
EDINBURGH AND SOUTH EAST SCOTLAND CITY REGION DEAL

Report by Executive Director
SCOTTISH BORDERS COUNCIL

28 JUNE 2018

1 PURPOSE AND SUMMARY

- 1.1 This report updates Council on the progress of the Edinburgh and South East Scotland City Region Deal and seeks authority to approve the Deal documentation.**
- 1.2 The Edinburgh and South East Scotland City Region Deal represent over £1.3 billion of investment over the next 15 years. The Deal will deliver inclusive economic growth, building on the region's strengths and addressing issues and economic barriers currently constraining the region's potential.
- 1.3 Following the signing of the Heads of Terms for the City Region Deal in July 2017, regional partners, Scottish Government and UK Government have agreed a Deal document which describes the Deal in more detail and demonstrates how projects and programmes will be implemented and governed.
- 1.4 The Deal Document comprises four chapters: context and narrative on the Deal's ambitions to secure inclusive growth; a summary of the programmes and projects; a governance framework for implementation and monitoring the Deal, as agreed by Council on 31 May 2018; and a financial agreement, which demonstrates the City of Edinburgh Council's role as the financial accountable body to distribute funds from Government to relevant regional partners. Appendices 1, and 2 to this report contain the Deal documentation. Appendix 3 is the existing Heads of Terms of Agreement signed in July 2017.

2 RECOMMENDATIONS

- 2.1 **I recommend that Scottish Borders Council:**
 - (a) Approves the Deal documentation, as set out in Appendices 1, and 2, including the summary of projects and the governance framework for delivery, to allow the Deal to be signed by regional partners, Scottish Government and UK Government; and**
 - (b) Agrees to the role of City of Edinburgh Council as the accountable body for the City Region Deal.**

3 BACKGROUND

- 3.1 Since 2016, the city region's six local authorities (City of Edinburgh, East Lothian, Fife, Midlothian, Scottish Borders, and West Lothian), together with the region's universities and colleges, have been working with the Scottish and UK Governments to develop a transformational and inclusive city region deal that will provide the jobs of the future and address key economic barriers and issues constraining the region's economic potential.
- 3.2 A Heads of Terms tripartite agreement between the UK Government, Scottish Government, and regional partners was signed on 19 July 2017 (attached at Appendix 3). This set out the commitment of both Governments to jointly invest up to £600m over the next 15 years across five key themes:
- Innovation;
 - Employability and Skills;
 - Transport;
 - Culture; and
 - Housing.
- 3.3 This investment was subject to:
- Approval of final business cases for all projects and programmes;
 - Development of a final city deal document and implementation plan;
 - Establishment of clear and robust governance arrangements; and
 - The consent of all constituent local authorities and partners.
- 3.4 Since July 2017, partners have been working with Government on developing businesses cases and the necessary deal documentation to commence the programme of investment. A governance framework and financial profile have been agreed with Government and the relevant documents are at Appendix 1 and 2.
- 3.5 Outline business cases for each project will be required to be approved by regional partners and Government, to allow money to flow subject to the approval process described in the governance framework. This is a 15-year programme and business cases will be brought forward as detailed in the project summaries. Some outline business cases are at an advanced stage and have been developed and shared with government on an iterative basis.
- 3.6 The outline business case for the Central Borders Innovation Park at Tweedbank is also being presented to Council at this meeting.
- 3.7 Subject to approvals by all partner authorities and university courts, the Deal Document can be signed between partners, Scottish Government Ministers and the UK Government.

4 SUMMARY OF THE DEAL AND KEY ELEMENTS

- 4.1 Appendix 1 to this report is the City Region Deal Document, which comprises three sections:
- Context and narrative on the Deal’s ambitions to secure inclusive growth;
 - A summary of the programmes and projects; and
 - A governance framework for implementation and monitoring, as approved by Council on 31 May 2018.
- 4.2 Appendices 2 sets out the financial agreement, respectively, outlining government and partner contributions over the 15-year programme, and the City of Edinburgh Council’s role as the financial accountable body.
- 4.3 A summary of the City Region Deal is shown below:

TABLE 1: SUMMARY OF THE CITY REGION DEAL

Theme	Government contribution	Partner contribution	Total amount
Innovation	£350m	£448m	£798m
Skills	£25m	£0	£25m
Transport	£140m	£16m	£156m
Culture	£20m	£25m	£45m
Housing	£65m	£248m	£313m
Total	£600m	£737m	£1,337m

- 4.3 The Council considered the governance arrangements for the City Region Deal on 31 May 2018. These arrangements have been designed to ensure that all decisions are taken in an open and transparent way for the whole region.

5 MEASURES OF SUCCESS

- 5.1 To assess how well the City Region Deal is aligning towards the overall vision and inclusive growth targets, the Project Management Office will produce an annual report on all city region deal activity. The template for the annual report will be agreed with Government, and shared with Government, and reported to all partner local authorities and the Regional Enterprise Council every year.

6 IMPLICATIONS

6.1 Financial

The approved 2018-19 five-year Capital Plan includes a budget provision of £5m for the Central Borders Innovation Park at Tweedbank. The rest of the funding for the project, which is anticipated to cost £29m, is described in the Outline Business Case, which is being considered by Council at the same time as this report.

6.2 Risk and mitigations

- (a) Each decision-making Board (as described in Appendix 1) will produce quarterly risk and performance monitoring reports. Where risks are identified, change recommendations will be made. An overall risk register and performance monitoring report will also be considered by the Executive Board and Joint Committee every quarter. The template for these reports will be agreed with Government, and the reports will be shared with Government and the Regional Enterprise Council every quarter. Any risks that are relevant to Scottish Borders Council will be raised with Council if and when identified.
- (b) Every five years, an independent evaluation of the City Region Deal will take place to capture progress and identify priorities for the next phase of delivery. Government will work in partnership with the Joint Committee to undertake the evaluation and support the implementation of agreed recommendations. This evaluation will be shared with partner local authorities when published.
- (c) The City of Edinburgh Council will act as the Accountable Body for the Deal, which will provide a link between the Scottish Government and all regional partners. This will be underpinned by a tri-partite agreement with the UK Government, Scottish Government, and the City of Edinburgh Council. All the City Region Deal grant monies will flow through the Scottish Government and then on to the City of Edinburgh Council over the lifetime of the Deal.

6.3 Equalities

- (a) Inclusive Growth is one of the Scottish Government's four priority areas in its Economic Strategy, and a key driver for the Deal is to promote equality through addressing inclusion across the region. All business cases for projects included in the programme have demonstrated, or will demonstrate, how they will reduce inequalities. In particular, the integrated regional skills programme will work to ensure that all residents throughout the city region have the ability to share in future success.
- (b) It is recognised that prosperity and success is not universal across the city region: 21% of children are living in poverty; there is a lack of mid-market and affordable housing; and too many people are unable to move on from low wage/low skills jobs. The Deal will address these issues, create new economic opportunities, and is expected to provide up to 21,000 new jobs.
- (c) Each project's outline business case must demonstrate the impact that it will have on inclusion. A Monitoring and Evaluation Framework is also being developed for the programme, which will incorporate clear indicators to align with the Scottish Government Inclusive Growth Framework, also under development.

- (d) Partners recognise the importance of ensuring that inclusive growth ambitions are embedded in their plans and aligned with the Scottish Government's Economic Strategy ambitions, responding to the particular challenges faced across the city region. A detailed analysis of the city region's economy, accredited by the Scottish Government, took place and identified six key inclusion challenges:
- Slow Growth;
 - Regional disparities in jobs density;
 - Housing, transport and connectivity;
 - Skills inequality and polarisation;
 - Gender and age inequalities; and
 - Low income and low pay.
- (e) An inclusive growth framework was developed to ensure that the City Region Deal projects can address these issues. Five thematic interventions to target these challenges will go some way towards ensuring that the benefits of the City Region Deal investment are shared as widely as possible:
- Accelerating inclusive growth;
 - Removing the physical barriers to growth;
 - A significant programme of construction;
 - Targeted skills interventions; and
 - Social benefit through innovation.

6.4 Acting Sustainably

A City Region Deal would provide a mechanism to help drive forward investment in sustainable place making. A holistic approach to sustainable growth is at the heart of the City Region Deal.

6.5 Carbon Management

No effect on carbon emissions are anticipated from the recommendations of this report.

6.6 Rural Proofing

It is anticipated there will be no adverse impact on the rural area from the proposals contained in this report.

6.7 Changes to Scheme of Administration or Scheme of Delegation

No changes are required to the Scheme of Administration or Scheme of Delegation.

7 CONSULTATION

- 7.1 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Service Director HR and the Clerk to the Council have been consulted and their comments incorporated in the report.
- 7.2 All projects in the City Region Deal have been consulted on, through the local and regional strategic planning processes.

- 7.3 The Regional Enterprise Council is described in the Governance Framework. When formed, it will comprise suitable links to the business sector, third sector and social enterprises.
- 7.4 Beyond this, further measures will be taken to actively ensure scrutiny, and effective consultation with the business community, third sector and general public. The Regional Enterprise Council and Joint Committee will develop these measures in partnership with Government. Options may include: an annual conference/seminar(s) tackling a key priority in the region; an annual online consultation with key stakeholders in the region/the general public; regular "roadshow" consultations on key upcoming projects across the region (linking in with the planning process).

Approved by

Rob Dickson
Executive Director

Signature

Author(s)

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Background Papers:

Previous Minute Reference: Scottish Borders Council, 31 May 2018.

Note – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Jill Moffat can also give information on other language translations as well as providing additional copies.

Contact us at Corporate Management Support Team, Council Headquarters, Newtown St Boswells, Melrose, TD6 0SA Tel: 01835 825047.