

Corporate Policy and Strategy Committee

10.00am, Tuesday, 14 May

Edinburgh and South East Scotland City Region Deal – Update

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 Note the progress being made across the Edinburgh and South East Scotland City Region Deal (ESESCRD) Programmes and Projects.
- 1.2 Note that an elected member cross party briefing has taken place on Friday 10 May 2019.
- 1.3 Note that projects relating specifically to Edinburgh will also be considered at the relevant Council committee.
- 1.4 Agree to a further report following the 2019 Annual Conversation between city region partners, Scottish Government, and UK Government.

Andrew Kerr

Chief Executive

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Edinburgh and South East Scotland City Region Deal – Update

2. Executive Summary

- 2.1 The Edinburgh and South-East Scotland City Region Deal represents over £1.3 billion of investment over the next 15 years. Delivering inclusive growth and innovation underpin the programmes and projects within the Deal.
- 2.2 Following the signing of the Heads of Terms for the City Region Deal in July 2017, regional partners, the Scottish Government, and UK Government developed a City Region Deal document which was approved by Council on 28th June 2018.
- 2.3 In August 2018, the First Minister, Prime Minister, and City Region leaders officially signed the Edinburgh and South East Scotland City Region Deal and moved the Deal towards an implementation phase.
- 2.4 A total of £456m has been approved by the Joint Committee for spend across eight City Region Deal projects following consideration of business cases.
- 2.5 This report aims to provide an update on key areas of the Deal including:
 - Governance;
 - Programmes and projects;
 - Inclusive economic Growth
 - Future opportunities;
 - Stakeholder engagement; and
 - Finance.

3. Background

- 3.1 Since 2016, the Edinburgh and South-East Scotland city region's six local authorities (City of Edinburgh, East Lothian, Fife, Midlothian, Scottish Borders, and West Lothian), together with the city 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 On 19 July 2017, a [Heads of Terms](#) tripartite agreement between the Scottish Government, UK Government and regional partners was signed and set out the commitment of both Governments to jointly invest up to £600 million over the next 15 years.
- 3.3 On 28 June 2018, Council [approved](#) the Edinburgh and South East Scotland City Region Deal report which included:
- Context and the approach to ensuring inclusive growth;
 - A summary of the programmes and projects in the City Region Deal;
 - The City Region Deal Governance Framework; and
 - A financial agreement with the City of Edinburgh Council as the financial accountable body to distribute funds from Government to relevant regional partners.
- 3.4 The City Region Deal Documentation was subject to approval by Scottish and UK Government. On 7 August 2018, the First Minister, Prime Minister, and City Region leaders officially [signed](#) the Edinburgh and South East Scotland City Region Deal.

4. Main report

- 4.1 The Edinburgh and South-East Scotland City Region Deal represents over £1.3 billion of investment over the next 15 years. Delivering inclusive growth and innovation underpin the programmes and projects within the Deal. A total of £456m has been approved for spend across eight City Region Deal projects.
- 4.2 This report aims to provide an overview of key progress that has been made since the Deal was signed in August 2018.
- Governance**
- 4.3 The Joint Committee comprises the political Leaders of the six Local Authorities, a Higher/Further Education representative and the Chair and Vice-Chair of the Regional Enterprise Council.
- 4.4 The first meeting of the Joint Committee took place on the 2 November 2018, where [standing orders](#) were agreed. The Joint Committee subsequently met on 17 December 2018 and 1 March 2019. The next meeting of the Joint Committee will take place on 7 June 2019.
- 4.5 Joint Committee meetings are webcast and papers are made available publicly online in the same way as the Councils other committees.
- 4.6 A Regional Enterprise Council (REC), comprising business and third sector leaders from across the city region was formed in October 2018 and met for the first time in December 2018. Leeann Dempster, the Chief Executive of Hibernian Football Club

is Chair with Claire Pattullo of Edinburgh Social Enterprise Network serving as Vice Chair. The full membership is detailed at Appendix A.

- 4.7 The REC advises the City Region Deal decision-making body, the Joint Committee, on the delivery of projects across the region and engage with their networks to provide a consensus from their fields of expertise on aspects of the Deal.
- 4.8 Four of the five thematic areas - Innovation; Skills; Transport; and Housing have governance arrangements finalised with boards established to provide robust oversight; guidance; and advice to enable project delivery. The Culture component of the Deal is specific to the IMPACT Centre project, which has its own Board.
- 4.9 City Region Deal projects which contain Edinburgh elements will be considered at the Council relevant committees. For example, Edinburgh Living/New Housing Delivery Partnerships City Region Deal [project](#) was reported to Housing & Economy, Finance & Resources and Council Committees throughout the project development (2015-2019). Planning permission for the IMPACT Centre was granted by the Development Management Sub-Committee on 24 April 2019.

Reporting

- 4.10 The City Region Deal PMO will produce an annual report providing an overview of key progress been made towards delivery of all aspects of the Deal.
- 4.11 On 27 March 2019 the City Region Deal Chief Accountable Officer and PMO received a letter from both Scottish and UK Government detailing arrangements for an Annual Conversation.
- 4.12 The Annual Conversation will be informed by the annual report and will provide the opportunity to discuss progress. It also presents an opportunity to reflect and work through any concerns that local partners and governments have about the implementation of the deal and the ambitions for the deal going forward.
- 4.13 The annual report is currently scheduled for consideration at the Joint Committee meeting on 7 September 2019 with the Annual Conversation scheduled for 12 September Subject to scheduling, a report will be brought to this Committee on 1 October 2019 updating on the annual report and the Annual Conversation.

Programme and Project Progress

- 4.14 To date the Joint Committee has approved a total of eight project business cases with a total project value of over £456m as outlined below.

Business Case	Thematic Area	Total Project Value (£m)	Joint Committee Approval
DDI - World Class Data Innovation	Innovation	110	Dec 2018
DDI - The Bayes Centre	Innovation - DDI Hub	45	Dec 2018

DDI - National Robotarium	Innovation - DDI Hub	22	Dec 2018
Integrated Regional Employability and Skills Programme	Skills	25	Dec 2018
IMPACT Concert Hall	Culture	45	Dec 2018
Central Borders Innovation Park	Innovation – Business	29	Mar 2019
Fife Industrial Innovation Investment Programme	Innovation – Business	49	Mar 2019
Edinburgh Futures Institute	Innovation - DDI Hub	131	Mar 2019
Total	<u>8</u>	<u>456</u>	

Table1: Business Case Approvals to date

4.15 Progress on each of the five thematic areas is provided below.

Innovation Theme

- 4.16 The UK and Scottish Government has committed £350m to support the development of the Data Driven Innovation (DDI) Programme; Business Innovation; and Food & Drink with partners committing to a further £245m.
- 4.17 To date, the Joint Committee has approved six innovation led business cases with a total project value of £386m (£243m UK & Scottish Government and £143m partner contributions).
- 4.18 The **DDI Programme** aims to establish the city region as the Data Capital of Europe and is delivered through a network of five DDI Innovation Hubs - [Bayes Centre](#), [National Robotarium](#), [Edinburgh Futures Institute \(EFI\)](#), Usher Institute, and Easter Bush. These hubs will draw upon the [World Class Data Infrastructure \(WCDI\)](#) project to provide the required underpinning data capability, computing and data storage infrastructure. Three of five DDI Hubs and the WCDI project business cases have been approved.
- 4.19 The **Business Innovation Programme** will see sustained investment programme in modern business premises to support the delivery of inclusive growth and innovation in Fife and the Scottish Borders. The programme will work to enable businesses and communities to fully engage in the data-driven innovation opportunities. Both the [Fife Industrial Innovation Investment Programme](#) and [Central Borders Innovation Park](#) business cases have been approved by their respective Councils and by the Joint Committee.
- 4.20 The **Food and Drink Innovation hub** at Queen Margaret University Campus, East Lothian (Edinburgh Innovation Park) will deliver a flexible innovation facility for the food and drink sector in Scotland and will drive company growth, supporting, and

developing existing and creating sustainable new businesses to access a global market for healthy and functional food.

- 4.21 Business case development is ongoing with key planning decisions recently made regarding associated land and transport infrastructure approved at East Lothian Council Planning Committee on 26 March 2019.
- 4.22 David Thomson, Director at Food and Drink Federation Scotland, is a REC member and city region partners will explore the potential to develop a regional food strategy which recognises the increasing importance of local producers, sustainable agriculture, and regional food brands.
- 4.23 In addition to the projects described, a **DDI Local Authority Officers Group** has been established to provide a forum for representatives from all six regional local authorities to meet with colleagues from the DDI programme to discuss how best to leverage the opportunities presented to promote innovation in the Public Sector.
- 4.24 Current discussions have focused on how to meet City Region Deal aspirations on social inclusion. This is looking to undertake collaborative projects across the region and to demonstrate the value of a DDI approach within local authorities. At the last meeting in March 2019, the six regional local authorities agreed to start a small pilot project to look at using data science to better understand the causes and drivers of absenteeism within local authority Waste services. With a view to testing approach and building a pipeline of future activity to address City-wide and regional strategic challenges.

Skills Theme

- 4.25 The city region labour market is characterised by a low unemployment, high inequality environment, with significant issues of entrenched and persistent poverty and disadvantage.
- 4.26 The £25m The Integrated Regional Employability and Skills (IRES) Programme [business case](#) seeks to drive progress toward a more inclusive labour market and is critical to the realisation of the regions inclusive growth ambitions.
- 4.27 The Programme consists of seven project propositions:
- Integrated knowledge systems
 - Labour market analysis and evaluation
 - Integrated employer engagement
 - Intensive family support
 - Housing, Construction and Infrastructure (HCI) skills gateway
 - DDI skills gateway
 - Workforce mobility (Concessionary travel)

- 4.28 The Programme is governed by the IRES Board which draws membership from across local authority partners; the regional Universities and Colleges, Scottish Government, and national skills agencies.
- 4.29 The Board is chaired by East Lothian Council, Chief Executive Angela Leitch.
- 4.30 Following the IRES Programme business case approval in December 2018 significant progress has been made, with three projects propositions ([Intensive Family Support](#), [HCI skills gateway](#) and [DDI skills gateway](#)) approved and the remaining four scheduled for consideration at the June 2019 Joint Committee meeting.

Culture Theme

- 4.31 The Culture theme consists solely of the IMPACT Centre project which will deliver a new concert hall and performance venue, home to the Scottish Chamber Orchestra in St Andrew Square that will comprise a 1,000 seat auditorium, 200 seat studio, rehearsal and recording space delivering performance, educational and outreach programmes to inspire and support both young and old.
- 4.32 The IMPACT Scotland Board govern the project. As the Scottish Culture Strategy is developed, the group's remit may evolve into a Board whose remit will be to expand to review the focus for collaboration across the city region.
- 4.33 The [business case](#) was approved in December 2018. Planning permission for the IMPACT Centre was granted by the Development Management Sub-Committee on 24 April 2019.

Transport Theme

- 4.34 The Scottish Government is committed to investing £140m on strategic transport improvements as part of the City Region deal. This specifically includes up to £120m to support improvements to the A720 City Bypass for the grade separation of Sheriffhall Roundabout and £20m investment to support public transport infrastructure improvements identified by the West Edinburgh Transport Appraisal.
- 4.35 Transport Scotland will manage and deliver the upgrade of Sheriffhall Roundabout and provide updates on progress to the Transport Appraisal Board, as well as the Executive Board and Joint Committee as and when appropriate.
- 4.36 The City Region Transport Appraisal Board (TAB) oversees the transport related projects in the deal and draws membership from local authority partners, SESTRAN and Transport Scotland.
- 4.37 The TAB is chaired by Midlothian Council Chief Executive Grace Vickers.
- 4.38 The TAB will also help shape transport policy, strategy, and priorities across the city region and will take a role in representing the city region's interests through the reviews of the National Transport Strategy and the second Strategic Transport Projects Review.
- 4.39 In February 2019, the Scottish Government established a national [Infrastructure Commission](#) to advise on a 30 year strategy for infrastructure investment. The TAB

and Regional Housing Board will work jointly to provide evidence and input to the Commission.

Housing Theme

- 4.40 The Deal reflects the joint commitment of city region partners and the Scottish Government to deliver a regional housing programme that aims to deliver the following:
- An expanded affordable housing programme;
 - A pipeline quality low-cost market rent homes;
 - Housing infrastructure delivery and funding solutions
 - Seven strategic housing sites with the potential to deliver over 40,000 homes, £10bn investment and 7,800 permanent jobs
 - Maximise the potential contribution of public sector land and property
 - Accelerated delivery through innovation and supporting regional SME growth
 - Jobs, learning and progression opportunities, meeting current and future industry skills requirements
- 4.41 Delivery of affordable housing is increasing across the region. Last year combined regional approvals were just under 4,000, an increase of 500 homes over the previous two years. Regional affordable housing spend has increased by £40m over last three years reflecting the regions strong track record of delivery and ability to utilise underspend elsewhere nationally.
- 4.42 On 17 January 2019, West Lothian Council secured [joint agreement](#) with Scottish Government and Winchburgh Development Ltd to enable the delivery of 3,450 new homes at Winchburgh.
- 4.43 On 23 January 2019, Edinburgh Living was [launched](#), a new affordable housing partnership with Scottish Futures Trust. Around 1,500 new affordable homes will be delivered over the next five years with the first 44 homes located at Clermiston. The funding package and consents were agreed as part of the City Region Deal Heads of Terms Agreement.
- 4.44 At Edinburgh's Waterfront, work continues towards accelerating the regeneration of Granton Waterfront and to create a new well connected vibrant city quarter with around 4,000 new homes, services, retail, and high quality public realm. In November 2018, the Council entered a [Memorandum of Understanding](#) with key public sector partners to align investment plans; maximise the impact of combined resource; and deliver key regeneration outcomes. An Outline Business Case is targeted for August 2019.
- 4.45 The Regional Housing Board provides robust governance and strategic oversight over the regional housing programme and aims to work together to collectively deliver step change in the supply of new homes across the South East of Scotland and drive innovation and inclusive growth in the housing and construction sectors

4.46 The Board is chaired by City of Edinburgh Council Chief Executive Andrew Kerr.

Inclusive Growth

4.47 The City Region Deal partners share the same ambition: to improve inclusive growth across the region. The inclusive growth ambitions are embedded in its plans and are aligned with the Scottish Government’s Economic Strategy ambitions, responding to the challenges faced across the region.

4.48 City Region partners are developing a collaborative approach that enhances capacity and capability to tackle inequalities and support the partners ambition of inclusive growth and have committed to doing this through signing up to an Inclusive Growth Framework for City Region Deal projects within the Deal Document. This will be central to the Monitoring and Evaluation framework for regular progress reporting to Government.

5. Next Steps

5.1 The forward plan for business cases and project propositions to be considered at future Joint Committee Meetings are as follows:

Joint Committee Date	Business Case(s) / Project Propositions for Consideration
7 June 2019	<ul style="list-style-type: none"> • Concessionary Travel (within IRES programme) • Integrated Knowledge Systems Project Proposition (within IRES programme) • Integrated Employability Engagement Project Proposition (within IRES Programme) • Labour Market Analysis and Evaluation (within IRES Programme)
6 September 2019	<ul style="list-style-type: none"> • Easter Bush Business Case • Edinburgh Innovation Park (Queen Margaret University) Business Case • Usher Institute Business Case
TBC	<ul style="list-style-type: none"> • A720 (Sheriffhall Roundabout) • Regional Housing Programme • West Edinburgh transport

5.2 The annual report is currently scheduled for consideration at the Joint Committee meeting on 7 September 2019 with the Annual Conversation likely to take place on 12 September 2019. Subject to scheduling, a report will be brought to this Committee on 1 October 2019 updating on the annual report and the Annual Conversation.

- 5.3 City region partners are currently developing a Regional Partnership Strategy to maximise the investment committed in the City Region Deal and to identify further collaboration opportunities that can make the most of the regions collective assets; maximise economic opportunities and deliver inclusive growth that benefits those communities most in need.

6. Financial impact

- 6.1 The Deal signed in August 2018 commits a total of £600m of funding, drawn equally from both the Scottish and UK Governments, over the 15-year term of the deal ending in March 2032.
- 6.2 The City of Edinburgh Council is the Accountable Body for the City Region Deal underpinned by a tri-partite agreement with the UK Government, Scottish Government, and the Council. All the City Region Deal grant monies flow through the Scottish Government and then on to the Council over the lifetime of the deal.
- 6.3 On the 28 February 2019, the City of Edinburgh Council received the City Region Deal Grant Offer Letter from Scottish Government for 2018-19 totalling up to a maximum £41.6 million.
- 6.4 The City of Edinburgh Council, on behalf of the Edinburgh and South East Scotland City Region Deal, accepted the grant offer letter from the Scottish Government. Where regional partners are requiring to draw down funding the Council will set up separate standard agreements with all regional partners and this is 'backed off' with the grant letter so that all terms and provisions are included. These agreements may require additional terms to make sure that there is no risk to the Council from any activities being delivered by regional partners. The Council has set up two agreements so far.
- 6.5 Every five years, an independent evaluation of the City Region Deal will be undertaken 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 authorities when published.
- 6.6 The 2017 City Region Deal Heads of Terms secured a financing and funding package comprised of a consent to on-lend up to £248m and an additional one-off £16.1m capital grant to enable the City of Edinburgh Council to establish a new regional housing company to deliver a minimum of 1,500 homes at mid-market rent and competitive market rent levels.
- 6.7 In 2018/19 the Edinburgh Living project will draw down £4.1m of the total £16.1m grant.
- 6.8 The approved 2018/19 five-year Capital Investment Programme included a budget provision of £5 million as a contribution to support delivery of the IMPACT Centre project and a £16 million budget provision to support the delivery of public transport improvements detailed in the West Edinburgh Transport Appraisal.

- 6.9 No financial contribution will be required from the City of Edinburgh Council within the innovation and the integrated regional skills programme themes.

7. Stakeholder/Community Impact

- 7.1 The city region's businesses have been key consultees from the outset of the city region partners coming together to form a bid for a Deal in 2015.
- 7.2 The "Accelerating Growth" brand was launched in August 2015. Over 300 people attended the launch, among them key businesses, public sector organisations, third sector organisations and community groups from across the region.
- 7.3 Small, medium, and large businesses from across the region, as well as Government and relevant agencies, were asked for their views on how businesses and social enterprise could best be represented within the Deal's Governance structure. Two workshops were held from which the Terms of Reference for a Regional Enterprise Council were agreed and included within the Deal.
- 7.4 The overarching purpose of the Regional Enterprise Council is to provide the voice of the business and third sector to guide the implementation of the City Region Deal. This group supports the other city region deal partners (local authorities, universities/colleges and government/public sector agencies), towards a shared ambition for achieving sustainable and inclusive economic growth for the city region.
- 7.5 The Regional Enterprise Council has been formed and consists of 15 individuals from small, medium and large business and third sector enterprises from across the region. Scottish Enterprise and Skills Development Scotland are also represented at Chief Executive level.
- 7.6 The group has held two meetings – in, December 2018 and March 2019.
- 7.7 The Equality and Human Rights Commission (EHRC), the statutory regulator for Equalities and Human Rights across the United Kingdom, presented to the Joint Committee of the Edinburgh and South East Scotland City Region Deal on 1st March 2019. The EHRC's objective for City Region and Growth Deals, and Regional Enterprise Partnerships, is to be a means of advancing equality of opportunity for those with protected characteristics to improve the life circumstances of all.
- 7.8 The EHRC highlighted that the ESESCR Deal is at a good stage for business cases to be influenced to ensure better equality outcomes through these investment decisions.
- 7.9 The City Region Deal Programme Manager facilitated the EHRC addressing the most recent meeting of Scottish City Region and Growth Deals PMO's on 20 March 2019.

- 7.10 The EHRC has described engagement with the Edinburgh and South East Scotland City Region Deal as “regular, positive and in demand” and has cited the IRES Programme Business Case as an exemplar for approaching equalities.
- 7.11 The EHRC has also run training sessions for those involved in procurement and City Region Deals and has helped to inform the approach that the ESES City Region Deal is taking to secure community benefits
- 7.12 All City of Edinburgh Council Elected Members were offered a briefing on the Deal on 10 May 2019.

8. Background reading/external references

- 8.1 City Region Deal Heads of Terms – Agreed July 2017
- 8.2 Edinburgh and South-East Scotland City Region Deal, City of Edinburgh Council, 28 June 2018
- 8.3 City Region Deal – Final Deal Document – Signed August 2018
- 8.4 Joint Committee Meeting Papers:
- 1 March 2019
 - 17 December 2018
 - 2 November 2018

9. Appendices

Appendix A – Regional Enterprise Council – membership

Appendix A - Regional Enterprise Council – Membership

Regional Enterprise Council membership is made up from across the private and third sectors, it is comprised of:

Leeann Dempster, Chief Executive of Hibernian Football Club (Chair)

Claire Pattullo, Edinburgh Social Enterprise Network (Vice Chair)

Ewan Aitken, Cyrenians;

Robert Carr, Anderson Strathern;

Stephen Drost, Codebase;

Steve Dunlop, Scottish Enterprise;

Gavin Hamilton, Taylor Wimpey;

Gillian Hogg, Heriot-Watt University;

Stephen Ingledew, Fintech Scotland;

Nile Istephan, Eildon Housing Association;

Angela Leitch, East Lothian Council;

Polly Purvis, Scotland IS;

David Thomson, Food & Drink Federation Scotland,

Damien Yeates, Skills Development Scotland