

Edinburgh and South East Scotland City Region Deal Joint Committee

10am, Friday 7 June 2024

Regional Prosperity Framework - Annual Update

Item number 5.5

Executive Summary

This report outlines key progress made on the delivery of the programmes and projects identified within the Regional Prosperity Framework Delivery Plan.

In contrast to much of the rest of Scotland, the Edinburgh and South East Scotland City Region continues to experience rapid population and economic growth. Accommodating this growth is becoming an increasing challenge for many of the Local Authorities and an approach to both reflect this challenge and deliver sustainable growth in the region is proposed.

Paul Lawrence

Senior Responsible Officer, Regional Prosperity Framework

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

E-mail: Andy.Nichol@edinburgh.gov.uk | Tel: 0131 529 4461

Regional Prosperity Framework Annual Update

1. Recommendations

- 1.1 To note the contents of the report and progress made on the Regional Prosperity Framework Delivery Plan; and
- 1.2 To approve the proposed approach to continue to deliver sustainable growth in the ESES City Region.

2. Background

- 2.1 In September 2021, the Joint Committee approved the [Regional Prosperity Framework](#) and the [Regional Prosperity Framework Delivery Plan](#) in in March 2023.
- 2.2 The maturity of the regional partnership with UK and Scottish Governments has enabled the City Region Deal partners to develop a Regional Prosperity Framework (RPF). The Framework is the articulation of the next phase of the development of the regional economy, building upon the successes of the City Region Deal both in terms of the programmes and also in terms of regional collaboration. It aims to provide a blueprint for regional economy over the next 20 years and provide future direction for major projects and investment.
- 2.3 The RPF Delivery Plan set out an ambitious series of four key programmes to deliver the region's ambitions:
 - Green Regeneration;
 - Infrastructure for Recovery and Prosperity;
 - Visitor Economy and Culture; and
 - Data Driven Innovation (DDI) Economy.
- 2.4 These programmes are designed to enable the city region to maintain and enhance its global reputation and become the data capital of Europe, delivering sustainable and inclusive growth. The Delivery Plan aligns with Scotland's National Strategy for Economic Transformation (NSET), Scotland's Regional Economic Policy Review recommendations, and UK Government's Levelling Up priorities.
- 2.5 Regional partners asked the Scottish and UK Governments to continue to commit to work in tripartite partnership to deliver our Blueprint through a long term, integrated, place-based funding allocation to deliver shared outcomes.

- 2.6 To be able to reflect current and future economic shocks, the RPF Delivery Plan was developed as a living document, with regional priorities to be reviewed annually and refreshed, with programmes and projects added or subtracted to ensure a continued focus on the ambitions of the Plan and to reflect what is happening at the local, regional, national, and macro level of the economy.
- 2.7 In December 2022, the Regional Economic Policy Advisory Group established by Scottish Government, [published](#) its review of regional economic policy delivery and made recommendations for how regional economic policy can be improved and delivered successfully in Scotland. There were two recommendations that City Region Partners felt closely aligned to the RPF. These were as follows:
- 2.7.1 **Aggregated place-based budgets:** A key recommendation by the Advisory Group was for improved policy alignment to make more joined-up funding decisions, potentially using existing funding streams, channelling through regional partnerships to support shared outcomes. This should include consideration of aggregating funding. The RPF identified aggregated regional place-based funding as a key area to enable the region to progress projects and to achieve the greatest benefit. Such a funding arrangement could also provide the critical resources needed to progress key RPF programmes with immediate effect. ESES partners have highlighted consistently that they are strongly supportive of such a mechanism and recommended that it form a key part of the Scottish Government’s budget in 24/25.
- 2.7.2 **Regional Intelligence Hub** – Another key recommendation by the Advisory Group, was for the Scottish Government to work with regional partners to explore establishing Regional Intelligence Hubs with areas prioritised to pilot Hubs. In response, the University of Edinburgh and Smart Data Foundry developed a proposition in collaboration with officers from across the region and in consultation with the Elected Member Oversight Committee.

3. Main report

- 3.1 Following the publication of the RPF Delivery Plan a letter was sent in April 2023 from the Joint Committee Convener to Scottish and UK Government Ministers to promote the Plan and engage both Governments in the region’s future economic ambitions and to start discussions on what might follow the first generation of City Region and Growth Deals.
- 3.2 Subsequently, in October 2023, Officers and Members met with both Lord Malcolm Offord, then Parliamentary Under Secretary of State Office of the Secretary of State for Scotland, and the then Cabinet-Secretary for Wellbeing Economy, Fair Work and Energy Neil Gray.
- 3.3 Regional Housing Partners also met with the Minister for Housing, Paul MacLennan in October 2023 to discuss the RPF and strategic sites.
- 3.4 The 2024/25 Scottish and UK budgets did not include any funding commitments for the RPF Delivery Plan, nor the recommendations made in the Scottish Government Regional Economic Policy Review.

- 3.5 The UK Government Scotland Office continues to work on a review of Local Economic Growth including City Region and Growth Deals. The responses and input provided will form part of a wider evidence base that will enable the Scotland Office to develop proposals for the possible future of UK Government local economic growth interventions in Scotland as part of the next Spending Review, subject to Treasury.
- 3.6 The ESES region has been actively feeding into this review highlighting the success of the City Region Deal and making case for RPF priorities, aggregated place-based funding and longer-term commitment of funding. A series of Director and Chief Executive workshops in May and June will provide further opportunity for the region to influence this review.
- 3.7 The Scottish Affairs Committee Inquiry is taking an in-depth look at the progress of City Region Deals and Growth Deals. The ESES City Region partners submitted a written submission ahead of the 21 April 2024 deadline and will participate in a roundtable evidence session with the Committee in June 2024.
- 3.8 Regional partners have continued to develop projects identified in the RPF Delivery Plan and when funding has been made available, progress projects into delivery. For example, with UK Government Shared Prosperity Funding (UKSPF) the six Local Authorities have pooled some of their individual funding to deliver priority projects within the RPF. Working closely with Capital City Partnership partners have been able to progress several priority projects, a short summary is outlined below:

UKSPF Funded RPF Projects

- 3.9 **Regional Climate Risk and Opportunity Assessment (Climate Ready South East Scotland).** Led by the environmental charity SNIFFER, the project will provide a detailed assessment of the climate risks and opportunities facing the region. The assessment will draw on the best available scientific data and evidence and will involve communities across the region in sharing their experiences and will identify where more action is needed and will provide the evidence needed to prioritise adaptation action across the region.
- 3.10 Significant progress has been made as follows:
- The project is now named Climate Ready South East Scotland with a dedicated [webpage](#);
 - A Lead Officer has been successfully appointed;
 - A key stakeholder event took place on 29 April to engage key organisations within the region with exposure to climate risk and a role in delivering adaptation now and in the future;
 - An invitation to quote has been issued to undertake an economic assessment of the climate risks and opportunities for the region; and
 - Project is set to be complete by 31st March 2025
- 3.11 **Regional Net Zero Skills Accelerator Feasibility Study** – led by West Lothian College and University of Edinburgh, the feasibility project will outline how the establishment of the Net Zero Skills Accelerator Hub would address the critically important demand and supply side barriers that currently exist, to help key sectors begin or accelerate the transition to net zero. The study is delivering the following:

- Mapping current skills and training outputs across the colleges and six local authority areas;
- Mapping future net zero demands for each local authority across the respective net zero thematic areas mentioned above;
- Identify current and future resources needs and growth required for future delivery;
- Conceptual design of Hub additional training and upskilling facilities which could be modularised and deployed at each of the colleges and/or local authority assigned training facility;
- Combining the outputs from all the above to produce a comprehensive feasibility study which would be used to help attract funding to establish the Hub and commence delivery; and
- Significant progress has been made on most of these phases and the feasibility study is due to complete by 31st July 2024.

3.12 **Visitor Economy and Culture Programme:** a Regional Visitor Economy Partnership was quickly established following the approval of the RPF Delivery Plan with membership made up of the six Local Authorities, Scottish Enterprise, South of Scotland Enterprise and Visit Scotland. The Partnership agreed four immediate priority projects as follows:

1. **Visitor Economy Data – Data Driven Innovation Approach to Visitor Economy Destination Management** – There are two key components:
 - Accommodation Audit, Transport Data, Festival & Cultural Events Data, Regional Movement Insights – data integration and offering practical data solutions for the region's tourism challenges, particularly during peak times (i.e. festivals and large cultural events).
 - Partnership with Mastercard - Mastercard's transaction data provides a wealth of anonymised, aggregated insights into consumer spending patterns, which can be leveraged to inform strategic planning around accommodation and transport services during times of high visitation (i.e. large cultural events and festivals).
2. **Cycling Tourism - Leading Cycling Holiday Destination** – Develop a long-term strategic approach to investment in cycling infrastructure to determine what needs to put in place for the region to become a leading destination for cycling holidays. Phase 1 is to contract a consultant to deliver a Cycling Tourism Strategic Vision Framework. Based on the outcomes and recommendations of the work, business cases will be developed.
3. **Cultural Tourism - Regional Creative Content & Touring Framework** – Edinburgh is world renowned as a festival city and a focus for cultural discovery. Despite the considerable contribution by the Edinburgh Festivals programme, the sector is under strain and there is an opportunity to utilise the Edinburgh Festivals to derive greater benefit to festivals, creatives and the wider visitor economy at a regional level. Phase 1 of this project will define the current audience for performing arts offers within the region and identify levels of latent demand for performing arts offers within region. The project will use the Festivals status, and foundations, to strengthen the region's visitor economy through the development of world-class arts, cultural facilities and programming across the region. This will grow the region's reputation for

creative arts and performance and provide further reasons for people to visit across the year.

4. The Forth - Responsible Approach to Regional Cruise Management –

Development of a Regional Cruise Passenger Management Plan to allow for a strategic and collaborative approach to better manage “cruise passengers in destination”. This work will not focus on increasing capacity by bringing additional cruise ships to the region, but rather to ensure a responsible approach to managing those visitors. This will improve the visitor experience for cruise visitors and enable the surrounding infrastructure to be fit for purpose and ensure that the interests of local communities are considered and are positively impacted, whilst benefitting from the opportunities which cruise tourism could bring across the wider ESES region.

- 3.13 **Regional Energy Masterplan.** Proposition is currently being finalised. UKSPF funding has been agreed in principle. Project will take a whole energy system approach, producing a single analysis of regional energy requirements and provide opportunities to work collaboratively to scale up projects and leverage investment.

Other Selected RPF Project Updates

- 3.14 There has also been progress on other RPF priority projects which have not received UKSPF or other external funding and have relied predominantly on the resources and contributions from the PMO and regional partners. This is summarised below:
- 3.15 **Strategic Site Investment Prospectus.** Building on constructive engagement with the Minister for Housing in October 2023, Regional Housing Partners and Strategic Site Lead Officers agreed to develop a Strategic Site Investment Prospectus. This includes demonstration of the infrastructure challenges associated with unlocking the sites; capital and revenue requirements; potential delivery mechanisms; and the transformational opportunities, benefits and outcomes associated with delivering the 40,000 homes across these sites.
- 3.16 The University of Edinburgh and the City Region Deal PMO have been working closely with Strategic Site Lead Officers on an economic impact model which will demonstrate the economic and societal benefits of delivering the sites. Both Scottish Government and UK Government economists have been consulted on the assumptions and methodology being used for this model.
- 3.17 A workshop was held on 1 March 2024 with Regional Chief Finance Officers, Scottish Futures Trust, and Scottish Government to explore innovative funding models that can help accelerate the delivery of the strategic sites and future growth.
- 3.18 A further meeting took place on 30 April with Scottish Government and Scottish Futures Trust to continue this engagement and to agree a collaborative approach to conclude this work by June 2024.
- 3.19 **Regional Delivery Alliance.** This project builds on the Edinburgh Home Demonstrator Project which aimed to deliver a new model for delivering affordable Net Zero homes. The model is centred around collaborative procurement, whole life costing, development pipeline, and increased standardisation of housing types.

- 3.20 The Regional Housing partners have committed to fund the Regional Delivery Alliance for a two-year period initially to March 2025 to scale up this approach and deliver the following:
- Higher performing affordable housing that will address fuel poverty;
 - Collaborative approach to achieving Net Zero Carbon;
 - Collaborative approach to developing key skills supply chains;
 - Efficiency of capital and whole life cycle costings;
 - Sustain/maintain regional pipeline including strategic sites;
 - Engage with industry on pipeline delivery;
 - Support initial feasibility studies;
 - Sustain/maintain regional typologies and design and performance standard; and
 - Facilitate the bundling of sites across the region.
- 3.21 The Project is actively recruiting a dedicated project manager to progress the project.
- 3.22 **Forth Green Freeport.** The Outline Business Case was submitted on 24 November 2023. Regional partners expect approval of the Forth Green Freeport Outline Business Case imminently, with the tax site designation to follow in June. The Full Business Case is currently being progressed and is expected to be submitted to the UK and Scottish Governments shortly thereafter. Once the Full Business Case is approved, around 8-12 weeks following submission, the £25m seed funding will be released for funding of capital projects on the tax sites as outlined in the business cases.
- 3.23 **Regional Transport Delivery Plan.** The RPF highlighted the need for a Regional Transport Masterplan/Delivery Plan to help deliver the aspirations of the Regional Transport Strategy to support the success of the RPF, while complementing the commitments of STPR2 and local transport strategies.
- 3.24 A cross partner transport officer group, similar to that which informed the transport elements of the RPF Delivery Plan, is being re-established. This group will develop a scope for delivery, while ensuring synergies with regional and national commitments.

Next Steps

- 3.25 Regional Partners will continue to deliver the priorities identified within the RPF Delivery Plan and work to secure funding for those projects which remain unfunded.
- 3.26 Much of the project work over the last year has been on feasibility studies and project initiation, and planning. As projects are progressed, it is important that outcomes and benefits are monitored and captured. The RPF benefits will align with the process that is established with the overall City Region Deal, working closely with the Benefits Realisation Officer.
- 3.27 The First Minister recently outlined the following priorities for Scottish Government: eradicating child poverty; growing the economy; and tackling the climate emergency by investing in green energy and infrastructure. This aligns closely with the priority programmes in the RPF Delivery Plan and approach set out below to deliver sustainable growth in the region.

Delivering Sustainable Future Growth in Edinburgh and South East Scotland

- 3.28 The region is the fastest-growing in Scotland and one of the fastest-growing in the UK, continuing to attract talent to work and live in the most economically successful part of Scotland. This rapid growth in population contrasts with slow or declining population in much of the rest of Scotland.
- 3.29 This growth, combined with low private sector margins/risk and tight public spending is placing unprecedented pressure on infrastructure, and services. There are significant consequences of accommodating this growth for local authorities in both capital terms (for example delivering affordable housing and new school buildings), and in recurring revenue terms (for example in delivering personal care and servicing new school).
- 3.30 The Scottish Government declared a national housing emergency on 15 May 2024. This region has four Local Authorities (The City of Edinburgh Council, Fife Council, Scottish Borders Council and West Lothian Council), that have declared housing emergencies due to the unprecedented pressure on housing and homelessness services in their local areas.
- 3.31 To accommodate growth and enable delivery of our future economic ambitions it is recommended that the ESES City Region partners develop a focused sustainable growth strategy, building on the RPF and RPF Delivery Plan, with updated asks of Government including what a place-based funding and resource settlement could look like for the ESES Region.

4. Financial impact

- 4.1 The work on the RPF has been overseen by the City Region Deal Directors Group which includes representation from both Scottish and UK Government; the Regional Enterprise Council; and the Elected Member Oversight Committee
- 4.2 Approval of the RPF Delivery Plan did not commit resources from the six constituent local authorities, with work to date being progressed through the ESES City Region Deal PMO, existing partnerships and new partnership arrangements, for example, SNIFFER leading the Climate Ready South East Scotland project and Visit Scotland leading the Visitor Economy programme.
- 4.3 Delivery will continue to be achieved through existing resources and additional public and private sector investment. As external funds are secured programmes and projects will be progressed on a case-by-case basis, based on the development of individual business cases.
- 4.4 City Region Partners want the Delivery Plan to be supported through a medium to long term, integrated, place-based funding allocation based on shared outcomes. Officers will develop the case for this funding approach, which should cover the whole-life costs of delivery and will present this to UK and Scottish Government as part of the refreshed strategy outlined under next steps in this report. Partners will continue to work with Scottish Government to ensure that the RPF Delivery Plan aligns to programmes and spend on NSET, STPR2, infrastructure and other relevant areas.

5. Alignment with Sustainable, Inclusive Growth Ambitions

- 5.1 The RPF Delivery Plan has an ambition and vision to protect the environment and make best use of our extraordinary built and natural assets. This will ensure that our Region delivers a just transition to a net zero economy. There are three main goals of the RPF Delivery Plan: to reduce economic exclusion; sustained and increased competitiveness; and accelerate a fair transition to Net Zero.
- 5.2 Many of the projects identified in the RPF Delivery Plan can accelerate the regions transition to Net Zero including but not limited to:
- Climate Ready South East Scotland
 - Net Zero Skills Accelerator Hub
 - Regional Energy Master Plan
 - Regional Delivery Alliance
 - Regional Transport Delivery Plan
 - Strategic Regeneration Sites
 - Forth Collaboration Network and Economic Corridor
 - Green Freeport

6. Background reading/external references

- 6.1 [Regional Prosperity Framework](#)
- 6.2 [Regional Prosperity Framework Delivery Plan](#)

7. Appendices

- 7.1 None.