

Corporate Policy and Strategy Committee

10:00am on Tuesday 5 December 2017

Edinburgh and South East Scotland City Region Deal – Role of Third Sector and Social Enterprises

Item number	8.4
Report number	
Executive/routine	
Wards	
Council Commitments	

Executive Summary

Council on 26 October 2017, in agreeing to establish a Joint Committee for the purpose of progressing and implementing the Edinburgh and South East Scotland City Region Deal, agreed an addendum from the Green Party calling for a report to this Committee about the role for the Third Sector and Social Enterprises within the City Region Deal.

This paper provides an update for the Corporate Policy and Strategy Committee on:

- The overall governance position;
- Engagement with the private sector, and third sector in the run up to the signing of Heads of Terms; and
- The role envisaged for the third sector and social enterprises as partners enter the delivery phase of the Deal.

Edinburgh and South East Scotland City Region Deal - Role of Third Sector and Social Enterprises

1. Recommendations

- 1.1 That Committee notes the content of the Report.

2. Background

- 2.1 Since Spring 2016, the six local authorities (City of Edinburgh, East Lothian, Fife, Midlothian, Scottish Borders and West Lothian) 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.
- 2.2 A Heads of Terms tripartite agreement between the Scottish Government, UK Government and regional partners was signed in July 2017. This sets out the commitment of both Governments to jointly invest up to £600m over the next 15 years 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.

Further detail on the implementation of specific commitments will follow in a finalised City Region Deal document which will require to be agreed by Council.

- 2.3 A key driver for investment in the Edinburgh and South East Scotland City Region Deal is the opportunity to address inclusion across the region.

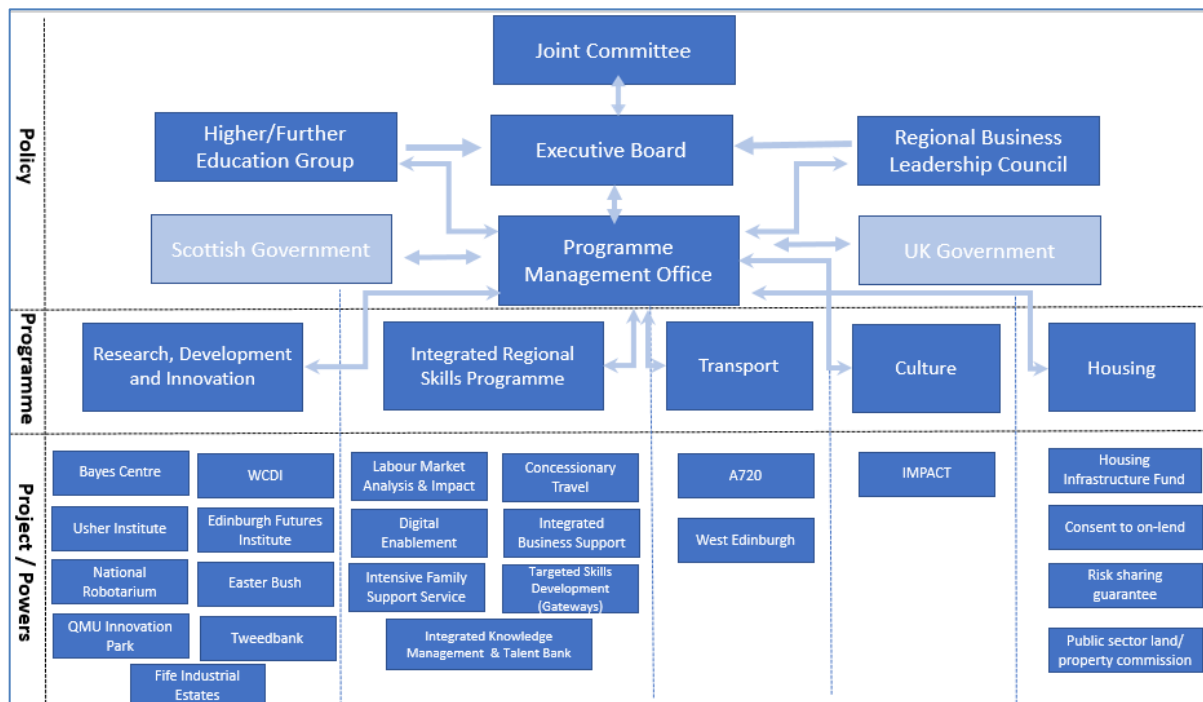
3. Main report

- 3.1 In agreeing to establish a joint committee for the purpose of progressing and implementing the Edinburgh and South East Scotland City Region Deal, Council agreed an addendum from the Green Party in the following terms:

"In recognition of the £2.5billion contribution to GDP in Edinburgh alone contributed by the third sector, agrees that a further report should be submitted to Corporate Policy and Strategy Committee in December 2017, setting out how the third sector,

and specifically social enterprises, should be included as core partners in delivering the City Region Deal.”

- 3.2 The third sector and social enterprises within that sector were key consultees during the negotiation process with Government towards the [Heads of Terms](#) signing in July 2017. A number of events were held where the third sector and social enterprises provided input into their vision for the city region and what they would like to see in the City Region Deal. These included:
- Regional social enterprise workshop in September 2015.
 - Cross-regional business workshop in November 2015.
 - Accelerating Growth launch event at EICC in August 2016
- 3.3 Specific asks were made to Government relating to social enterprises, including an ask to devolve existing social enterprise funding to a Regional Investment Fund to create the region’s first ‘virtual’ social enterprise network. Following feedback from Government, it was agreed to remove these from further submissions and as a result no additional finance or powers to support the third sector and social enterprises was granted in the Heads of Terms.
- 3.4 The Heads of Terms specified a number of new Governance arrangements that partners must take forward, including reference to the integral role that the private and third sectors must play in the new Governance structure (see Paragraph 28, copied below):
- “Partners will establish a new model of regional governance that will encompass the best practice approaches identified within the regional partnerships work stream of Phase 2 of the Enterprise and Skills Review. Following the recommendations of the Enterprise and Skills Review the model will focus on the needs of the area and will include an integral role for the private and third sectors. The new regional governance will include effective engagement with Scottish Enterprise, Skills Development Scotland and incorporate senior business and industry leadership. In respect of the Scottish Borders, the announcement of the South of Scotland Enterprise Agency will require Scottish Borders Council, all agencies and Government to take an approach that ensures an effective fit between the governance for the City Region Deal and the statutory nature of the new Agency.”*
- 3.5 The new Governance structure is currently in the process being agreed and established. The diagram below shows the proposed Governance structure that partners are working towards at policy level, the five core programmes beneath that governance structure and the projects that sit within each programme.



- 3.6 The Joint Committee is currently in the process of being formed. Five of the six local authorities have formally agreed to establish the Joint Committee at their council meetings, with West Lothian Council to consider the paper on 28 November.
- 3.7 The Regional Business Leadership Council (RBLC) is expected to be established in early 2018, and will:
- work collaboratively with partners in the region to support the delivery of the ambition set out in the region.
 - operate at a high level, and will use its commercial knowledge and expertise to guide ESESCR partners towards interventions at an operational level that will ensure that the deal is of maximum benefit throughout the region.
 - augment, and build on existing business forums or similar structures without superseding them. It will be the one business forum with a focus on City Region Deal activity.
- 3.8 A core principle of the RBLC is that it will be business and third sector-led, and that partners will engage with the group as it shapes its own remit.
- 3.9 Nominations to sit on the group will be considered by consulting with regional businesses and third sector networks and organisations. To ensure that all potential suitable members are captured and that a breadth of views are captured, this will be alongside an open application process advertised on the City Region Deal website, and shared widely by partner networks.
- 3.10 The RBC will have an appropriate balance of membership:
- by geography: all six local authorities will be proportionally represented by organisations that operate in their area;

- by sector: Organisations that operate in key industry areas that are relevant to the city region deal will be represented: e.g., data/digital and construction;
 - by size: Small, medium and large organisations will all be represented;
 - by organisation type: Individuals from the following organisations will be represented on the group: private sector businesses, higher education institutions, further education institutions, third sector organisations (including social enterprises), government and government agencies; and by gender and ethnicity.
- 3.11 The third sector and social enterprises are also recognised as key delivery partners at project level. For example, it is expected that the third sector and social enterprises will help to deliver skills training programmes and will be involved in innovative construction to deliver the 60,000 new homes required across the region.
- 3.12 At least one business/third sector member of the RBLC will also sit on the Joint Committee to ensure there is appropriate communication and alignment between the two groups.

4. Measures of success

- 4.1 Within the outline business cases being developed for each of the projects, a key requirement is to develop a Monitoring and Evaluation Framework. This will demonstrate the expected outcomes of each project. One key metric is how each project will deliver inclusive growth. It is recognised that the third sector and social enterprises can assist in delivering inclusive growth.

5. Financial impact

- 5.1 Regional partners have committed to contributing up to £501m to match fund the joint commitment from both governments. Overall this represents a deal worth £1.1bn of investment. More precise detail on the financials and the implementation of the specific commitments will be included within the finalised City Region Deal documentation which will require to be agreed by Council in early 2018.

6. Risk, policy, compliance and governance impact

- 6.1 A City Region deal-wide programme level risk register has been developed to highlight key risks in the Implementation Phase. As part of the business cases being developed for each project, key risks and mitigating actions have also been identified.

7. Equalities impact

- 7.1 A key driver for the Deal is to promote equality through addressing inclusion across the region. It is recognised that prosperity and success is not universal across the 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

- 7.2 Each projects' 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.

8. Sustainability impact

- 8.1 The City Region Deal provides a mechanism to help drive forward investment in sustainable place making. It will be developed in line with the city's stated ambition to advance a sustainable economy. A holistic approach to sustainable growth is at the heart of the City Region Deal.

9. Consultation and engagement

- 9.1 A scoping paper on the remit and membership of the Regional Business Leadership Council is currently being considered by the Edinburgh and South East Scotland City Region Deal Executive Board and Leaders' Group. The Joint Committee, when formed, will consider this paper and appoint the Regional Business Leadership Council accordingly. The principles for the Joint Committee was approved by Council on 26 October.
- 9.2 The Final Deal Documentation, which will include the Governance Framework is required to be approved by each Council before being adopted. This is expected to take place in early 2018.

10. Background reading/external references

- 10.1 [Edinburgh and South East Scotland City Region Deal Heads of Terms](#)
- 10.2 [The Edinburgh and South East Scotland City Region Deal](#) (Corporate Policy and Strategy Committee, 8 August 2017)
- 10.3 [Governance for the Edinburgh and South East Scotland City Region Deal](#) (The City of Edinburgh Council, 26 October 2017)

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11. Appendices

None