Glasgow Riverside Innovation District (GRID).</p> <p>As the University honed its plans for the campus redevelopment, it also started speaking to Glasgow City Council about the proposed City Deal Infrastructure Fund project for the Clyde Waterfront and West End Innovation Quarter project.</p> <p>Strengthened by the Fund, partners have shaped an ambitious strategic vision for the West End of the city, which will leverage follow-on commercial and residential investment from the private sector.</p> <p>The additional investment available through the Infrastructure Fund, including the new Partick to Govan bridge (crossing the Clyde), will create new economic opportunities for Govan and neighbouring areas in and around the hospital campus.</p>
<b>Advanced Manufacturing Innovation District Scotland (AMIDS), Renfrewshire</b>	<p>The AMIDS concept emerged following the decision in December 2017 by the Scottish Government to locate the new £65m National Manufacturing Institute Scotland (NMIS) next to Glasgow Airport in Renfrewshire.</p> <p>This facility will include an advanced manufacturing innovation centre, skills academy and innovation 'collaboratory'.</p> <p>In addition, in June 2018, the Centre for Process Innovation announced its decision to set up the UK's only £56m industry-led Medicines Manufacturing Innovation Centre (MMIC) in Renfrewshire.</p>	<p>The starting point for AMIDS in Renfrewshire was the Infrastructure Fund support secured in 2014 to unlock commercial development around the Airport.</p> <p>The Glasgow Airport Investment Area (GAIA) project secured £39.1m in Infrastructure Fund support for road alignments and a new bridge between existing business parks.</p> <p>The Council also secured £90.7m of funding for the Clyde Waterfront and Renfrew Riverside Infrastructure Fund project to develop the waterfront and build a new bridge across the Clyde from Renfrew to Yoker to improve access to the employment opportunities at AMIDS.</p> <p>It is unlikely that the NMIS and MMIC investments would have come to AMIDS without the commitment that has been made through the Infrastructure Fund projects. The two centres of excellence will act as key anchors for further commercial investment and innovation-led employment growth over the coming years. The Infrastructure Fund has therefore already leveraged significant levels of other public sector and industry investment.</p>



## Annex A: CLGU Gateway Review criteria

A.1 The table below highlights where the evidence collected by the National Evaluation Panel (NEP) addresses the Gateway Review 1 criteria. As shown below, some indicators were not in scope for the NEP. The GCR PMO has also produced a similar list, which shows how the remaining indicators have been evidenced.

**Table A-1: Contribution of NEP reports to CLGU Gateway Review criteria**

Criteria	In scope for National Evaluation Panel?	Location of evidence in National Evaluation Panel (NEP) reports
<b>A. Evidence of intervention progress</b>		
1. Explanation of the approval process you followed for the intervention including		
a) How the intervention was agreed by the CA, City Board or Cabinet, including a description of how challenge or disagreement being handled effectively, where applicable	Red	N/A
b) How the views of stakeholders were considered during intervention development	Red	N/A
c) How the intervention aligns with pre-existing investment programmes in the area	Red	N/A
d) How the business case process was appraised (N.B. Robust appraisal should demonstrate value for money and potential for positive economic impact, developed in line with the HM Treasury Green Book)	Amber	There are references throughout the NEP reports to the GCR business case process, as set out in the Assurance Framework, used to approve the individual Infrastructure Fund projects. There are also references to the decision made in 2017 to update all businesses cases to ensure compliance with HM Treasury Green Book guidance. For more details, see: <ul style="list-style-type: none"> <li>• Main report – Section 4 (Progress Evaluation), Section 5 (Impact Evaluation)</li> <li>• Progress Evaluation Evidence Paper</li> <li>• Impact Evaluation Evidence Papers</li> </ul>
e) How the intervention fits with pre-existing stakeholder frameworks, strategies and plans	Red	N/A
2. Explanation of the delivery process to date, including:		

Criteria	In scope for National Evaluation Panel?	Location of evidence in National Evaluation Panel (NEP) reports
a) Intervention milestones agreed at Board level that are likely to result in successful delivery of the intervention	Red	N/A
b) Delivery of the intervention against agreed intervention milestones with evidence of adjusting project/programme plans to mitigate the impact and to ensure value for money and successful delivery	Green	Each Infrastructure Fund project has provided regular updates to the PMO on work plans, timescales and spend profiles. Any changes are agreed through the PMO and governance structures (Chief Executives Group and Cabinet) set up to manage the City Deal and Infrastructure Fund. Although there have been ongoing revisions to project work plans, the evaluation has assessed progress against a 'baseline' forecast from 2018 (the start of the NEP's commission in the GCR). For more details, see: <ul style="list-style-type: none"> <li>Main report – Section 4 (Progress Evaluation), paragraph 4.8 onwards</li> <li>Progress Evaluation Evidence Paper – Sections 4 and 5</li> </ul>
c) An agreed spending profile for the intervention	Green	Although there have there have been ongoing revisions to project spend profiles which are approved by the Chief Executives Group and Cabinet, the evaluation has assessed progress against a 'baseline' forecast from 2018. For more details, see: <ul style="list-style-type: none"> <li>Main report – Section 4 (Progress Evaluation), paragraph 4.3 to 4.8</li> <li>Progress Evaluation Evidence Paper – Section 2</li> </ul>
d) Evidence of keeping to the spending profile and mitigating overspend or delays. Where applicable, in the event of an under- or over-spend on the intervention, evidence of adjusting spending and project/programme plans to mitigate the impact and to ensure value for money and successful delivery	Green	Although there have there have been ongoing revisions to project spend profiles which are approved by the Chief Executives Group and Cabinet, the evaluation has assessed progress against a 'baseline' forecast from 2018. For more details, see: <ul style="list-style-type: none"> <li>Main report – Section 4 (Progress Evaluation), paragraph 4.3 to 4.8</li> <li>Progress Evaluation Evidence Paper – Section 2</li> </ul>
e) Outputs generated to date by intervention activities	Green	The outputs achieved by the Infrastructure Fund interventions are referenced throughout. For more details, see: <ul style="list-style-type: none"> <li>Main report – Section 4 (Progress Evaluation), Section 5 (Impact Evaluation)</li> <li>Progress Evaluation Evidence Paper – Section 3</li> <li>Impact Evaluation Evidence Papers – Section 4</li> </ul>
3. Local evaluation plans and commitment to Investment Funds evaluation activities including the Independent Panel evaluation beyond the first gateway review in line with agreed milestones.	Amber	The scope of the NEP work has been on Gateway Review 1. A Locality Framework and then a Locality Evaluation Plan were agreed and these are referenced at: <ul style="list-style-type: none"> <li>Main report – Section 1, paragraph 1.7/ Section 4, paragraph 4.1</li> <li>All three Impact Evaluation Evidence Papers – Section 2, paragraph 2.3</li> </ul>
<b>B. Evidence of intervention impact</b>		

Criteria	In scope for National Evaluation Panel?	Location of evidence in National Evaluation Panel (NEP) reports
1. Evidence that all evaluation activities set out in the evaluation plan developed by SQW has been completed. Evaluation plans developed sets out a range of activities e.g. surveys, before and after data comparisons that would inform reporting against logic models.	Green	A Locality Framework and then Locality Evaluation Plan were agreed and these are referenced in the main report and the three impact evaluation evidence papers. <ul style="list-style-type: none"> <li>Main report – Section 1, paragraph 1.7/ Section 4, paragraph 4.1</li> <li>All three Impact Evaluation Evidence Papers – Section 2, paragraphs 2.4 to 2.6</li> </ul>
2. Evidence of delivery of the outcomes specified in the agreed logic model for each intervention	Green	The achieved outcomes are reported in: <ul style="list-style-type: none"> <li>Main report – Section 4 (Progress Evaluation), Section 5 (Impact Evaluation)</li> <li>Progress Evaluation Evidence Paper – Sections 4 and 5</li> <li>Canal and North Gateway Impact Evaluation Evidence Paper – Sections 5 and 6</li> <li>M77 Strategic Corridor Impact Evaluation Evidence Paper – Section 5</li> <li>Cathkin Relief Road Impact Evaluation Evidence Paper – Sections 5 and 6</li> </ul>
3. Where possible, evidence showing a reasonable expectation that interventions will have long-term positive economic benefits	Amber	The expected long term economic benefits are reported in: <ul style="list-style-type: none"> <li>Main report – Section 4 (Progress Evaluation), Section 5 (Impact Evaluation)</li> <li>Progress Evaluation Evidence Paper – Sections 4 and 5</li> <li>Canal and North Gateway Impact Evaluation Evidence Paper – Sections 5, 6 and 7</li> <li>M77 Strategic Corridor Impact Evaluation Evidence Paper – Sections 5 and 6</li> <li>Cathkin Relief Road Impact Evaluation Evidence Paper – Sections 5, 6 and 7</li> </ul>
4. Where possible, a description of outcomes that are expected to be delivered in the future	Green	Same as above
5. Delivery of information and data to SQW to evidence the outcomes of specific interventions	Green	Same as above
<b>C. Evidence of capacity development and partnership working</b>		
1. Description of leadership roles and responsibilities assigned within the locality	Red	N/A
2. A description of engagement between local authorities within the locality on development and decision-making, both in relation to specific interventions (where appropriate) and the Investment Fund as a whole	Amber	The increased levels of engagement between GCR partner organisations is a key finding from the Capacity Development and Partnership Evaluation. For more details, see: <ul style="list-style-type: none"> <li>Main report – Section 6 (Wider contribution of the Infrastructure Fund), paragraph 6.13/ paragraphs 6.19-6.20</li> </ul>

Criteria	In scope for National Evaluation Panel?	Location of evidence in National Evaluation Panel (NEP) reports
		<ul style="list-style-type: none"> <li>Capacity Development and Partnership Working Evidence Paper – Section 2 (e-survey feedback) and Section 3 (stakeholder consultation feedback)</li> </ul>
3. Evidence that the City, CA or Cabinet has engaged stakeholders of a wider range, greater seniority and, where relevant, greater regularity than under previous governance and funding arrangements	Amber	Same as above
4. Evidence that the City, CA or Cabinet considered stakeholders' views during decision-making	Amber	Same as above
5. Evidence that stakeholders felt it was easier and more beneficial to engage with the City, CA or Cabinet than with previous governance arrangements	Amber	Same as above
6. Description of how the new governance structures for economic development have affected decision-making across the locality	Green	<p>The effectiveness of the new governance structures set up to manage the City Deal and Infrastructure Fund is a key focus of the Capacity Development and Partnership Working Evaluation. For more details, see:</p> <ul style="list-style-type: none"> <li>Main report – Section 6 (Wider contribution of the Infrastructure Fund), paragraph 6.6/ paragraph 6.13/ paragraph 6.15</li> <li>Capacity Development and Partnership Working Evidence Paper – Section 2 (e-survey feedback) and Section 3 (stakeholder consultation feedback)</li> </ul>
7. Evidence of an improved plan for the development of the locality as a whole including evidence of consensus among stakeholders about the future development of the local economy compared to existing processes under previous governance and funding arrangements.	Green	<p>The improved strategic vision articulated in the new City Region Economic Strategy is a key finding from the Capacity Development and Partnership Working Evaluation. For more details, see:</p> <ul style="list-style-type: none"> <li>Main report – Section 6 (Wider contribution of the Infrastructure Fund), paragraph 6.6/ paragraph 6.16/ paragraph 6.20-6.22</li> <li>Capacity Development and Partnership Working Evidence Paper – Section 2 (e-survey feedback) and Section 3 (stakeholder consultation feedback)</li> </ul>
8. Description of how evidence has been used in the development of strategies and projects	Amber	Same as above
<b>D. Contextual economic forecasting and comparison to out-turns</b>		
1. Forecast of economic growth in locality for GVA and employment to Year [5 or 10]	Green	The results of the contextual economic forecasting are reported in Section 2 of the main report – paragraphs 2.16-2.27. Further detail on the approach is provided in Annex B of the main report.

Criteria	In scope for National Evaluation Panel?	Location of evidence in National Evaluation Panel (NEP) reports
2. Forecast of economic growth nationally for GVA and employment to Year [5 or 10]	Green	Same as above
3. Out-turns of economic growth in locality for GVA and employment to Year [x]	Green	Same as above
4. Out-turns of economic growth nationally for GVA and employment to Year [x]	Green	Same as above

## Annex B: Peer review comments

- B.1 The work of the National Evaluation Panel (NEP) was supported by an Academic Group who were sub-contracted to SQW. The Group included Professor Martin Boddy from the University of West of England, Professor Ron Martin from University of Cambridge, Professor Philip McCann from the University of Sheffield, Professor Peter Tyler from the University of Cambridge, and Professor Cecilia Wong from the University of Manchester.
- B.2 As highlighted in the National Evaluation Framework their role was “to provide expert ‘critical friend’ inputs throughout, focused on evaluation methods, data analysis, and interpretation”. The Academic Group provided feedback to SQW at each stage of the evaluation of the Glasgow City Region Infrastructure Fund: the Locality Framework and Evaluation Plan; the Baseline Report; the One Year Out Report; and the Final Evaluation Report for Gateway Review 1.
- B.3 A meeting was held with SQW and Academic Group on 6 September 2019 to discuss the contents of the first full drafts provided to the locality on 30 August 2019.
- B.4 The overall feedback from the Academic Group was that the reports were well written, clearly structured and provided a good overview of the progress of the Glasgow City Region Infrastructure Fund and the early evidence of impact during the first five-year period of delivery. The challenges of assessing impact at this stage was highlighted by the Academic Group; in this context, the Academic Group recognised that the research, analysis and interpretation for the final report was appropriate, and consistent with the proposals set out in the agreed Evaluation Plan.
- B.5 Specific points of feedback from the discussion and subsequent written feedback provided by the Academic Group members to SQW are summarised below, along with SQW’s response which has been reflected in the final versions of the reports.

**Table B-1: Summary of peer review comments**

Feedback from the Academic Group	SQW response
The key findings in the main report should be summarised in an Executive Summary.	An Executive Summary has now been included in the main report. This highlights the key research findings grouped under the four headings of the CLGU Gateway Review criteria (context/ intervention progress/ intervention impact/ and capacity development).
Although Section 2 of the main report provides helpful policy and economic context for the delivery period covered by the evaluation, there could be more consideration/ discussion of how this context has had any impact on the actual implementation of the interventions.	In Section 2 of the main report we have provided further explanation on purpose of the contextual forecasting and the implications for the implementation of the Fund during this period. We have also referenced the growth in the city region’s construction sector in Section 4 of the main report when highlighting capacity constraints in the market as one of the delivery issues.
The evaluation reports could provide more commentary/ narrative regarding the nature/ timescale of anticipated outputs/ outcomes of the Infrastructure Fund schemes. For example, there could be more explanation on whether these outputs/ outcomes were	We have added more detail on the development (and purpose) of logic models for tracking the anticipated outputs and outcomes of interventions in Section 3 and 5 of the main report and in each of the impact evaluation reports.

Feedback from the Academic Group	SQW response
implicit or explicit at the outset, and the implications for this early stage evaluation.	
The key messages box in Section 4 of the main report seems to provide a more positive picture on delivery progress compared to the detailed analysis of progress later in the Section. This should be reviewed and revised, as appropriate,	In the more detailed analysis in Section 4, we have added in more explanation/ caveats on the approach used to assess progress in terms of budget, milestones and outputs/outcomes.  A key point we have tried to emphasise is that although there have been delays in project delivery, we are broadly reassured that the Infrastructure Fund projects will be completed as envisaged.
Section 4 of the main report highlights the reasons for the delays in implementing the projects but there could be more commentary on how projects have been managed and delivered during the first five years.	We have provided an overview of the main reasons for the delays (which are primarily around project manager optimism bias and planning related issues) based on the evidence collected consistent with the focus of the evaluation on assessing progress in delivery, and reasons for any variance.
There could be clearer recognition up-front on the time-paths to impact and complexities associated with schemes of these kind (especially re: Canal and North Gateway). This will help to provide more context and to frame the wider findings on progress to date.	We have added further narrative around the timescale for assessing the full economic impact of the Fund in Sections 4 and 5 of the main report and separate impact evaluation papers.  For example, in the Canal and North Gateway impact paper we have referred to the long-term impacts of other major regeneration schemes at Salford Quays in Manchester and London's Docklands, which have delivered the physical developments but also changed perceptions about these areas.
In some areas the evaluation highlights the strong progress that has been made in terms of capacity development and partnership working, but then also reports the project delivery challenges that have resulted in delays to project spend. The evaluation could provide more explanation to 'square the circle' on these findings.	In the Executive Summary and main report, we have emphasised the point that most progress made to date in terms of capacity building/ partnership working has occurred amongst senior Council officers/ Council leaders.  We have also highlighted that the improved partnership working is beginning to broaden out to other organisations and cascade down to officer level and this will then help to address the delivery challenges which have caused delays to project spend.
There could be greater clarity on the analysis and presentation of the online survey findings.	In the capacity development paper, we have added in further clarification that the detailed analysis provides the data for the two cohorts of survey respondents whilst Section 6 of the main report aggregates the results from all respondents.  We feel that it is important to provide both sets of results – there are some differences in the two cohorts which reflects their role in relation to the Infrastructure Fund, but we also need to acknowledge that stakeholders are being asked the questions at different points (in 2018 and 2019).
There could be more routing and cross referencing across the various evaluation reports to help the reader.	We have ensured that all sections of the main report adequately signpost the reader to more detail that is provided in the supporting evidence papers. In addition, Annex A of the main report now maps the evidence from the SQW reports onto the final set of CLGU's Gateway Review criteria.

Source: Academic Group and SQW



## Annex C: Economic forecasts and out-turns

- C.1 This Annex provides further details regarding the economic forecasting workstream. This includes an overview of the approach, interpretation of the results including any limitations, and the detailed data from both the baseline forecasts and analysis of out-turns.

### Approach

- C.2 As part of the Baseline Report, CE developed tailored baseline economic forecasts for Glasgow City Region (GCR), based on a version of CE's Local Economy Forecasting Model (LEFM) that was available back in 2014.
- C.3 The tailored baseline economic forecasts were based initially on baseline economic projections from the LEFM, based on historical growth in the Locality relative to the region or UK (depending on which area it has the strongest relationship with), on an industry-by-industry basis. It was assumed that those relationships continue into the future. The initial LEFM baseline projections did not take account of specific growth plans or major interventions that were in place at the time the City Deal and Infrastructure Fund were approved, but which could reasonably be expected to influence economic growth over the period to the first Gateway Review.
- C.4 The baseline LEFM projections were therefore revised to incorporate local information following desk-based research and a workshop with representatives from the Locality. The tailored baseline was developed within a version of LEFM calibrated to the local GCR economy, which incorporated GVA and employment adjustments to the non-tailored baseline as agreed by the Locality.<sup>22</sup>
- C.5 This Annex compares the tailored short-term economic forecasts developed for the Baseline Report with the actual outcomes over 2012-2018<sup>23</sup>. The last year of historical data in the forecasts produced for the Baseline Report was 2012. The more recent actual outcomes data are taken from CE's updated historical database, which includes historical data to 2018. A sectoral comparison is also included, along with a comparison of the outturns at the UK and regional level.

### Interpreting the results

- C.6 The forecasts set out in the Baseline Report and the more recent historical data to 2018 are both based on CE's historical employment and GVA databases, allowing a comparison to be made between the two datasets.
- C.7 However, while the method to process the Year 1 and Year 2 data are the same, it is important to note the following methodological points in the underlying raw data when interpreting the results:

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<sup>22</sup> Further details regarding the methodology and the effects of the tailoring are set out in the Baseline Report.

<sup>23</sup> The local area employment data in 2018 are estimates based on actual regional data. While the local area GVA data in 2018 are projections and are not based on actual regional data, they have been included for comparisons.

- **Time-coverage of the data:** The last year of actual local area employment data in the most recent data is 2017. The local area employment data in 2018 are estimates based on actual regional data<sup>24</sup>. Changes at the regional (Scotland) level over 2017-18 are proportionately disaggregated across all local authorities in Scotland. The local area 2018 employment figures are therefore estimates, allowing an additional year to be used in the analysis. It is important to bear in mind, however, that the actual 2018 local area figures could be higher or lower if changes at the regional level were concentrated in particular local areas in Scotland. The local area GVA data in 2018 are projections and are not based on actual regional data. They are modelled results, based on CE's standard method to produce baseline economic projections<sup>25</sup>. They have been included for comparisons.
- **Price base:** The price base of the GVA data has changed from £2010 in the baseline forecasts to £2016 in the latest historical data. The absolute GVA levels, therefore, cannot be compared between the two datasets. In order for both datasets to be compared, an indexed series has been created for both datasets where the GVA data in 2012=100. This allows recent growth rates to be compared with forecast growth rates. A similar approach has been taken when analysing the employment and productivity data.
- **GVA methodology:** Two changes regarding the GVA data drawn from ONS estimates are evident
  - ONS published new local authority, NUTS2 and NUTS3-level GVA estimates based on an improved (balanced approach) methodology in 2018<sup>26</sup>. This new data has been incorporated into CE's latest historical database. The raw GVA data used in the Baseline Report was based on the old (income approach) NUTS2 GVA data available at the time, as the NUTS3 GVA data was not considered to be as robust.
  - ONS have published the latest NUTS2 GVA data by more detailed sectors than were available when the LEFM used in the Baseline Report was updated. The incorporation of raw GVA data at lower spatial levels means that in some instances GVA has been redistributed between local areas and sectors within a NUTS2 area. This could lead to differences between the GVA data used in the Baseline Report and the latest GVA data. However, the effect on total GVA for a larger area, such as GCR, and the effect on the growth rates by sector within the area will be limited, as this comparison focuses on broad sectors (not the detailed sector level in the new GVA data). A comparison between the forecasts is, therefore, still valid when analysing the indexed growth rate.

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<sup>24</sup> This is due to the ONS release schedule for data. While 2018 regional employment data has been published, the 2018 employment estimate for local authority districts will not be released until the end of September 2019.

<sup>25</sup> Further details regarding the standard methodology for CE's baseline projections are set out in the Baseline Report.

<sup>26</sup> Balanced approach data is created by combining income and production approach data – a summary of how these approaches differ at the aggregate level can be found here: <https://www.ons.gov.uk/file?uri=/economy/regionalaccounts/grossdisposablehouseholdincome/methodologies/regionalaccounts/regionalrealgvatcm77262085.pdf>. A summary of how these two data sets are combined can be found here: [https://consultations.ons.gov.uk/national-accounts/consultation-on-balanced-estimates-of-regional-gva/supporting\\_documents/Development%20of%20a%20balanced%20measure%20of%20regional%20gross%20value%20added.pdf](https://consultations.ons.gov.uk/national-accounts/consultation-on-balanced-estimates-of-regional-gva/supporting_documents/Development%20of%20a%20balanced%20measure%20of%20regional%20gross%20value%20added.pdf)

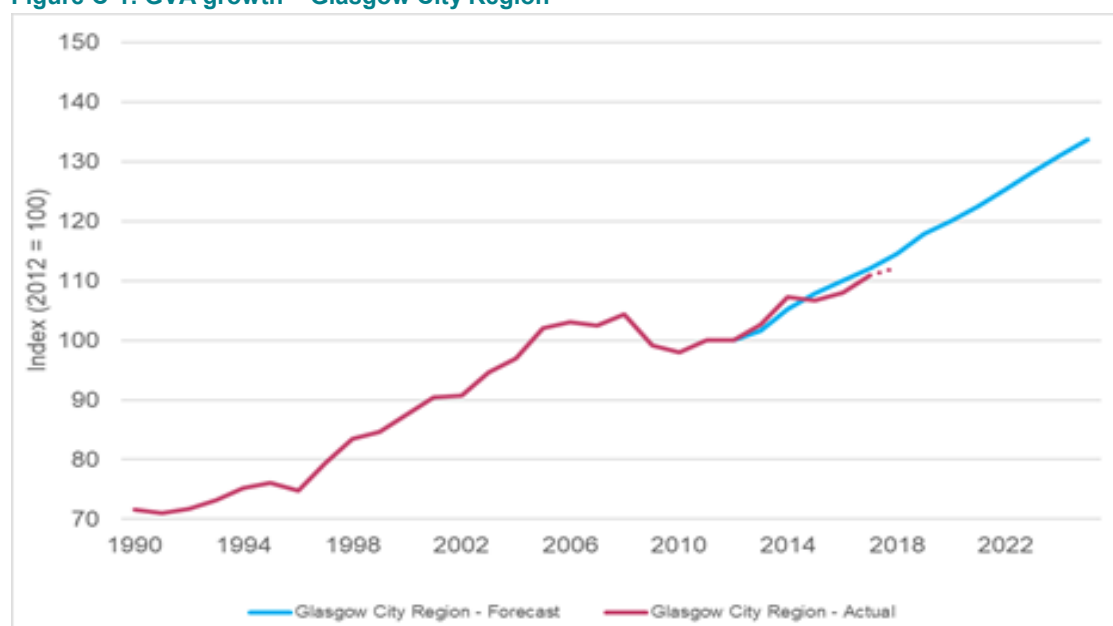
- C.8 These changes in mean that any differences seen when comparing the short-term GVA forecasts from the Baseline Report to the actual outturns data could be due to the change in the GVA price base, improvements in the measurement and reporting of the GVA data and/or differences in what was expected back in 2014 versus what actually happened. There could be cases when variation between forecasts and actual data are owing to methodological issues, rather than actual economic performance. However, the impact on growth rates at the GCR level are likely to be limited. It is difficult to estimate the relative scale of importance between the factors causing possible differences, as they will affect each local area and sector differently. For this reason, it is recommended that the analysis focuses on forecast and actual growth rates, rather than absolute levels, particularly as the price base of the GVA has changed.

## Detailed data

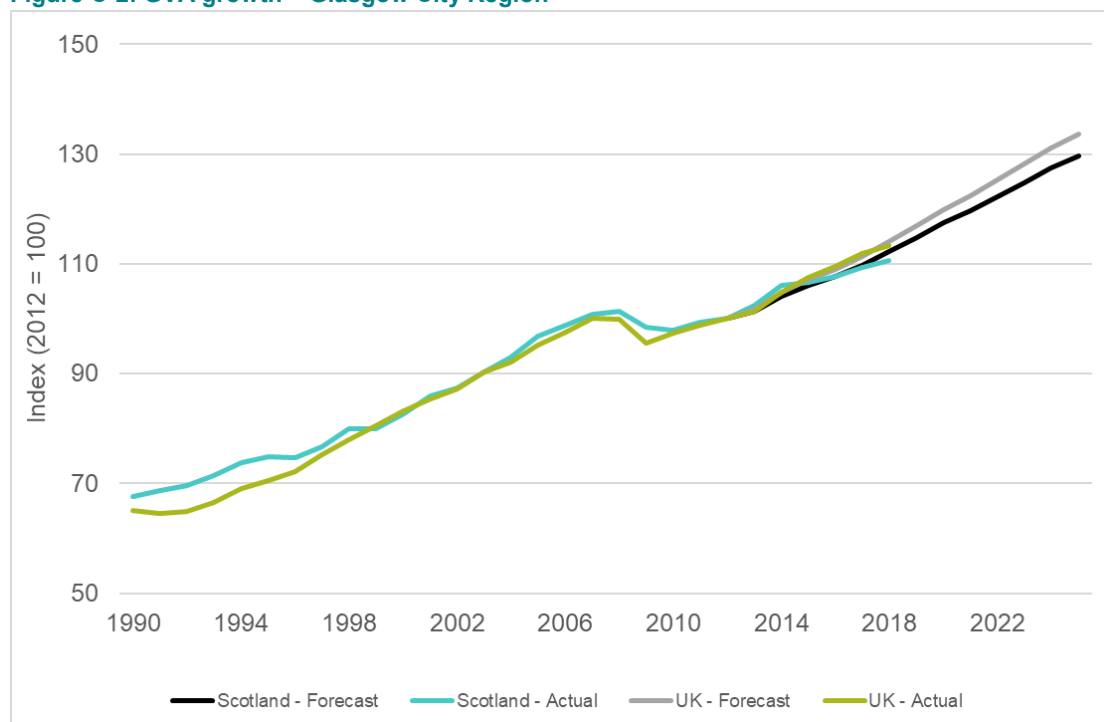
### GVA

- C.9 Actual GVA growth in GCR, Scotland and the UK over 2012-18 has been slightly slower than estimated in the baseline forecast (see Figure B-1 and Figure B-2). GCR has grown by 1.9% pa over 2012-18. This is slightly slower than the UK (2.1% pa), but faster than Scotland as a whole, which grew by 1.7% pa over this period. GVA growth in GCR initially performed above expectations until 2014, before GVA fell in absolute terms in 2015, which took the growth path below expectations. After this point the gap has been maintained going forward.
- C.10 Actual GVA growth per annum in GCR over 2012-18 was 0.4 percentage points (pp) lower than was forecast in the Baseline Report. This is in line with Scotland and the UK, where GVA growth per annum underperformed the forecast by 0.3 and 0.1 pp respectively.
- C.11 Disaggregating this data by sector, the main driver of the underperformance in GCR was the low level of GVA growth in the Manufacturing, Distribution, Transport & storage and Accommodation and food sectors, which accounts for about 28% of GVA within the GCR (see Figure C-1).

Figure C-1: GVA growth – Glasgow City Region



**Figure C-2: GVA growth – Glasgow City Region**



- C.12 Electricity, gas and water, Information and communications and Other services performed roughly in line with the forecast, whilst Government services grew 1.8 pp faster per annum than was forecast.

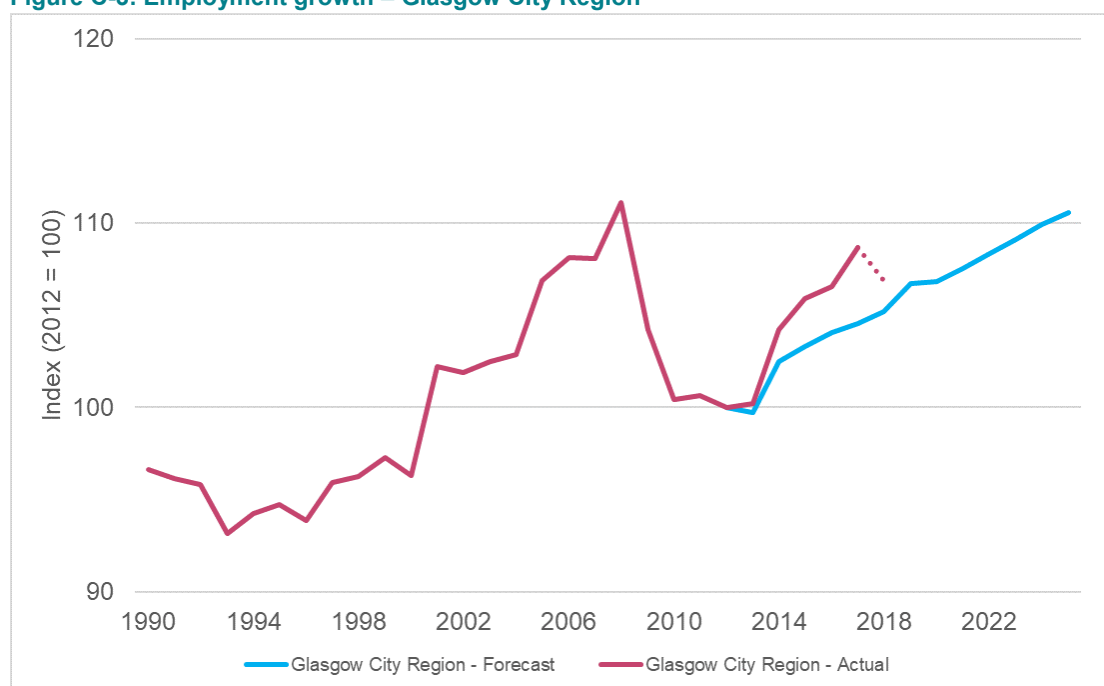
**Table C-1: GCR GVA growth by sector, 2012-2018**

	Forecast growth (pa %)	Actual growth (pa %)	Percentage point difference (actual minus forecast)
Agriculture	0.8	0.0	-0.8
Mining & quarrying	-1.2	8.0	9.2
Manufacturing	1.7	-0.8	-2.5
Electricity, gas & water	0.5	0.1	-0.4
Construction	2.8	3.3	0.4
Distribution	2.7	0.7	-2.0
Transport & storage	3.6	1.8	-1.8
Accommodation & food services	1.8	0.2	-1.6
Information & communications	2.7	2.6	-0.1
Finance & business services	3.9	3.3	-0.6
Government services	0.6	2.3	1.8
Other services	2.6	2.2	-0.3

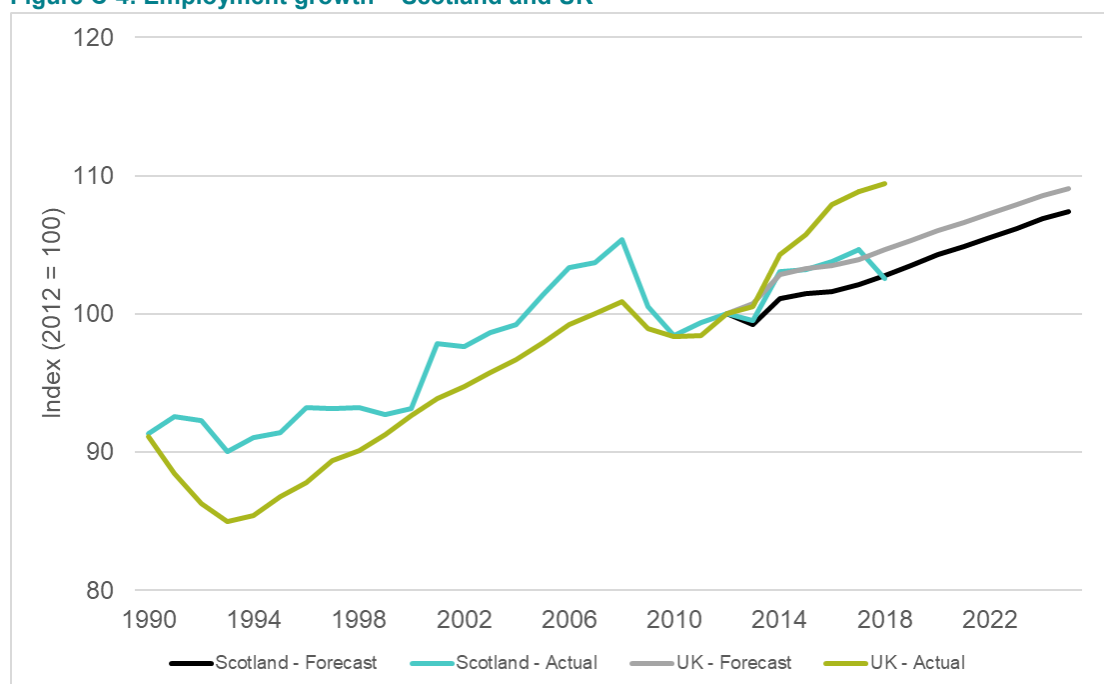
## Employment

- C.13 Employment has grown above expectations in all areas (see Figure C-3 and Figure C-4). This is most notable for the UK, which has 1.7 million more jobs in 2018 than was forecast in the Baseline Report, an equivalent to an additional 0.8 pp growth in employment per annum. Employment in GCR grew by 1.1% pa over 2012-18, compared to a forecast of 0.8% pa, resulting in 14,300 more jobs than was expected in the area by 2018. This number particularly stands out in the wider context of Scotland, which outperformed the forecast by 5,500 jobs. This implies that while Scotland as a whole outperformed the forecast, there were areas in Scotland that underperformed the forecast in employment terms.
- C.14 GCR first started to deviate (positively) from the expected growth path in 2014 and this gap continued to widen over the forecast period. The estimated data in 2018 shows a downturn in employment in GCR. However, as mentioned previously, the 2018 employment data is reflective of a downturn in employment in Scotland as a whole, which may not necessarily be reflected in GCR. Caution should therefore be exercised when analysing the 2018 employment data. Despite this, there are signs that GCR has experienced a fall in employment in 2018, with the area experiencing a 9% increase in claimant unemployment over June 2017 to June 2018.

**Figure C-3: Employment growth – Glasgow City Region**



**Figure C-4: Employment growth – Scotland and UK**



- C.15 The main sectors experiencing the higher than expected employment growth in GCR were Electricity, gas and water, Construction, Information & communications and Government services, which are important employers in GCR, accounting for 40% of total employment (see Table C-2). Distribution grew in line with expectations, while Agriculture and Mining and quarrying performed slower than expected, although these sectors are very small in the GCR economy. Slower than expected growth in Transport and storage and Financial and business services, however, had a larger impact on the GCR economy, with employment in those sectors accounting for about a quarter of all jobs in GCR.

**Table C-2: GCR employment growth by sector, 2012-2018**

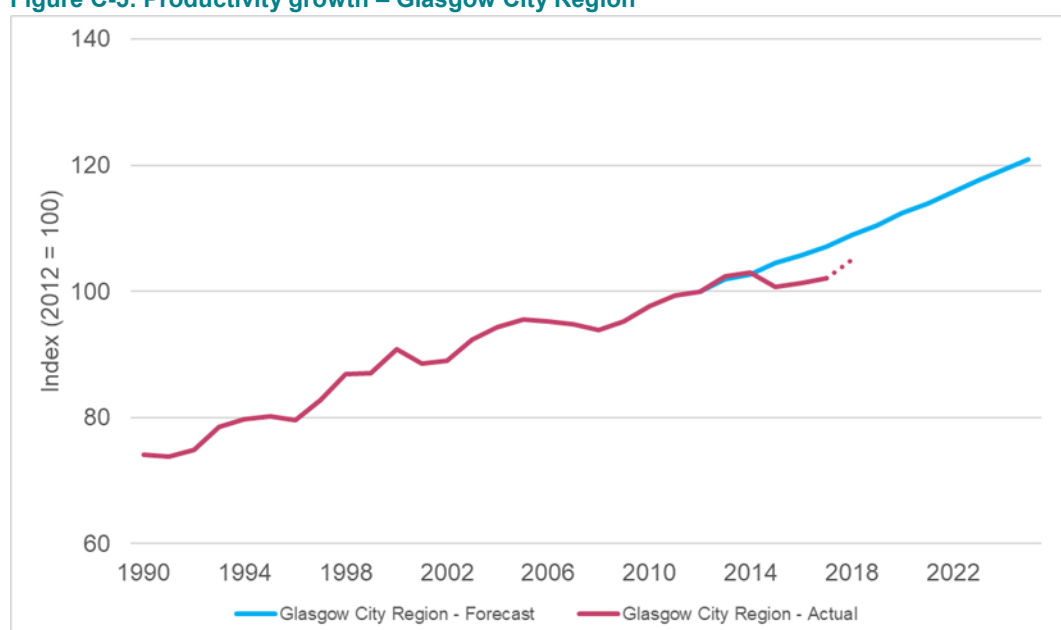
	Forecast growth (% pa)	Actual growth (% pa)	Percentage point difference (actual minus forecast)
Agriculture	1.9	-3.5	-5.4
Mining & quarrying	1.1	-3.5	-4.6
Manufacturing	-0.6	-1.5	-0.9
Electricity, gas & water	-2.6	-0.6	2.0
Construction	1.0	3.1	2.1
Distribution	1.1	0.9	-0.3
Transport & storage	2.6	1.4	-1.2
Accommodation & food services	-0.4	0.7	1.1
Information & communications	0.5	1.6	1.1
Finance & business services	2.7	1.6	-1.1
Government services	-0.3	1.5	1.8

	Forecast growth (% pa)	Actual growth (% pa)	Percentage point difference (actual minus forecast)
Other services	0.6	-0.3	-0.9

### Productivity

- C.16 Productivity growth was below expectations for all areas (see Figure C-5 and Figure C-6). This follows from the trends of slower than expected GVA growth at a time of strong employment growth. The Baseline Report forecast GCR productivity growth of 1.4% pa over 2012-18, but actual growth was almost half that (0.8% pa). Productivity growth in Scotland as a whole, however, was 1.3% pa over 2012-18, compared to an expected 1.5% pa, highlighting a slowdown in GCR in particular compared to other parts of Scotland.

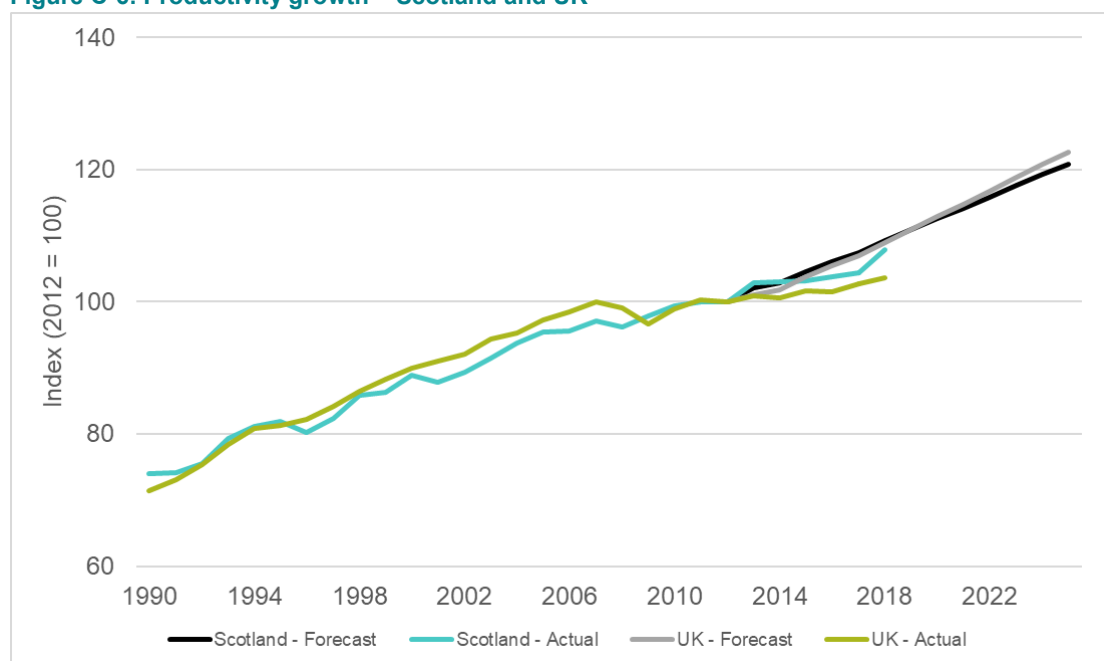
Figure C-5: Productivity growth – Glasgow City Region



- C.17 Productivity in GCR performed in line with expectations until 2014, after which it fell behind the predicted growth path and has grown slowly since. The 2018 data indicates that the growth path is returning towards expectation. However, this improvement is driven by a fall in estimated GCR employment, based on actual regional (Scotland) data. Actual 2018 local area employment data may show a different situation when available.



**Figure C-6: Productivity growth – Scotland and UK**



- C.18 The sectors in which productivity growth outperformed expectations are Agriculture, Mining and quarrying, Financial and business services and Other services (see Table C-3). Of these sectors, Financial and business services is likely to impact total productivity performance substantively, as the sector accounts for almost a quarter of GVA and employment in GCR. Productivity growth in Government services performed in line with expectations, supported by higher than expected employment and GVA growth. Electricity, gas & water and Accommodation & food services were the weakest performers relative to expectations, with productivity growing 2.5 and 2.7 pp pa below expectations respectively. Productivity growth in the other sectors was also slower than forecast.

**Table C-3: GCR productivity growth by sector, 2012-2018**

	Forecast growth (% pa)	Actual growth (% pa)	Percentage point difference (actual minus forecast)
Agriculture	-1.0	3.7	4.7
Mining & quarrying	-2.2	11.9	14.2
Manufacturing	2.3	0.7	-1.6
Electricity, gas & water	3.2	0.8	-2.5
Construction	1.8	0.2	-1.7
Distribution	1.6	-0.1	-1.7
Transport & storage	1.0	0.5	-0.5
Accommodation & food services	2.2	-0.5	-2.7
Information & communications	2.1	0.9	-1.2
Finance & business services	1.1	1.6	0.5
Government services	0.8	0.8	0.0
Other services	2.0	2.5	0.6

## Conclusion

- C.19 GVA and productivity growth in GCR over 2012-18 has been slower than forecast, while employment has grown stronger than expected. This has been a UK wide trend, with the unemployment rate being at a record low and the phenomenon of flatlining productivity.
- C.20 Observed differences in expected GVA growth and actual GVA growth are likely to be largely due to deviation in actual growth from what was forecasted. It is difficult to estimate the extent of which improvements in the ONS GVA methodology causes possible differences between forecast and actual outturns, as each local area and sector will be affected differently. However, on the whole, the new ONS data are likely to have limited impacts on the deviation of actual GVA growth from what was expected in the Baseline Report at the GCR broad sector level.
- C.21 While the 2018 figures for employment in GCR are estimates based on actual regional data, an increase in GCR claimant unemployment supports the estimated fall in total employment in GCR in 2018. However, the extent of the fall and the distribution across sectors is less certain.