

25 March 2013	Meeting 6
Paper 2	For Discussion



GLASGOW ECONOMIC LEADERSHIP

Annual Progress Report on Commission Recommendations on Transport & Connectivity, Infrastructure & Investment: March 2013

1 Introduction

- 1.1 The Glasgow Economic Commission Final Report (July 2011) made six Recommendations and one area 'For Consideration' in relation to Transport and Connectivity, and five Recommendations and two areas 'For Considerations' in relation to Infrastructure & Investment issues.
- 1.2 This report highlights:
- **progress in implementation of Commission Recommendations / 'For Consideration'** as at March 2013 (since last reported in March 2012);
 - **where further action needs to be taken** to implement Recommendations
 - **identifies, and makes recommendations, on new issues** which have emerged since the initial recommendations were approved
- 1.3 Overall, the report demonstrates that:
- **Good progress has been** made in implementing many of the Commission's Key Recommendations;
 - **Some key Recommendations remain to be addressed** as no organisation has taken 'ownership' of the recommendation ;
 - **several new issues have emerged** which require to be addressed.

2 Transport and Connectivity

2.1 Progress has been made in developing strategic transportation infrastructure and connectivity as follows:

- **enhanced air routes:** several new / enhanced air routes have been established (including importantly a new double-daily flight to Dubai plus scheduled flights to Dusseldorf) and passenger growth has resumed at Glasgow Airport with almost 7.2 million passengers travelling through the airport in 2012, an annual increase of 4.2%;
- **Glasgow Airport surface access:** discussions have restarted on options with an appraisal report due in April 2013;
- **West Coast Main Line:** additional seating capacity has been introduced – although further improvements are now on hold pending resolution of the new franchise arrangements;
- **Glasgow Edinburgh Rail Improvement Programme:** work has commenced – although on a less ambitious scale than originally envisaged;
- **High Speed Rail network (HSR):** UK Government has approved the first two phases (London–Birmingham–Manchester /Leeds);
- **‘Inner Core’ Fastlink Rapid Bus Transit System:** approval has been given;
- **Subway modernisation:** work programme has commenced ;
- **M8 completion scheme:** work has commenced.

.2 Key highlights in terms of telecoms include:

- **A modest increase of Glasgow telephone exchanges offering High Speed Broadband,** to 12 of Glasgow’s 22 exchanges enabled, and plans announced by BT in January for a further three exchanges to be added to its investment programme;
- Glasgow was one of the launch cities for EE’s 4G network in the UK;
- A **Digital Glasgow Programme** has been approved by Glasgow City Council to provide governance and strategic direction for the roll-out of an ambitious programme of work, including an Urban Wireless Network and a business case for future broadband investment.

.3 Although progress has been made in implementing most of the Commission’s Recommendations, there are a several areas where **progress has been slower than anticipated**, including:

- **Scottish Air Route Development Support:** The Scottish Government and its agencies are working to establish a state aid compliant mechanism for supporting route development in Scotland; work is on-going. In the interim, 'Team Scotland' partners are open for business and are able to provide indirect support to develop and improve Scotland's International air connectivity on a discretionary basis principally, this takes the form of collaborative marketing
- **Air Passenger Transport Duty:** there has been no transfer of responsibility from UK to Scottish Government;
- **Slower roll out of high speed broadband:** Glasgow has less extensive coverage than many major UK cities and in the medium term is dependent on private sector investment to extend coverage rather than UK Government funding. Research is underway to establish potential for future EU funding streams.
- **HSR:** uncertainty on development / construction timescale, north of Manchester / Leeds.

3 Infrastructure and Investment

3.1 This section summarises progress on the five Recommendations and two areas 'For Consideration' made by Glasgow Economic Commission for Infrastructure and Investment.

3.2 Key highlights where there is significant progress, include:

Glasgow City Centre

- **Buchanan Quarter TIF:** Final approval was given by the Scottish Government in October 2012 and planning consent has been applied for which, if approved, will lead to over £400m of capital investment.
- **Glasgow Retailers Association with Glasgow Chamber of Commerce is developing city-centre Business Improvement District (BID) bids:** A Steering Group has been established, and proposes a business ballot in spring 2013. Separate, smaller scale BID proposals are being developed with specific sectoral focus;
- **Establishment of an' Avenue of the Arts' Steering Group.** Following extensive discussions with Stakeholders a new forum called the **North Area Quarter** will, subject to City Council Committee approval, be established to take forward a comprehensive development framework which will maximise the

economic impact of programmed investments in the north of the City Centre / Port Dundas by a number of city /national cultural bodies.

Clyde Waterfront

- **Enterprise Area' status for Creative Clyde / Pacific Quay:** Scottish Government awarded EA status to the Pacific Quay site in 2012 (although unlike a number of other Enterprise Areas in Scotland, capital allowances do not form part of the incentive package). Scottish Enterprise is commencing infrastructure works on key parts of the site and several leisure developments are in the pipeline;
- **Scottish Enterprise is in the final stages of negotiation for the disposal of a site for a hotel development** and the City Council is considering a planning application. The project is targeting an opening in advance of the Commonwealth Games. This development will improve the limited food and beverage offering at Pacific Quay.
- **A joint venture development proposal for 220 Broomielaw is to be considered by SE Board at its March meeting.** This will not initially involve speculative development but will move the project towards being "shovel ready".

Clyde Gateway

- **Clyde Gateway URC budget approved by Scottish Government to 2015:**
- **Clyde Gateway business property programme well underway, with rental 'guarantees' used to 'de-risk' development on key London Road East site;**
- **Glasgow's first pilot 'smart grid' developed by Scottish Power in Clyde Gateway**

.3 Areas with little or no progress include:

- **River Clyde Accelerated Development Zone (ADZ) and / or Simplified Planning Zone (SPZ)** to address infrastructure constraints such as poor Quayside walls, site remediation and preparation etc. on key riverside sites along the Clyde Corridor (though £40m secured from Scottish Government to part-fund Fastlink)
- **IFSD Phase II:** no costed investment programme in place, however a joint brief for a new Masterplan for 'City Centre West' is being issued by Scottish Enterprise and Glasgow City Council

4 New sources of development funding, post-Commission Report

- 4.1 The **EU Jessica Investment Fund for Scotland – also known as SPRUCE** was formally launched on 6 March 2012. The fund provides loan support of up to £50 million, at preferential rates of interest, to support commercial property development over 2012–2015 in 13 Local Authority areas in Scotland, including Glasgow. In December 2012 a **£9.6m loan from the Fund was approved as part of a £50m funding package that will see a former bank building at 100 Queen Street** transformed into high quality retail and office space, accommodating up to 1,500 workers. Work started in January 2013 and the development will create 143,000 sq ft of Grade A offices and 20,000 sq ft of retail space, and will help to support 250 jobs in the sector and 30 apprenticeships over the lifetime of the project.
- 4.2 **Strathclyde Pension Fund 'New Opportunities' portfolio:** the Trustees of the Strathclyde Pension Fund have begun to look into the opportunities to increase pension fund investment in the Metropolitan Glasgow area through its **'New Opportunities' portfolio**. An initial £15m has already been invested in three Scottish Funds, with a further £45m of investment being considered in 3 further projects funds. Although the Pension Fund operates within strict investment guidelines, scope may exist to work in partnership with SPRUCE, or to establish City Co-Investment, Property Development and Green Development Funds.

5. Improving Inter-organisational Co-ordination

- 5.1 The Commission identified three key organisational / administrative issues 'For Consideration'.

- **More effective co-ordination between main infrastructure providers** to ensure expenditure programmes are aligned with Strategic Investment Areas and infrastructure investment underway / programmed aligned with the 'step change' ambitions for the economy of the City;
 - **Use of innovative funding to finance infrastructure projects** which are currently either under- or unfunded; and,
 - **Greater alignment of city's main agencies** in working together on agreed future infrastructure investment priorities in the city.
- 5.2 The Commission called 'For Consideration' to be given to:
- **Establishment of a Glasgow Infrastructure Planning Board** composed of the relevant agencies to ensure that investment programmes are aligned across the key regeneration priority areas.
 - **Requesting Scottish Water and Scottish Power develop capacity plans and forward investment programmes for the key development sites in Clyde Gateway, Clyde Waterfront the City Centre**

5.3 To date, a more informal process has been development. The City Council leads on the Metropolitan Glasgow Strategic Drainage Board and co-ordination between GCC, Scottish Water & SEPA is working well. Indeed the recently **announced £230m investment by Scottish Water** was co-ordinated through the MGSDP.

6 Recommendations

.1In view of all of the above it is recommended that the Leadership Board;

- **Note the progress** in the implementation of Commission Recommendations during 2012/13 and that implementation will continue over 2013/14.
- **Request the City Council to lead on the formation of a formal Infrastructure Planning Board** which will extend beyond the MGSDP partners to take account of all infrastructure investment in the City.
- **Request that Scottish Power and BT**
 - prepare infrastructure capacity plans for strategic sites
 - publish 5 year investment plans similar to those developed by Scottish Water and Glasgow City Council.
- **Request the City Council and SE, together with the relevant property developers,** participate in the **Scottish Cities Alliance** project commissioned to look at development constraints and blockages in all seven cities with a view to identifying common themes and issues to take to the Scottish Government to lever funding for investment in infrastructure. SE has also, separately, commissioned

Ryden to look into the availability of Grade A commercial space in the city.

- **Request Transport Scotland, and the other relevant parties, to bring forward options for enhanced surface access to Glasgow Airport during 2013;**
- **Press UK Government to bring forward a detailed work programme for the HSR link north of Manchester / Leeds, with an immediate commitment to a route-realignment study.**

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Glasgow City Council, March 2013