## Notice of meeting and agenda

# Edinburgh and South East Scotland City Region Deal Joint Committee

## 10.00 am Friday, 2nd December, 2022

via Microsoft Teams

This is a public meeting and members of the public are welcome to attend

The law allows the Joint Committee to consider some issues in private. Any items under "Private Business" will not be published, although the decisions will be recorded in the minute.

## Contacts

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# 1. Order of Business

**1.1** Including any notices of motion and any other items of business submitted as urgent for consideration at the meeting.

# 2. Declaration of Interests

**2.1** Members should declare any financial and non-financial interests they have in the items of business for consideration, identifying the relevant agenda item and the nature of their interest.

# 3. Previous Minutes

**3.1** Minute of the Edinburgh and South East Scotland City Region Deal Joint Committee of 2 September 2022 – submitted for approval as a correct record     7 - 12

# 4. Forward Planning

**4.1** Joint Committee Work Programme – report by Andrew Kerr, Chief Officer, Edinburgh and South East Scotland City Region Deal     13 - 16

# 5. Items for Consideration

**5.1** City Region Deal Progress Report – report by Dr Grace Vickers, Chief Officer, Edinburgh and South East Scotland City Region Deal     17 - 32

**5.2** A720 Sheriffhall Update – presentation by Stuart Moffat, Project Manager – A720 Sheriffhall Roundabout Improvement Scheme, Transport Scotland     Verbal Report

**5.3** Integrated Regional Employability and Skills (IRES) Programme     Verbal

## Gavin King

Clerk

## Membership

**The City of Edinburgh Council**

Councillor Cammy Day

**East Lothian Council**

Councillor Norman Hampshire

**Fife Council**

Councillor David Ross

**Midlothian Council**

Councillor Russell Imrie

**Scottish Borders Council**

Councillor Euan Jardine

**West Lothian Council**

Councillor Lawrence Fitzpatrick

**Higher/Further Education Consortium**

Professor Peter Mathieson

**Regional Enterprise Council**

Garry Clark

Claire Pattullo

## Further information

If you have any questions about the agenda or meeting arrangements, please contact Jamie Macrae, City of Edinburgh Council, Business Centre 2.1, Waverley Court, 4 East Market Street, Edinburgh EH8 8BG,  Tel 0131 553 8242, email jamie.macrae@edinburgh.gov.uk.

The agenda, minutes and public reports for this meeting can be viewed online by going to https://democracy.edinburgh.gov.uk .

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Any information presented by individuals to the Joint Committee at a meeting, in addition to forming part of a webcast that will be held as a historical record, will also be held and used by the Joint Committee in connection with the relevant matter until that matter is decided or otherwise resolved (including any potential appeals and other connected processes).  Thereafter, that information will continue to be held as part of the historical record in accordance with the paragraphs above.

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## Minutes

# Edinburgh and South East Scotland City Region Deal Joint Committee

**Microsoft Teams**

**2.00pm, Friday 2 September 2022**

**Present:**

**Midlothian Council** – Councillor Russell Imrie (in the Chair)

**City of Edinburgh Council –** Councillor Cammy Day

**East Lothian Council** – Councillor Norman Hampshire

**Fife Council –** Councillor David Ross

**Scottish Borders Council –** Councillor Scott Hamilton (substituting for Councillor Euan Jardine)

**Higher/Further Education Consortium** – Professor Peter Mathieson

**Regional Enterprise Council** – Garry Clark

**In attendance:**

Dr Grace Vickers, Chief Executive, Midlothian Council
Andrew Kerr, Chief Executive, City of Edinburgh Council
Andy Nichol, City Region Deal Programme Manager, City of Edinburgh Council
Jenni Craig, Director – Resilient Communities, Scottish Borders Council
Graeme Rigg, City Region Deal PMO, City of Edinburgh Council
David Baxter, City Region Deal PMO, City of Edinburgh Council
David Hanna, City Region Deal PMO, City of Edinburgh Council

Lisa Howden, Accountant, City of Edinburgh Council
Jamie Macrae, Committee Services, City of Edinburgh Council
Jamie Robertson, Strategic Transport Manager, City of Edinburgh Council
Ken Gourlay, Executive Director of Enterprise and Environment, Fife Council
Kevin Anderson, Executive Director, Place, Midlothian Council
Douglas Proudfoot, Executive Director of Place, East Lothian Council

Fiona Clandillon, Head of Development, Midlothian Council
Gavin Reid, Chair, IMPACT Scotland
Jerry Mungall, IMPACT Scotland
Sarah Loveday, IMPACT Scotland
Niall Martin, Senior Project Manager, Anturas Consulting

**Apologies**

Councillor Lawrence Fitzpatrick (West Lothian Council) and Claire Pattullo (Regional Enterprise Council)

## 1.    Minutes

**Decision**

To approve the minute of the Edinburgh and South East Scotland City Region Deal Joint Committee of 24 June 2022 as a correct record.

## 2.    Work Programme

The Work Programme was presented and detailed the planned dates for the City Region Deal business case approvals by Joint Committee.

**Decision**

To note the planned dates for future business for the City Region Deal Joint Committee.

(Reference – Work Programme, submitted.)

## 3.    Impact Scotland: Dunard Centre Education and Public Engagement Strategy Update

An update was provided on the Dunard Centre Education and Public Engagement Strategy. As detailed in reports of March 2022, IMPACT Scotland intended to appoint an artistic and engagement lead in late 2022/ early 2023 who, alongside an expanded group of artistic advisors, would shape a pre-opening activity programme, expanding towards venue opening in 2026, ensuring that communities across the City Region would have the opportunity to experience meaningful engagement with the project. At this stage in the project, the focus of the small IMPACT team was the construction project and fundraising to secure the remaining income against the financial target. Alongside this, the team would continue to build relationships with those identified as early key partners, and in line with the engagement vision.

The key elements of strategy were:

- Managing opportunities and monitoring of participation across the supply chain.

- Creating opportunities for learning and participation at every point.

- Ensuring a diversity of voices in the artistic governance.

- An artistic programme that reflected and was accessible to the diverse city region.

- Recruitment policies that were fair to all.

**Decision**

1) To note that this paper followed the Business Case for IMPACT Scotland: Dunard Centre which was approved by this committee in March 2022 to secure £25m from the Edinburgh and South East Scotland City region Deal.

2) To note that the report was in response to a request for regular updates on community engagement requested by the committee.

3) To note that the current organisational priorities related to the construction programme (and associated fundraising), and that the report outlined an approach to engagement which would be further developed over the duration of the four-year construction programme, ahead of the venue opening.

(Reference – report by the Chair, IMPACT Scotland, submitted.)

## 4.     A701 Relief Road and A702 Spur Road Project Update

The Joint Committee was provided with an update on the A701 Relief Road, A702 Spur Road project. The A701 relief road and its related projects on the A702 and the Sustainable Transport Corridor (collectively, the A701 Transport Corridor Improvement Programme) were critical to delivering Midlothian's economic and development strategy. The A701 Improvement Programme supported Big Moves 2 and 3 of the Regional Prosperity Framework as they related to both Re-thinking Place and the delivery of Sustainable Transport. The improvements would assist in the delivery of 20-minute neighbourhoods by enhancing active travel connections between settlements, places of work and services. It would also support cross boundary active travel improvements and enhancement of the public transport infrastructure along the A701.

**Decision**

To note, in relation to the A701 Relief Road, A702 Spur Road project:

- The STAG 2 Report had been finalised and Work Stage B was complete.

- The Consultation process associated with the STAG 2 appraisal process was complete in relation to the above project.

- A preferred route had been selected (Route C).

- Preparatory works for compulsory purchase were commenced to mitigate adverse implications on the project programme.

- The project was moving into Work Stage C (Specimen Design).

- In the course of Work Stage B, total overall estimated costs for delivery of the above project had risen to £55m (including cost of Sustainable Transport Corridor and Straiton Junction Signalisation).

- That this had resulted in the funding gap associated with this project currently estimated to be £33.2m.

- That while this funding gap may decrease through Stage C, with greater certainty over costs emerging, a significant funding gap was likely to remain.

- That Midlothian Council had therefore submitted an application to the Levelling Up Fund (LUF) to attract alternative funding into the project to close this gap.

(Reference – report by the Chief Officer - Place, Midlothian Council submitted.)

## 5. Edinburgh and South East Scotland City Region Bus Partnership Fund Update

Niall Martin, Project Manager for the Edinburgh Corridors Bus Partnership Fund (BPF) project, gave a presentation on the BPF. The Edinburgh and South East Scotland City Region Deal had been successful in obtaining a grant award of £3.03m from the Scottish Government BPF in June 2021 for the delivery of:

- Strategic and Outline Business Cases (SBC/OBC) for Bus Priority Improvements
- Quick Win Bus Priority Measures

Details were provided of the SBC/OBC geographic scope, which included seven different corridors in the region and orbital routes. The business case was being led by Jacobs and good progress was being made with the current plan. Engagement was taking place with bus operators and wider stakeholders. The Quick Wins workstream made the Bus Priority Rapid Deployment Fund Measures, which had been implemented during Covid, permanent. Details were provided of the geographic scope (four schemes in East Lothian, one in Midlothian and six in Edinburgh). An underspend had been identified so it was intended to extend this to further schemes.

**Decision**

To note the presentation.

## 6. West Edinburgh Transport Improvement Programme Update

A presentation was provided on the West Edinburgh Transport Improvement Programme. Details were provided of the project to date, which was divided as follows: Package 1 – A89; Package 2 – A8 Eastbound; Package 3 – A8 Westbound; and Package 4 – Gogar to Maybury. The Outline Business Case Stage 1a (the case

for change and options review) had been completed and the project was transitioning into Stage 1b, which involved a gateway review. It was intended that the OBCs would be brought to the Joint Committee in summer 2023, followed by the Full Business Case, Statutory Consents, procurement of contractors and construction, with construction taking place in 2025.

**Decision**

To note the presentation.

## 7. Regional Prosperity Delivery Framework

Details were provided on progress that had been made on the Regional Prosperity Delivery Framework. Regional partners were seeking an extension to the programme timeline to enable partners to develop the regional approach to delivery and resourcing and ensure that it aligned closely to the emerging National Strategy for Economic Transformation (NSET) delivery plans, recommendations from the Scottish Government's Regional Economic Policy Review and Local Authority UK Shared Prosperity Fund - Local Investment Plan submissions.

**Decision**

1) To note the content of update report.

2) To agree for the programme timeline to be extend to March 2023.

(Reference – report by the Executive Director of Place, City of Edinburgh Council, submitted.)

## 8. City Region Deal Annual Report 2021/22

The Edinburgh and South East Scotland City Region Deal Annual Report summarised progress of the Programme for the third year since the signing of the 15-year programme (August 2021 to July 2022). The report contained a City Region Deal overview, Financial Statement (for the financial year 2021-22), a short summary of progress on each project and programme and expected milestones to be achieved in the next year. This year, a series of case study videos were embedded in the report to demonstrate how the Deal's projects and programmes were benefiting people. The report showed significant progress across the 20 projects and programmes within the City Region Deal. While cost inflation had affected the budget of some of the projects which were in delivery, all were considered to be within acceptable time and budget parameters.

**Decision**

To note the annual report and offer the Joint Committee's thanks to the City Region Deal PMO team.

(Reference – report by the Chief Officer, Edinburgh and South East Scotland City Region Deal, submitted.)

Edinburgh and South East of Scotland City Region Deal Joint Committee – 2 September 2022

## 9. City Region Deal Progress Report

The Edinburgh and South East Scotland City Region Deal progress report provided an indication of progress across the City Region Deal programme. In this update, the overall status was assigned as "Green". There were no actions required from the Joint Committee.

**Decision**

To note the progress across the City Region Deal Programme.

(Reference – report by the Chief Officer, Edinburgh and South East Scotland City Region Deal, submitted.)

# Edinburgh and South East Scotland City Region Deal Joint Committee

**10 am, Friday 2 December 2022**

# Work Programme for City Region Deal Joint Committee

Item number 4.1

## Executive Summary

This paper outlines the planned dates for City Region Deal business case approvals by Joint Committee.

**Dr Grace Vickers**

Chief Officer, Edinburgh and South East Scotland City Region Deal

Contact: Andy Nichol, Programme Manager, Edinburgh and South East Scotland City Region Deal

E-mail: andy.nichol@edinburgh.gov.uk | Tel: 0131 529 4461

# Report

# Work Programme for City Region Deal Joint Committee

## 1.    Recommendations

1.1    To note the planned dates for future business for the City Region Deal Joint Committee.

## 2.    Background

2.1    Considerable progress has been made since the 15-year Edinburgh and South East Scotland City Region Deal was signed in August 2018, with all but one business case having been approved by the Joint Committee.

2.2    This report sets out Joint Committee business to the end of 2023. Focus is increasingly being given to reporting on the benefits arising from projects and programmes that are in delivery and ensuring that outcomes and targets are being met.

## 3.    Main report

3.1    The work programme for Joint Committee meetings to the end of 2023 is shown in Table 1:

*Table 1: Work Programme for Joint Committee*

| Joint Committee Date | Reports or presentations for consideration |
|---|---|
| 2 December 2022 | • A720 Sheriffhall six-monthly update from Transport Scotland<br>• Integrated Regional Employability and Skills Programme Update (presentation)<br>• Regional Housing Update (presentation)<br>• Terms of Reference for internal audit of Integrated Employer Engagement Programme<br>• Revised Draft National Planning Framework 4 (verbal update) |
| 3 March 2023 | • Data-Driven Innovation Programme Annual Update (presentation)<br>• Regional Prosperity Delivery Framework<br>• Bus Partnership Fund Strategic Business Case<br>• City Region Deal Programme Benefits Realisation Measurement Framework |
| 2 June 2023 | • A720 Sheriffhall six-monthly update from Transport Scotland<br>• Borders Innovation Park – Revised Business Case for Phases 2 and Transport Programme Annual Update<br>• Internal Audit of Integrated Employer Engagement Programme and Forward Audit Plan. |
| 1 September 2023 | • West Edinburgh Transport Improvement Plan Outline Business Case<br>• Culture Programme Annual Update<br>• City Region Deal Benefits Realisation Update<br>• City Region Deal Annual Report 22/23 |
| 1 December 2023 | • A720 Sheriffhall six-monthly update from Transport Scotland<br>• Integrated Regional Employability and Skills Programme annual update<br>• Regional Housing Programme Annual Update |

3.2    The A720 City Bypass grade separation of Sheriffhall Roundabout is being managed and delivered by Transport Scotland. Transport Scotland provide updates on progress to the Transport Appraisal Board every six weeks, as well as the Executive Board and Joint Committee every six months.

## 4. Financial impact

4.1 There is no financial impact relating to this report. Financial cases are being set out in detail in the respective business cases. Financial contributions that are required by partner organisations for projects are being requested in separate reports to councils or courts prior to being taken to Joint Committee for approval.

## 5. Alignment with Sustainable, Inclusive Growth Ambitions

5.1 Inclusion and sustainability are key drivers for the City Region Deal, and strategic added value scores have been included for each project. Business cases for projects included demonstrate how they will reduce inequalities and tackle the inclusion challenges specific to the city region.

5.2 The City Region Deal Benefits Realisation Plan (BRP) was approved on 4 September 2020. This incorporates indicators that align with the Scottish Government's Inclusive Growth Framework. The impact on equalities, human rights and sustainability will also be measured. A benefits realisation measurement framework will be taken to Joint Committee in March 2023, and six-monthly updates on benefits realisation are scheduled thereafter. Annual updates are programmed for each of the five themes.

5.3 Scottish and UK Government provided joint guidance for project owners on managing potential carbon emissions associated with Scottish City Region and Regional Growth Deal projects. It accords with HM Treasury Green Book requirements and supports the quantification and minimisation of whole life carbon and the identification of potential barriers to achieving net zero. This will form an important part of regular reporting through the Benefits Realisation Plan.

## 6. Background reading/external references

6.1 City Region Deal Document: August 2018

## 7. Appendices

None.

# Edinburgh and South East Scotland City Region Deal Joint Committee

**10 am, Friday 2 December 2022**

## City Region Deal Progress Report

**Item number** 5.1

## Executive Summary

The Edinburgh and South East Scotland City Region Deal progress report gives an indication of progress across the City Region Deal programme.

In this update, the overall status is assigned as "Green". There are no actions required from the Joint Committee.

**Dr Grace Vickers**

Chief Officer, Edinburgh and South East Scotland City Region Deal

Contact: Andy Nichol, Programme Manager, Edinburgh and South East Scotland City Region Deal

E-mail: andy.nichol@edinburgh.gov.uk | Tel: 0131 529 4461

# City Region Deal Progress Report

## 1.    Recommendations

1.1  To note the progress across the City Region Deal Programme.

## 2.    Background

2.1  This progress report is being used across the City Region Deal's governance structure to monitor progress across all aspects of the City Region Deal. It is updated and shared with Government on a weekly basis and is taken to all Board meetings. A RAG (Red, Amber, Green) scale is assigned to programmes and projects by the Programme Management Office (PMO), as well as scores for strategic added value.

2.2  Tables 1 and 2 show the guidelines that are used when determine RAG statuses and scores:

### *Table 1: RAG Status Guidelines*

**T:** Status against **timeline** set out in business case/implementation plan;
**B:** Status against **budget** for the current financial year

| RAG Status | Definition - Timeline | Definition - Budget | Action Required |
|---|---|---|---|
| Green | In line with business case/implementation plan | In line with spend set out financial plan for the current financial year. | No management action required |
| Amber | Delay exists but is considered acceptable by PMO. | Spend is within acceptable range from what is set out financial plan for the current financial year. Project lead is confident that spend will be to profile at financial year end. | Management action is in place by senior management to address issues, and project is being closely monitored. |
| Red | Delay is significant. | Spend is outwith acceptable range from what is set out financial plan for the current financial year. Project lead does not consider that spend will be to profile at financial year end. | Immediate action is required by senior management and relevant Boards as appropriate to address issues. Issues must be highlighted to Government. |

*Table 2: Strategic Added Value Score*

| Score | Description |
|---|---|
| 1 (Low) | • There are opportunities for links with one or two other CRD themes that may add value to the proposal.<br>• Partnership working with wider stakeholders, to add value to the proposal has not been thoroughly considered, but may be possible, and should be explored.<br>• One or two of the five ""inclusive growth" measures listed in the Deal Document could be incorporated into the delivery of the project. |
| 2 (Medium) | • There are opportunities for links with two or three other CRD themes that may add value to the proposal.<br>• Partnership working with wider stakeholders, to add value has been factored into the business case to some extent, but there are opportunities to enhance.<br>• Two or three of the five ""inclusive growth" measures listed in the Deal Document could be incorporated into the delivery of the project. |
| 3. (High) | • There are opportunities for links with three of four other CRD themes that may add value to the proposal.<br>• Partnership working with wider stakeholders, e.g. private/third sector is already taking place and strategic added value effects are clear.<br>• Three, four or five ""inclusive growth" measures listed in the Deal Document could be incorporated into the delivery of the project. |

## 3.     Main report

3.1     The performance report is shown in Appendix 1. The overall status of the City Region Deal is assigned as "Green". There are no actions required from the Joint Committee.

## 4.     Financial impact

4.1     £228m of the £415m of government funding flowing through the Accountable Body has been drawn down - 55% of the total. The funding that flows through the Accountable Body totals £415m and includes all capital and revenue CRD projects except: the Sheriffhall Roundabout (£120m); the Housing Infrastructure Fund (£50m); and the funding for Edinburgh Living (£15m).

4.2     £249m of the full £600m of government funding for all CRD projects has been drawn down – 41% of the total.

## 5.     Alignment with Sustainable, Inclusive Growth Ambitions

5.1     Inclusion and sustainability are key drivers for the City Region Deal, and strategic added value scores have been included for each project. Business cases for projects included demonstrate how they will reduce inequalities and tackle the inclusion challenges specific to the city region.

5.2     The City Region Deal Benefits Realisation Plan (BRP) was approved on 4 September 2020. This incorporates indicators that align with the Scottish Government's Inclusive Growth Framework. The impact on equalities, human rights and sustainability will also be measured. A benefits realisation measurement framework will be taken to Joint Committee in March 2023, and six-monthly updates on benefits realisation are scheduled thereafter. Annual updates are programmed for each of the five themes.

5.3     Scottish and UK Government provided joint guidance for project owners on managing potential carbon emissions associated with Scottish City Region and Regional Growth Deal projects. It accords with HM Treasury Green Book requirements and supports the quantification and minimisation of whole life carbon and the identification of potential barriers to achieving net zero. This will form an important part of regular reporting through the Benefits Realisation Plan.

## 6. Background reading/external references

6.1     Edinburgh and South East Scotland City Region Deal Document (August 2018)

6.2	[City Region Deal Benefits Realisation Plan](): ESESCR Deal Joint Committee report 4 September 2020

## 7. Appendices

7.1	Edinburgh and South East Scotland City Region Deal Progress Report (November 2022).

# Progress Report

Last updated: 28 November 2022

## Page 1: Dashboard

| Overall Status Last Period | Overall Status This Period |
|---|---|
| Green | Green |

# CITY REGION DEAL
### Edinburgh & South East Scotland

### Recent Achievements and Milestones

| Achievement/Milestone | Date |
|---|---|
| Impact Scotland: Dunard Centre Update | **Sep 22** |
| West Edinburgh Transport Improvement Programme Update | **Sep 22** |
| Project Update: A701 Relief Road and A702 Spur Road | **Sep 22** |
| City Region Deal Annual Report 2021/22 | **Sep 22** |

| Upcoming Joint Committee Meeting Milestones (expected) | Target Date |
|---|---|
| A720 Sheriffhall Update Report | **Dec 22** |
| Regional Housing Programme Update | **Dec 22** |
| Terms of Reference for Audit of Integrated Employer Engagement Project | **Dec 22** |
| Integrated Regional Employability and Skills Programme Update | **Dec 22** |

### Financials Summary

*Funding issued by Transport Scotland and SG Housing not included in this total

| Total CRD grant £000 | CRD grant drawdown to date £000 | | 22/23 CRD Grant allocation | 22/23 Grant drawdown |
|---|---|---|---|---|
| 600,000 | 248,813 | 41.47% | £57.72m* | £22.45m* |

### Top 3 Risks (from PMO Risk Register)

| Risk | Impact | Likeliohood | Sever-ity | Resolution Plan or Mitigating Action |
|---|---|---|---|---|
| Cost inflation (materials and labour) affects the ability to deliver projects to the standards required. | 4 | 5 | 20 | • Regular updating of progress report and monthly financial forecasts to ensure PMO is aware of issue(s) at an early stage and can raise with Government, Executive Board and Joint Committee as appropriate.<br>• Regular discussions on finance between project leads and PMO, Directors of Finance and PMO and PMO and Governments to capture issues arising.<br>• Change Management process as set out in the Benefits Realisation Plan is being implemented |
| Financial profile across programme is not met. | 3 | 3 | 9 | • Aim to continue to spend according to agreed profile.<br>• Aim to achieve business case approval in line with Deal Implementation Plan.<br>• Quarterly meetings with regional Directors of Finance to consider profile and highlight problem areas<br>• Quarterly review meetings with Government<br>• Partners asked to be realistic with their projections and to let PMO know early if anticipating an underspend.<br>• Accountable body to challenge underspend and asked for reasons behind the slippage |
| Objections to schemes delay project or make project unviable. | 2 | 4 | 8 | • Change management system exists to ensure that changes can be made through the governance process.<br>• Regular briefings with elected members to ensure they have the full information required to support projects.<br>• Thorough consultation process through lead partners to ensure that members of public have full information required, and that their comments can be taken on board before planning applications or business cases are submitted for approval. |

# Page 2: Guidance

**CITY REGION DEAL**
Edinburgh & South East Scotland

## Project Stages

| Stage no. | Definition |
|-----------|------------|
| 1. Define | Business case being developed, and not yet approved by Thematic Board and Joint Committee. |
| 2. Implement | Business case has been approved by Thematic Board and Joint Committee, and is being implemented. In a capital project, this may be construction; for skills projects this may be establishing a course or system. |
| 3. Deliver | Project is in place and benefits realisation framework to assess if it is achieving its objectives. |
| 4. Legacy | Project has resulted in mainstreaming or improvements to business as usual (impact) that is generated beyond the funded period |

## Red, Amber, Green

**T:** Status against **timeline** set out in business case/implementation plan; **B:** Status against **budget** set out in financial plan

| RAG Status | Definition - Timeline | Definition - Budget | Action Required |
|------------|----------------------|---------------------|-----------------|
| Green | In line with business case/implementation plan | In line with spend set out financial plan for the current financial year. | No management action required |
| Amber | Delay exists but is considered acceptable by PMO. | Spend is within acceptable range from what is set out financial plan for the current financial year. Project lead is confident that spend will be to profile at financial year end. | Management action is in place by senior management to address issues, and project is being closely monitored. |
| Red | Delay is significant. | Spend is outwith acceptable range from what is set out financial plan for the current financial year. Project lead does not consider that spend will be to profile at financial year end. | Immediate action is required by senior management and relevant Boards as appropriate to address issues. Issues must be highlighted to Government. |

## Strategic Added Value Score

| Score | Description |
|-------|-------------|
| 1 (Low) | • There are opportunities for links with one or two other CRD themes that may add value to the proposal.<br>• Partnership working with wider stakeholders, to add value to the proposal has not been thoroughly considered, but may be possible, and should be explored.<br>• One or two of the five ""inclusive growth" measures listed in the Deal Document could be incorporated into the delivery of the project. |
| 2 (Medium) | • There are opportunities for links with two or three other CRD themes that may add value to the proposal.<br>• Partnership working with wider stakeholders, to add value has been factored into the business case to some extent, but there are opportunities to enhance.<br>• Two or three of the five ""inclusive growth" measures listed in the Deal Document could be incorporated into the delivery of the project. |
| 3. (High) | • There are opportunities for links with three of four other CRD themes that may add value to the proposal.<br>• Partnership working with wider stakeholders, e.g. private/third sector is already taking place and strategic added value effects are clear.<br>• Three, four or five ""inclusive growth" measures listed in the Deal Document could be incorporated into the delivery of the project. |

**CITY REGION DEAL**
Edinburgh & South East Scotland

| Overall Total | | | | Project Name | 2022-23 | | | | | Comments |
|---|---|---|---|---|---|---|---|---|---|---|
| Total Budget £000 | CRD Grant Total £000 | CRD Grant Claimed To Date £000 | CRD Grant Claimed to Date % | | Grant Allocation £000 | Grant Claimed to Date £000 | Spend to Oct £000 | Outturn £000 | Outturn Variance £000 | |
| 101,047 | 32,545 | 32,545 | 100% | Bayes Centre | 0 | 0 | 0 | 0 | 0 | CRD grant fully drawn down. |
| 22,469 | 22,469 | 19,592 | 87% | National Robotarium | 7,152 | 4,275 | 4,393 | 7,152 | 0 | Projected to be fully drawn down in 22/23. |
| 200,585 | 57,920 | 57,920 | 100% | Edinburgh Futures Institute | 0 | 0 | 0 | 0 | 0 | CRD grant fully drawn down. |
| 199,046 | 79,595 | 43,003 | 54% | Edinburgh International Data Facility | 6,765 | 2,773 | 2,773 | 6,765 | 0 | |
| 86,256 | 49,205 | 31,695 | 64% | Usher Institute | 26,903 | 9,924 | 12,573 | 26,903 | 0 | |
| 45,210 | 17,366 | 16,473 | 95% | Easter Bush | 942 | 48 | 48 | 942 | 0 | Projected to be fully drawn down in 22/23. |
| 30,000 | 10,900 | 460 | 4% | Easter Bush Link Road | 883 | 75 | 249 | 883 | 0 | |
| 51,455 | 30,000 | 491 | 2% | Edinburgh Innovation Hub | 1,212 | 491 | 594 | 1,212 | 0 | |
| 79,104 | 35,000 | 11,061 | 32% | Fife i3 Programme | 4,076 | 1,719 | 1,805 | 3,886 | -191 | |
| 79,135 | 15,000 | 2,332 | 16% | Borders Innovation Park | 0 | 0 | 0 | 0 | 0 | |
| 815,307 | 350,000 | 215,572 | 62% | Total Research, development and innovation | 47,934 | 19,306 | 22,436 | 47,744 | -191 | |
| 25,000 | 25,000 | 8,679 | 35% | Integrated Regional Employability & Skills Programme | 4,064 | 1,193 | 1,437 | 4,061 | -3 | |
| 25,000 | 25,000 | 8,679 | 35% | Total IRES | 4,064 | 1,193 | 1,437 | 4,061 | -3 | |
| 120,000 | 120,000 | 5,611 | 5% | A720 Sheriffhall Roundabout* | - | 383 | 383 | - | - | SG to suppport improvements to the A720 City Bypass for the grade separation of Sheriffhall. |
| 36,000 | 20,000 | 116 | 1% | West Edinburgh Transport Improvement Programme | 449 | 2 | 5 | 74 | -374 | |
| 156,000 | 140,000 | 5,727 | 4% | Total Transport | 449 | 385 | 388 | 74 | -374 | |
| 74,928 | 20,000 | 3,835 | 19% | Dunard Centre | 5,269 | 1,953 | 2,461 | 5,269 | 0 | |
| 74,928 | 20,000 | 3,835 | 19% | Total Culture | 5,269 | 1,953 | 2,461 | 5,269 | 0 | |
| 263,000 | 15,000 | 15,000 | 100% | New Housing Partnership - Edinburgh Living** | 0 | 0 | 0 | 0 | 0 | CRD grant fully drawn down. |
| 50,000 | 50,000 | 0 | 0% | Housing Infrastructure Fund** | 0 | 0 | 0 | 0 | 0 | Separate letters from SG for individual proposals. Allocation figure is based on financial plan. |
| 313,000 | 65,000 | 15,000 | 23% | Total Housing | 0 | 0 | 0 | 0 | 0 | |
| 1,384,235 | 600,000 | 248,813 | 41% | Total Programme | 57,716 | 22,836 | 26,721 | 57,148 | -569 | |

* Scottish Government funded. Transport Scotland taking forward scheme delivery. ** Funding governed by Scottish Government (Housing)

## Data-Driven Innovation

**CITY REGION DEAL**
Edinburgh & South East Scotland

| Project | Stage | Last Milestone | Next Milestone | T | B | SAV | Comments |
|---------|-------|----------------|----------------|---|---|-----|----------|
| Bayes Centre | Deliver | Sep 18: Opening | N/A | G | G | 3 | Bayes Centre re-opened in July 2021. Works on site are complete and the final certificate has now been issued. |
| National Robotarium | Deliver | Sep 22: Grand Opening | N/A | G | A | 2 | National Robotarium officially opened its doors with its opening event, which took place on 28 September 2022. |
| Edinburgh Futures Institute | Implement | Start on site | May 23: Complete construction | A | A | 3 | Construction timescale has been affected by a combination of Covid impacts and unforeseen structural issues, delays leading to increasing inflationary impacts. |
| Usher Institute | Implement | Oct 22: Launch Usher Innovation community including frailty Challenge | Jul 23: Complete construction of Usher Institute facility. | A | A | 2 | Health and social care innovation community was launched in November. |
| Easter Bush | Implement | Sep 22: Host conservation genetics conference | Mar 23: Strengthen and develop DDI company adoption activity in agritech sector | A | R | 2 | Launch of Centre for Aquaculture Genetics and Health delayed as Head of Centre not yet appointed. |
| Easter Bush A701 Relief Road and A702 Spur Road | Design | Route selection | Mar 23: Specimen design planning application | A | R | 2 | The specimen design is progressing with target of submitting planning application Q1 2023.  £33.5m funding gap identified and LUF bid submitted seeking to address this |
| Edinburgh International Data Facility | Implement | Jul 22: Support DataLoch launch | Jan 23: Launch general data ingest and archiving service | G | A | 2 | The technology to deploy on-demand data havens is developed and has supported the DataLoch launch in July 2022. Research Data Scotland is driving movement towards a National Safe Haven; any further RDH deployment will need to be examined in that context. |

T: On Time?; B: On Budget?; SAV: Strategic Added Value score

## CITY REGION DEAL
### Edinburgh & South East Scotland

# Page 5: Research, Development and Innovation Theme
# Edinburgh Innovation Park (QMU Food and Drink Innovation Hub)

| Project | Stage | Last Milestone | Next Milestone | T | B | SAV | Comments |
|---|---|---|---|---|---|---|---|
| Edinburgh Innovation Park ( Edinburgh Innovation Hub) | Imple-ment | Value Engineering activities completed to align the brief, design and budget.  Stage 2 report completed and issued and approved  . | Schedule of meetings for Stage 3 in diary.  Risk workshop. scheduled.  Review and action market engagement approach via relevant framework for contractor procurement. | G | A | 2 | A cycle of workshops have been diarised to progress Stage 3. These workshops are taking place between Nov 22 and Jan 23. |

T: On Time?; B: On Budget?; SAV: Strategic Added Value score

# CITY REGION DEAL
## Edinburgh & South East Scotland

**Page 6: Research, Development and Innovation Theme**
**Projects in Fife and Scottish Borders**

| Project | Stage | LastMilestone | Next Milestone | T | B | SAV | Comments |
|---------|-------|---------------|----------------|---|---|-----|----------|
| Borders Innovation Park | Implement | Completion of first building in Phase 1. | Build-out of Phase 1. | A | G | 1 | The first building on Phase 1 was handed over at the end of December 2021 and is currently being fitted out by the tenant.<br><br>A planning application for road and service infrastructure for Phase 3 has been submitted.<br><br>The delivery programme for Phases 2 and 3 is on hold pending an external commercial and industrial property review. |
| Fife Industrial Innovation Investment (Fi3P) | Implement | Q2 22/23: Completion of business units at West Way, Dalgety Bay. | Q3 22/23: Contract Let - Fife Interchange North, new build project.<br><br>Q3 22/23: First Tenants move into West Way Phase 2 business units. | G | G | 2 | **Dunnikier Business Park, Kirkcaldy.** tenancies / applications for 6 (out of 7) units.<br><br>**West Way Phase 2,** units are now being marketed, strong interest. 6 units now reserved. |

T: Timeline; B: Budget; SAV: Strategic Added Value score

# CITY REGION DEAL
## Edinburgh & South East Scotland

| Project | Stage | Last Milestone | Next Milestone | T | B | SAV | Comments |
|---|---|---|---|---|---|---|---|
| IRES Programme | Imple-ment/ Deliver | IRES board held on 15th November 2022. IRES presentation at the Joint Committee on 3rd December 2021 was well received. | Work continues on enhanced reporting; aligning project outcomes with overall IRES and City Region Deal Benefits Realisation targets. Joint Committee update on 2nd December 2022 showing video presentation. | G | A | 3 | • At the IRES board on 15th November 2022 there were the annual update on the Data Driven Innovation (DDI) Skills Gateway, and updates on aspects of Housing Construction Infrastructure (HCI), Workforce Mobility (WFM) and the Quarterly Report and Finance.<br>• IRES Programme Connector is working with Project Leads and Benefits Realisation Officer to further develop monitoring and evaluation, and feed into the overall Benefits Realisation plan framework - reporting with increased automation and online tools. Next IRES Board 14th February 2023. |
| Integrated Knowledge System | Implement/ Deliver | Helix system user forum met on 13 September.<br><br>Local Authority finance leads meeting held on 3 October.<br><br>Delivery and Advisory (DAG) and IKS mid point review discussion on 25 October. | Migration of IEE & Capital City Partnership (CCP) employer data into Helix to be signed off.<br><br>Scottish Borders to agree data language mapping, site restructure, separate of live and archive sites.<br><br>Helix.scot initial site launch. | G | A | 3 | • Helix system went live on 21 March 2022. Focus has been on supporting users of the system, adding reports/ new programmes and expanding use of system to highlight functionality available.<br>• Separate Hanlon site with IEE & CCP employer, client and vacancy data cleaned and ready to be moved to Helix.<br>• Good progress on helix.scot website, building Information Architecture and planning content with templates created on test site.<br>• IKS mid point review underway, discussion with Scottish Government and SLAED. After meeting stakeholders at DAG, the consultant will be following up with individual conversations. |
| Labour Market Analysis and Evaluation | Deliver | Agreement on the next research to be commissioned in Q1 of 22/23. Regional Skills Assessment for region published in April & disseminated in Q1 and Q2. Tender Tourism Skills Research. Finished review of Labour Market Intelligence (LMI) toolkit. | Input to RPF Big Move 7 action plan.<br>Progress brief for creative industries research.<br>Complete tourism research and disseminate.<br>LMAE Theme Group meeting to be held in November.<br>Call for 2023/24 research proposals. | G | A | 2 | • Tourism research proceeding. Consultations held during October, with initial findings due in November.<br>• Creative Industries research brief drafted and provided to partners for input. SDS procurement progressing contracting later in November.<br>• Labour Market Intelligence input provided to West Lothian Economic Partnership.<br>• Facilitated discussion around refreshed Regional Skills Investment Plan at Regional Prosperity Framework Skills group. |

# CITY REGION DEAL
## Edinburgh & South East Scotland

| Project | Stage | Last Milestone | Next Milestone | T | B | SAV | • Comments |
|---|---|---|---|---|---|---|---|
| Integrated Employer Engagement | Imple-ment | Employer Fund complete, award letters and payments made.<br><br>Invite issued to all regional employer contacts for event 'The Great Resignation' on 21 November.<br><br>Terms of reference agreed for IEE Audit.<br><br>CLES discussions with PMO and CCP held on Community Wealth Building plan. | Community Wealth Building (CWB) Toolkit and CWB explainer video highlighting 5 pillars to be launched.<br><br>CLES recommendation paper on CWB covering the City Region due early December.<br><br>Launch fair work guide– for use by IEE engaged employers.<br><br>Third pre-employment course scheduled for retail and customer service at Fort Kinnaird Recruitment Skills Centre . | G | A | 3 | • Fort Kinnaird Recruitment Skills Centre (FKRSC) Jobs Fair ran on 6 Oct, 40 attendees attended from Edinburgh, East Lothian & Midlothian, 12 job offers made an 6 referrals made to New Futures support.<br>• FORT programme at FKRSC supported 161 jobs filled.<br>• FKRSC have delivered 2 new school engagement sessions.<br>• IEE confirmed to create short film for joint committee on RSC workstream.<br>• IEE Employer Fund; closed and fully allocated. 49 successful businesses with £48,000 allocated.<br>• Final draft of fair work guide complete, launched at 'The Great Resignation' event on 21 Nov. Thanks offered to Scottish Enterprise for support and content additions.<br>• Green skills/jobs awareness campaign to be designed in Q4.<br>• IEE has been selected to be audited under the ESESCRD. First planning meeting took place in early Oct with the City of Edinburgh Council internal audit team. Terms of Reference now confirmed for joint committee in December. Field work due Jan 23. |
| Intensive Family Support | Imple-ment/ Deliver | Service user consultations are completed - report of findings in draft.<br><br>Phase Two Specification drafted to be agreed by project board in Nov.<br><br>Conference planning underway for event in Feb 23.<br><br>Service Provider phase 2 proposal forms drafted. | Project board agreed Phase 2 specification in early November. Specification and accompanying documents to be published.<br><br>Proposal forms to be sent to delivery partners re. phase two. | G | A | 2 | • 289 individuals registered on Helix engaging with IFS.<br>• 220 adults and 62 young people registered on the system.<br>• 274 children living in poverty have been supported as a result of IFS.<br>• £205,515 financial gains for families reported across project.<br>• 26 employment outcomes recorded: 12 FT employment outcomes, 14 PT employment outcomes.<br>• 24 adult education outcomes recorded.<br>• 41 young person education outcomes recorded including re-engagements in education where there were attendance issues.<br>• Ongoing Helix support in place for service providers.<br>• Timeline for recommissioning process developed and worked towards end November for the activity to be completed.<br>• New M&E framework being developed with delivery partner input for phase two of the programme. |

**CITY REGION DEAL**
Edinburgh & South East Scotland

| Project | Stage | Last Milestone | Next Milestone | T | B | SAV | • Comments |
|---|---|---|---|---|---|---|---|
| Housing and Construction Infrastructure (HCI) Skills Gateway | Imple-ment | HCI launched two initiatives at BE-ST FEST on 25 October: -Equal Engineers Mentoring for 105 FE & HE students -Timber Design Competition 2023 (Passivhouse & Retrofit) – HCI to support webinars. | Launch of Edinburgh Science Festival 'Build' CareerHive strand supported by HCI in mid-November 2022. Recruitment to local authority Retrofit upskilling supported by HCI by end of calendar year. | G | R | 3 | • Discussions ongoing with FE Partners regarding budget RAG status due to lack of reported FE spend to date.<br>• HCI-supported Daydream Believers has been voted one of the HundrED global impactful and scalable education Innovations.<br>• Full report on Design Engineer Construct (DEC) impact and learning for IRES Board submitted on 25 October for November Board meeting.<br>• SCDI has completed recruitment of schools to all available places for Edinburgh, Fife, Midlothian, Scottish Borders and West Lothian (5 schools, three secondary and two primary per local authority) with 1 place remaining in East Lothian. Training to over 50 teachers now delivered.<br>• IRES / City Region Deal report filming for HCI took place on 2 November. |
| Data Driven Innovation (DDI) Skills Gateway | Imple-ment | Ramping up of recruitment to courses with a January start date targeting: Women/Veterans / neurodiverse people. Face to face delivery in schools. | Development and launch of "Data Power Ups" portfolio of courses aimed at targeted upskilling of those in work. Circulation of Data Careers information poster to all secondary schools across the region. | G | A | 2 | • The Data Skills for Work team is bringing a range of innovative upskilling offers to the market in Q3. These will be showcased at the Data Summit running at the EICC in early November<br>• Midlothian Council will be participating in an upskilling programme at Edinburgh College as part of their Adult Education service activities<br>• Discussions have been ongoing with SQA and SDS to consider ways to increase the visibility of the NPA Data Science qualification and agree the best approach to promoting the opportunity to school-based learners.<br>• Awarded data skills funding to relevant organisations and training providers and agreed collaboration arrangements with the Usher DDI Hub targeting upskilling of those in Health and Social Care sector.<br>• Launch of People Power Data programme at the Data Summit held on 3 Nov. |
| Workforce Mobility | Imple-ment | 16 August 2022 IRES Board -Year 1 performance review. Scottish Borders Bus Network review commenced with baseline data analysis. | 15 Nov 2022 IRES Board – Financial Update. Further progress on Demand Responsive Transport service pilot in Berwickshire. | G | R | 3 | • Continued involvement in Big Move 3 Regional Prosperity Delivery Framework.<br>• Developing discussions with Scottish Government through the Digital Intelligence Network. Working with Improvement Service, CivTech and Digital Office Scotland to create central database of travel mapping, automation for all postcode data gathering and travel analysis; and involvement in the CEC End Poverty Network of Networks, SEStran Forums, Fife Employability Forum, Midlothian Employability Support Group & Borders Young Person Guarantee Group; plus Bus Alliance meetings for CEC. A member of Transport Scotland 'Transport Business Partnership' to develop 'Transport Opportunities Plan'.<br>• Data Analyst reviewing employment zones across all 6 LA boundaries to implement pilot schemes. West Lothian agreement in principle to patriciate in 2023 data gathering and pilot. Working on process for sharing GIS data. |

| Project | Stage | Last Milestone | Next Milestone | T | B | SAV | Comments |
|---------|-------|----------------|----------------|---|---|-----|----------|
| A720 Sheriffhall *(last updated November 22)* | Define | PLI set to commence on 30 January 2023 | Public Local Inquiry to be held from 30 January 2023 for 2-weeks | G | G | 1 | • Joint Committee ratified their support for the scheme as published on 3 September 2021, following the consideration of further technical information.<br>• Responses issued to all objections raised against the draft Orders – on-going engagement with objectors to try and resolve issues wherever possible.<br>• PLI to be held, date of commencement confirmed as 30 January 2023 by the DPEA Reporter, with inquiry scheduled to last for 2-weeks.<br>• Inquiry statements lodged on 01 November 2022, inquiry evidence preparation is on-going. |
| West Edinburgh Transport Improvements Programme | Define | Initial Development of intervention packages.<br><br>Draft and Finalise Stage 1A Reports | Conclude Stage 1A (TPOs and related reports eg Case for Change).<br><br>Transition into and mobilise the next phase of the project (Stage 1B) to progress the 5 cases of OBC.<br><br>Drafting of OBC expected Q1 2023. | G | R | 1 | • Stage 1a is nearing conclusion and final feedback was received from partners on the Stage 1b proposal. Stage 1b will be underway in November 2022.<br>• The project has adapted well and has explored ways to minimise impact of the pandemic to ensure that progress is maintained. A deep dive review recently took place, where objectives were strengthened and rationalised in number; this will streamline the appraisal process at the end of the stage (input from Transport Scotland using their experience from other Deals has been valuable here). In addition, the team is accelerating and now delivering utility information, topographical surveys and land ownership information works which will provide further advantages (estimated around 6-8 week saving). The team have and will continue to look for opportunities accelerate programme where possible.<br>• The forward planning of project resources for the next stages is underway. This includes the advertisement of a dedicated Project Manager, which was published on myjobscotland. In an effort to boost the number of applicants, the post will be readvertised and promoted through a number of additional channels such as; linked-in, third party websites, etc. Until the PM appointment is made, Project Management support will continue to be provided by the existing consultancy services. |

T: On Time?; B: On Budget?; SAV: Strategic Added Value Score

| Project | Stage | Last Milestone | Next Milestone | T | B | SAV | Comments |
|---------|-------|----------------|----------------|---|---|-----|----------|
| Dunard Centre | Implement | Commencement of Pre Construction Services Agreement - April 2022 | Commencement of Site Clearance Works – December 22/January 23<br><br>Stage 4 Design /commencement of Stage 2 tender process (started) | A | A | 2 | Final Business case was approved by ESECCRD Joint Committee on 4 March 2022. |

T: On Time?; B: On Budget?; SAV: Strategic Added Value score

Client Confidential

**CITY REGION DEAL**
Edinburgh & South East Scotland

| Project | Stage | Last Milestone | Next Milestone | T | B | SAV | Comments |
|---------|-------|----------------|----------------|---|---|-----|----------|
| Affordable housing | Deliver & Define | Workshop in Sep looked at priorities and investment propositions | Pull together refreshed priorities and regional SHIP | A | N/A | 2 | • Partners will work collaboratively with Scottish Government, agencies, RSLs and other stakeholders to secure more investment, innovation, commitment and partnerships to address the challenges above and deliver at scale and pace. |
| Strategic sites | Implement & Define | Share learning from Dunfermline experience | Leads meeting to be scheduled for early 23 Blindwells – Draft Strategic Business Case early 23 | A | N/A | 2 | • Outline Business Cases for sites are at different stages of development. |
| Innovation & skills | Implement | Edinburgh Home Demonstrator 75-home Granton D1 affordable housing pilot underway | Agree approach to secure pipeline of sites from across the region for 1000 homes. | A | N/A | 3 | • Demonstrator project will look at standardised housing types, procurement and delivery models to increase offsite. manufacturing and delivery of net-zero homes across the city region. • Partnership between CEC,SFT, Scot Gov, BE-ST, and ENU. |
| Housing company | Deliver | Draw down of funds completed | Ongoing Delivery | G | N/A | 2 | • The City of Edinburgh Council and Scottish Futures Trust will continue to share learning and financial models with partners, to explore regional delivery models. |

T: On Time?; B: On Budget?; SAV: Strategic Added Value score

# Edinburgh and South East Scotland City Region Deal Joint Committee

**10am, Friday 2 December 2022**

## Regional Housing Programme Update

**Item number** 5.4

## Executive Summary

This report provides an update on the regional housing programme, key areas of regional collaboration and a recently refreshed set of work priorities.

The pressures currently facing city region housing partners are unprecedented but affordable housing delivery remains strong.

The drive towards net zero carbon will create opportunities for the region as we seek to take forward major housing retrofit programmes alongside new build. However, more financial support is needed to support delivery of the Energy Efficiency Standards for Social Housing 2 (EESSH 2) whilst continuing to sustain new build affordable housing programmes.

There is significant progress in delivery of the seven strategic sites across the region, however, funding and delivery of essential infrastructure remains a critical challenge.

To ensure the region can continue to successfully deliver on its housing ambitions and react to the existing and future political, economic, and environmental conditions a refreshed set of five housing priorities are presented - Affordable Housing Delivery (current and future); Retrofit (EESH2); Home Demonstrator Project; Strategic Sites; and Future Town Centres and New Delivery Models.

**Andrew Kerr**

Chair of Regional Housing Board, ESESCR Deal

Contact: David Baxter, Senior Programme Officer

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# Report

# Regional Housing Programme Update

## 1.    Recommendations

1.1    To note the content of the report;

1.2    To agree the updated regional housing work priorities; and

1.3    To agree for City Region partners to engage with Scottish Government on the scope, opportunity and constraints associated with the City Region Deal £50m Housing Infrastructure Fund commitment.

## 2.    Background

2.1    In 2019, the Joint Committee approved the Regional Housing Programme: Forward Work Programme and recognised the key role it plays in shaping the emerging work on a Regional Growth Framework now Regional Prosperity Framework.

Two strategic aims were identified for the Regional Housing Programme:

- Deliver a step change in innovation and inclusive growth in the housing and construction sectors; and

- Deliver a step change in the supply of new homes across the South East of Scotland.

2.2    There has been significant political, economic, and environmental change at a national, local, and regional level since the since the programme was published and therefore a need to refresh the priorities of the regional housing programme.

## 3.    Main report

### Economic and Housing Context

3.1    The COVID-19 Pandemic and ongoing cost-of-living crisis, is having a profound impact on the lives of our citizens. This crisis has disproportionately impacted the most economically disadvantaged members of the community, with the cost of basic necessities e.g., food and fuel far exceeding any increases to wages. The conflict in Ukraine has added to tensions and shortages at a global level, which have created major challenges for the local and regional supply chains for basic commodities.

3.2    The Pandemic, conflict and inflation have also had a significant impact on construction and the delivery of new development and housing. Supply chain

disruption, including shortages of materials, labour and contractor availability remain key challenges. With construction prices projected to increase by 17% over the next five years, these challenges may become more acute and result in some affordable housing projects being no longer viable to deliver.

3.3 The economic success of the city and parts of the region has made the SE Scotland the fastest growing region in Scotland with much of Scotland's future population and household growth set to take place in the region. The number of households in the South East Scotland area is projected to increase by 18% to 2043, which is above the 10% increase projected for Scotland

3.4 The housing need and demand in the city region is the greatest in Scotland. The Scottish Federation of Housing Associations, The Chartered Institute of Housing and Shelter Scotland commissioned research in June 2020 to look at Scotland's affordable housing need over the next five years. The overwhelming majority, nearly 60% of the total annual affordable homes requirement for Scotland is needed in our city region.

3.5 Different scenarios with HNDA 3 tool project need for between 78,000 and 105,000 new homes over the next 20 years. With the range depending on the changing economic context over that time. The majority of which will be for affordable housing.

3.6 Private rental growth has been much stronger in South East Scotland compared to Scotland, particularly in the Lothian Broad Rental Market Area where private renting is unaffordable for almost 80% of households.

3.7 Despite these challenges the region has continued to successfully deliver new affordable homes, progress strategic sites and various other projects across the region. A summary of these is provided below with further detail provided in the City Region Deal 2021/22 Annual Report:

- The Housing Need and Demand (HNDA) 3 assessment is complete and received Robust and Credible status on 28 July 2022 from the Centre for Housing Market Analysis (CHMA) at Scottish Government. The Scottish Ministers settled position on NPF4 recognises the Robust and Credible status of HNDA 3 and incorporates the figures from HNDA 3 into the Minimum All Tenure Housing Land Requirement for the City Region Deal authorities
- The business case for the Dunfermline strategic transport infrastructure interventions to unlock housing delivery was approved
- Completion and approval of Granton Waterfront Outline Business case
- Construction on 75 net zero homes began in Granton Waterfront began in June 2022. This is the first pilot development in the Edinburgh Home Demonstrator (EHD) Project.
- Ongoing completion of consented development in Blindwells Area 1, with detailed approvals for second phase infrastructure and on-going commercial and residential development phases within that area in place
- Winchburgh has seen the commencement of motorway junction; completion and opening of the non-denominational secondary school.
- At Shawfair Midlothian Energy Limited, a 50/50 Joint Venture between Midlothian Council and Vattenfall Heat UK, ambitious long-term business plan to invest £100m in low-carbon energy projects, including heating, over the next five years.

- In Spring 2022 a Board was established to oversee delivery of housing, supported living and elderly care facilities at Tweedbank
- Edinburgh Living has drawn down all the one-off grant of £16.1m. 350 of the 728 mid-market rent homes have been delivered already with around 170 more homes expected to complete in 2022/23 with the remaining homes in design/development.

3.8 To ensure the region can continue to successfully deliver on its housing ambitions and react to existing and future changes in the political, economic, and environmental challenges, regional housing and planning officers held a workshop on 8 September 2022 to consider what areas of work should be refreshed and prioritised.

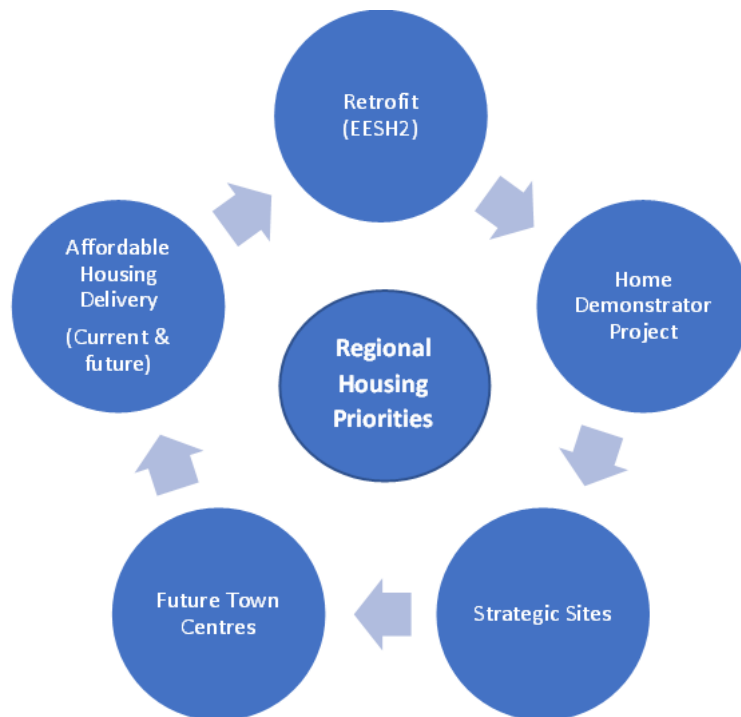3.9 Figure 1 below summarises the refreshed set of regional priorities for the year ahead.



**Figure 1 – Regional Housing Priorities**

3.10 An overview of the five regional priorities is outline below:

**Affordable Housing Delivery (current and future)**

3.11 As demonstrated in the context section of the report this city region has the greatest affordable housing need in Scotland. The region also delivers a significant proportion of Scotland's new homes. Data provided by Scottish Government (Regional outturns for 2020/21[1]) demonstrate over 2,000 site starts; over 1,500 completions; Over 1,900 approvals; and a spend of nearly £140m in 2020/21. Regional Partners continue to deliver affordable housing at record levels and absorb underspend nationally. Over the next 5 years the region had projected that it would spend over £1bn pounds in delivering 18,000 affordable homes.

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[1](Only 20/21 data available at time of writing)

3.12    However, there are significant challenges to realising this ambitious pipeline. There is currently an estimated 28% increase in assumed build cost per home when compared with 2021. This combined with the cost implications of the statutory requirement to deliver Energy Efficiency Standards for Social Housing 2 (EESSH 2) will significantly impact the regions' capacity to deliver new build homes.

**Retrofit (EESH2)**

3.13    New housing in Scotland is expected to have zero emissions with social landlords expected to be fully compliant by 2026.  Significant work will be required to ensure existing properties across all tenures are retrofitted to improve energy efficiency and decarbonised heat to meet new zero emissions targets.

3.14    Regional Partners will need to prioritise delivery of EESSH2 in upcoming years; not only because it is a statutory requirement but because it will help address fuel poverty and contribute towards our collective local, regional, and national carbon and climate change ambitions. Delivery of the EESSH2 programme could deliver an estimated 76% reduction in energy demand for an average home and l create opportunities for apprenticeships, jobs, and supply chains. But as highlighted above it will impact upon the region's capacity and resources to deliver the numbers of new build, affordable homes projected into future years. The City of Edinburgh Council has over 19,000 Council homes with an estimated average whole house retrofit cost of £56,000 per home. Significantly more financial support is required from Scottish Government to support delivery of both the EESSH2 programme and the regions new build affordable housing programmes. The cost of these programmes cannot be met from borrowing on rental income streams (if rents are to remain affordable)

**Home Demonstrator Project**

3.15    Developing and testing a new business model for the delivery of new affordable net zero homes. Based on collaborative procurement, whole-life costings, pipeline coordination and greater use of MMC, the programme aims to transform the productivity and performance of affordable housing and to enable the move towards homes built to net zero carbon standards.

3.16    The Project aims to demonstrate the effectiveness of homes designed and constructed to net zero carbon using Modern Methods of Construction (MMC). MMC uses technology, new materials, and contemporary on-site building techniques to improve efficiency and quality in buildings.

3.17    This work is in collaboration with:

- Scottish Government
- Scottish Futures Trust
- Off Site Solutions Scotland
- Edinburgh Napier University
- Built Environment _ Smarter Transformation (BE-ST)

3.18    A set of standard house types have been developed that could be used across sites in the region and a demonstration project is underway at Granton. This will deliver

75 net zero homes. A second stage pilot is at pre-construction stage in Greendykes, Edinburgh.

3.19 Work is ongoing with Regional Partners and their developing RSLs to develop e a pipeline of around 850 homes to be taken forward as a third stage pilot.

**Strategic Sites**

3.20 Work will continue in 2023 to deliver strategic sites (Blindwells, Calderwood, Dunfermline, Edinburgh's Waterfront, Shawfair, Tweedbank and Winchburgh). Transforming vacant and derelict land to deliver net zero carbon homes; green energy solutions; regeneration; and a just transition to a zero-carbon future.

3.21 Tables 1 and 2 below demonstrate the number of homes completed and approved over the last year.

| Delivery (completions) | Tenure Mix | | |
|---|---|---|---|
| | Social Rent | MMR | Market |
| **Total** | 156 | | 653 |

Table 1 – Completions across the Strategic Sites

| Delivery (approvals) | Tenure Mix | | |
|---|---|---|---|
| | Social Rent | MMR | Market |
| **Total** | 3,121 | 281 | 8,897 |

Table 2 – Approvals across the Strategic Sites

3.22 Looking ahead there are several key milestones in the upcoming year and captured in table 3 below.

| Date | Activity |
|---|---|
| Dec 2022/ Early 2023 | • Dunfermline - Planning application to be submitted for new bridge at Halbeath (first major element of the new Northern Link Road).<br>• Shawfair - Agreement on provision of all through campus in Shawfair Town Centre<br>• Blindwells – Draft Strategic Business Case |
| Summer 2023 | • Granton Waterfront - Full Business Case (s) for Phase 1 'Heart of Granton' and heat network solution will be presented to Council committee for approval |
| End 2023 | • Shawfair - Draft Town Centre Strategy published |

Table 3 – Upcoming Milestones

3.23 Delivering infrastructure solutions and securing funding for an infrastructure first approach to support delivery of 35,000 homes with around 35% being affordable remains a key challenge.

3.24 The at least £50m Housing Infrastructure Fund committed as part of the City Region Deal sits with Scottish Government. The Fund was initally stated as being made up of predominantly private sector loans. However, last year the Dunfermline Strategic

Housing Site business case was successful in securing grant funding to unlock key strategic transport interventions.

3.25 Therefore, it is recommended that City Region Deal partners engage with Scottish Government to determine the scope, opportunity and constraints associated with the fund to accelerate delivery of the strategic sites.

**Future Town Centres and New Delivery Models**

3.26 Regional Partners will work to identify opportunities to re-purpose surplus office accommodation, empty retail units, and spaces above shops into affordable homes to help to arrest the decline in town centres, deliver high quality placemaking principles and increase town centre living.

3.27 Collaboration across housing, regeneration and planning is needed to utilise a blend of funding to transform empty units into homes, create new footfall and revitalise our town centres. There is an opportunity to work with Scottish Government and other stakeholders to deliver Housing to 2040 aims of increasing town centre living through demonstrator locations and looking at what future Town Centre Living and 20-minute neighbourhood models.

3.28 Partners will also seek to secure assistance with delivering Mixed Tenure sustainable developments and new housing delivery models.

3.29 there is an opportunity to explore opportunities to work with institutional investors and private finance to deliver affordable housing and Build to Rent homes in the region to deliver high-quality professionally managed homes, in well-designed, sustainable places, quickly and at scale. Subject to right structures being put in place (e.g. use of lease-based systems) and agreements that ensure homes remain affordable in perpetuity.

**Next Steps**

3.30 Subject to Joint Committee approval Regional Housing Partners will work with the Regional Housing to develop actions under each of the five regional housing priorities and engage with Scottish Government and other stakeholders on how each of these priorities can be progressed.

## 4. Financial impact

4.1 Delivering both EESSH2 and sustaining local authority partners new build affordable housing programmes will require significantly more financial support than current funding levels.

4.2 The Strategic Sites can deliver transformational regeneration delivering thousands of homes, jobs, and economic benefits. But the scale of the opportunity carries significant infrastructure challenges. Funding and new delivery tools are required help both public and private sector partners to successfully deliver infrastructure first approach

4.3 As a key part of the Deal, The Scottish Government and city region committed to work together on each of the seven strategic housing sites recognising the long-term nature of these proposals with most new homes being delivered over a 15-year

period. To support this, the Scottish Government committed at least £50 million. Regional Partners will continue to develop business cases and collaborate with Government to identify the interventions required to accelerate delivery.

## 5. Alignment with Sustainable, Inclusive Growth Ambitions

5.1 Under EESH 2 new housing will need to have zero emissions with social landlords expected to be fully compliant by 2026.  Significant work will be required to ensure existing properties across all tenures are retrofitted to improve energy efficiency and decarbonised heat to meet new zero emissions targets.

5.2 The Edinburgh Home Demonstrator will project is delivering Net Zero Carbon Homes in Granton and will seek to scale up delivery across the city region.

## 6. Background reading/external references

6.1 Regional Housing Work Programme 2019

6.2 City Region Deal Annual Report 2021/22

## 7. Appendices

7.1 None.

# Edinburgh and South East Scotland City Region Deal Joint Committee

**10am, Friday 2 December 2022**

## Draft Terms of Reference – City Region Deal Integrated Employer Engagement internal audit

**Item number** 5.5

### Executive Summary

The City of Edinburgh Council (CEC) as Lead Authority acts as the Accountable Body for Edinburgh and South East Scotland City Region Deal.

The City Region Deal's Grant Offer Letter for 2022/23 introduced a requirement that, in addition to compliance with normal internal and external audit controls, the Deal should be subject to an audit, every second year at a minimum, the focus of which will be determined by the Accountable Body's Internal Audit Team.

At its meeting on 2 September 2022, Joint Committee agreed that it would be appropriate to conduct an audit of the Integrated Employer Engagement project within the Integrated Regional Employability and Skills Programme

This report asks Joint Committee to note and approve the scope and terms of reference for the audit of the Integrated Employer Engagement (IEE) Project, which is planned to take place between January and March 2023.

The findings of the audit will be reported to Joint Committee on 2 June 2023, as well as a forward Audit Plan.

**Andrew Kerr**

Chief Executive, The City of Edinburgh Council (Accountable Body)

Contact: Andy Nichol, Programme Manager, Edinburgh and South East Scotland City Region Deal

E-mail: andy.nichol@edinburgh.gov.uk | Tel: 0131 529 4461

# Report

## Draft Terms of Reference – City Region Deal Integrated Employer Engagement internal audit

## 1. Recommendations

1.1     To note and approve the Terms of Reference for the audit of the Integrated Employer Engagement (IEE) Project, which is planned to take place between January and March 2023, by the City Region Deal Accountable Body's internal auditors.

## 2. Background

2.1     The City Region Deal's Grant Offer Letter for 2022/23 introduced a requirement "*In addition to compliance with normal internal and external audit controls*" that "*the Edinburgh and South East Scotland City Region Deal should be subject to an audit, the focus of which will be determined by the Accountable Body's Internal Audit Team. We would expect the Edinburgh and South East Scotland City Region Deal to form part of the Accountable Body's Risk Based Internal Audit Plan every second year as a minimum.*"

2.2     At its meeting on 2 September 2022, Joint Committee agreed that it would be appropriate to conduct an audit of the Integrated Employer Engagement project within the Integrated Regional Employability and Skills Programme by the end of the 2022/23 financial year, and that a proposed scope and terms of reference for the audit would be considered by Joint Committee at its next meeting on 2 December 2022.

## 3. Main report

3.1     The IEE project is part of the Integrated Regional Employability and Skills (IRES) programme. The IRES programme represents a £25m investment as part of the larger City Region Deal. The IEE project seeks to bring together training providers and local employers, including small to medium enterprises (SMEs), to develop ways to assist the population of the region (Fife, Scottish Borders, the Lothians, and City of Edinburgh) to receive the training and support they need to enter employment.

3.2 The City of Edinburgh Council is the lead constituent council for the project. IEE is being delivered by the Capital City Partnership, an Arm's Length External Organisation (ALEO) of the City of Edinburgh Council.

3.3 The auditors will identify and evaluate the design and operating effectiveness of the key controls in place to address the key risks in relation to the IEE project through review of processes and completion of sample testing across the period March 2019 to December 2022. The full draft terms of reference are appended to this report.

3.4 The findings of the audit will be reported to Joint Committee on 2 June 2023, as well as a forward Audit Plan.

## 4. Financial impact

4.1 There are no direct financial impacts to the City Region Deal partners as a result of this report. The IEE Project Team, and the City Region Deal Programme Management Office will take cognisance of the feedback and will ensure that the necessary changes are made, and adequately resourced.

## 5. Alignment with Sustainable, Inclusive Growth Ambitions

5.1 The audit will fully explore the effectiveness of the IEE project's processes towards achieving its ambitions, which are strongly aimed at achieveing sustainable, inclusive growth.

5.2 In its project proposition, approved by Joint Committee in June 2019, it stated: *The IEE project proposal is an integral part of this wider IRES Programme and it is anticipated that it will generate significant inclusive growth benefits, including: increased number of disadvantaged participants engaged in job searching, education/training, gain a qualification, or are in employment (including self-employment) upon leaving; and increased number of disadvantaged participants in workless, lone parent or low income households with improved skills.*

## 6. Background reading/external references

6.1 Integrated Employer Engagement Project Proposition (approved by the Edinburgh and South East Scotland City Region Deal Joint Committee in June 2019)

## 7. Appendices

7.1 Draft Terms of Reference – City Region Deal Integrated Employer Engagement

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# Capital City Partnership

## Draft Terms of Reference – City Region Deal Integrated Employer Engagement

To:     Paul Lawrence, Executive Director, Place
        Rona Hunter, Chief Executive Officer, Capital City Partnership
        Andy Nichol, Programme Manager (PMO) Edinburgh and South East Scotland City
        Region Deal/Edinburgh 2050 City Vision

From:  Laura Calder, Senior Audit Manager          Date:    25 October 2022

Cc:     *See Key Contacts List*

This review is being undertaken as an addition to the 2022/23 internal audit plan approved by the Governance and Best Value committee in October 2022.

### Background

A City Region Deal is a mechanism for accelerating productivity and growth while reducing inequalities and deprivation, by pulling in significant government investment. The six local authorities that make up the Edinburgh and South East Scotland City region, together with regional education and training providers and the private sector, signed a 15-year Deal with the UK and Scottish Governments in August 2018, with a value of £1.3 billion (now worth over £1.4 billion). The Deal aims to drive productivity and growth while reducing inequalities and deprivation.

The Integrated Employer Engagement (IEE) is part of the Integrated Regional Employability and Skills (IRES) programme. The IRES programme represents a £25m investment as part of the larger City Region Deal. The IEE project seeks to bring together training providers and local employers, including small to medium enterprises (SMEs), to develop ways to assist the population of the region (Fife, Scottish Borders, the Lothians, and City of Edinburgh) to receive the training and support they need to enter employment.

The IEE is run by the Capital City Partnership, an Arm's Length External Organisation (ALEO) of the City of Edinburgh Council. The City of Edinburgh Council is the official lead organisation for the project with Al Bryce as the responsible manager.

## Scope

The objective of this review is to assess the adequacy of design and operating effectiveness of the key controls established to ensure that the Integrated Employer Engagement programme is achieving its objectives.

The review will also provide assurance in relation to the following IRES programme risks:

1) Inefficient Financial Management
2) Failure to achieve programme targets
3) Failure to provide effective programme management and governance.

## Limitations of Scope

There are no areas specifically excluded from the scope of the review.

## Approach

The following approach will be applied to support completion of the review:

- identify and evaluate the design and operating effectiveness of the key controls in place to address the key risks in relation to the City Region Deal – Integrated Employer Engagement through review of processes and completion of sample testing across the period March 2019 to December 2022.

The audit areas and related control objectives that will be tested in detail are as follows:

| Audit Area | Control Objectives |
|---|---|
| IEE project planning | An IEE delivery plan, which includes clearly stated aims and objectives and has been approved by IRES Board, with delivery progress monitored against agreed milestones. |
| IEE project grants process | There are processes and procedures in place to implement the project plan, which include arrangements for awarding grants, drawing down funding, and monitoring expenditure on the project to ensure it complies with grant stipulations. |
| IEE project reporting and governance | Regular reports and information are presented to the IEE Delivery Advisory Group and Integrated Regional Employability and Skills Board, to ensure the programme delivers its objectives against the specific programme measures across the programme term.

There is also regular reporting provided to the IRES Programme Management Office, and change requests are also made from the IEE project team to the IRES Programme Management Office. |

**Internal Audit Team**

| Name | Role | Contact Details |
|------|------|-----------------|
| Colin McCurley | Acting Principal Audit Manager | colin.mccurley@edinburgh.gov.uk |
| Stuart Townley | Auditor | stuart.townley@edinburgh.gov.uk |

**Key Contacts**

| Name | Role | Contact Details |
|------|------|-----------------|
| Rona Hunter | Chief Executive Officer, Capital City Partnership | rona.hunter@capitalcitypartnership.org |
| Ellen Munro | Integrated Employer Engagement Manager | ellen.munro@capitalcitypartnership.org |
| Nicola Raine | IRES Programme Connector | nicola.raine@capitalcitypartnership.org |
| Al Bryce | Business Growth and Inclusion Contract and Programme manager | Al.bryce@edinburgh.gov.uk |

**Controls Training**

We have developed a short course about risk and controls for users who are about to undergo an Internal Audit. The course is available here and also on myLearning hub.

**Indicative Timetable**

| Fieldwork Start 06 Jan 23 | Fieldwork End 27 Jan 23 | Close-out 03 Feb 23 | Draft Report 17 Feb 23 | Workshop 24 Feb 23 | Final report 24 Mar 23 |
|---|---|---|---|---|---|

# Appendix 1:   Information Request

It would be helpful to have the following available prior to our audit or at the latest our first day of field work:

- most recent project risk registers
- monthly IEE reporting
- terms of Reference for the IEE project/IRES sign off
- meeting minutes for IEE quarterly progress meetings.

This list is not intended to be exhaustive; we may require additional information during the audit which we will bring to your attention at the earliest opportunity.

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