

City of Edinburgh Council

10.00am, Thursday, 27 June 2024

City Strategic Investment Fund – Strategic Programmes – referral from the Policy and Sustainability Committee

Executive/routine
Wards

Executive

1. For Decision/Action

- 1.1 The Policy and Sustainability Committee has referred a report on the City Strategic Investment Fund (CSIF) to the City of Edinburgh Council for approval.

Dr Deborah Smart

Executive Director of Corporate Services

Contact: Jamie Macrae, Committee Officer

Legal and Assurance Division, Corporate Services Directorate

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Referral Report

City Strategic Investment Fund – Strategic Programmes – referral from the Policy and Sustainability Committee

2. Terms of Referral

2.1 On 29 May 2024, the Policy and Sustainability Committee considered a report by the Executive Director of Place on the City Strategic Investment Fund (CSIF).

2.2 Motion

1) To agree to reallocate monies from the Strategic Programmes element of the City Strategic Investment Fund as set out in the report by the Executive Director of Place.

2) To refer the decision to Full Council for approval.

- moved by Councillor Day, seconded by Councillor Watt

Amendment

1) To welcome Officer recommendations that £97,650.84 of planned expenditure on the bio-quarter was now no longer needed.

2) To welcome Officer recommendations that £345,000 of planned expenditure on West Edinburgh was not currently needed.

3) Therefore, to agree to move £442,650.84 (the sum of these figures plus the unallocated amount of £2,875) into unallocated reserves, to be allocated as part of the budget-setting process.

4) To recognise that the Granton Waterfront Project may be facing additional costs, and request that – should these costs need to be met before the 2025/26 budget was agreed – a detailed paper outlining the additional expenditure requirements be brought to Finance & Resources Committee for a decision.

- moved by Councillor Mumford, seconded by Councillor Parker

In accordance with Standing Order 22(13), the Amendment was adjusted and accepted as an addendum to the motion.

Decision

To approve the following adjusted motion by Councillor Day:

- 1) To welcome Officer recommendations that £97,650.84 of planned expenditure on the bio-quarter was now no longer needed.
- 2) To welcome Officer recommendations that £345,000 of planned expenditure on West Edinburgh was not currently needed.
- 3) To recognise that the Granton Waterfront Project may be facing additional costs, and request that – should these costs need to be met before the 2025/26 budget was agreed – a detailed paper outlining the additional expenditure requirements be brought to Finance & Resources Committee for a decision.
- 4) To refer the decision to Full Council for approval.
- 5) To ask officers to bring forward a proposal within the next 12 months, but before the budget setting process, on how funding should be allocated.

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

3. Background Reading/ External References

[Policy and Sustainability Committee of 28 May 2024 - webcast](#)

4. Appendices

Appendix 1 – Report by the Executive Director of Place

Policy and Sustainability Committee

10.00am, Tuesday, 28 May 2024

City Strategic Investment Fund – Strategic Programmes

Executive/routine
Wards

Executive
All

1. Recommendations

- 1.1 It is recommended that Committee agrees to reallocate monies from the Strategic Programmes element of the City Strategic Investment Fund as set out in this report.

Paul Lawrence

Executive Director of Place

Contact: Kyle Drummond, Programme Development Officer

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City Strategic Investment Fund – Strategic Programmes

2. Executive Summary

- 2.1 This report provides an update on the City Strategic Investment Fund (CSIF).
- 2.2 Committee is asked to agree a revised allocation of the £2.15m Strategic Programme element of the CSIF to reflect the updated financial positions of the respective programmes.

3. Background

- 3.1 On 7 February 2013, the Council approved the creation of the [CSIF](#) to “create new development opportunities, support business innovation, deliver jobs and promote economic growth in Edinburgh”. It was established as an evergreen fund which provides debt and equity finance for projects delivering a return on investment. The Council agreed to capitalise the CSIF with £7.5m. An [investment strategy](#) for the fund was agreed by the then Economy Committee on 29 April 2014. On 7 June 2018, [updated repayment terms](#) for the CSIF were agreed by the then Housing and Economy Committee.
- 3.2 At Policy and Sustainability Committee on 25 October 2019 a [new strategy](#) for the use of the CSIF was agreed and the Council on 21 November 2019 endorsed the strategy. This strategy entailed separating the CSIF into a non-repayable “Strategic Programme” element; a non-repayable match funding element; and a loan fund element. The Council also agreed to move £902,084 of the CSIF into unallocated reserves.
- 3.3 On 21 March 2023 the [latest allocations](#) for the £2.15m Strategic Programme element were agreed:

Programme	Allocation
Edinburgh Waterfront	£604,658.00
Edinburgh BioQuarter	£542,467.00
West Edinburgh	£345,000.00
ESSTS2	£655,000.00
Unallocated	£2,875
Total	£2,150,000.00

4. Main report

Strategic Programme element

- 4.1 The current balance of each programme within the Strategic Programme element is summarised in the table below:

Programme	Budget	Drawdowns	Balance
Edinburgh Waterfront	£604,658.00	£604,658.00	£0.00
BioQuarter	£542,467.00	£444,816.16	£97,650.84
West Edinburgh	£345,000.00	£0.00	£345,000.00
ESSTS2	£655,000.00	£320,000.00	£335,000.00
Unallocated	£2,875.00	£0.00	£2,875.00
Total	£2,150,000.00	£1,369,474.16	£780,525.84

Edinburgh Waterfront

- 4.2 £604,658 was allocated to the Granton Waterfront regeneration project to fund project management costs during the planning stage of the project, leading to the finalisation of an outline business case. This work is now well underway, and £600,000 of this allocation has been drawn down to support this work.
- 4.3 The remaining £4,658 has been drawn down in support of the strategic business case for Edinburgh Strategic Sustainable Transport Study 2 (ESSTS2) given the importance of strategic public transport solutions for the future of the Granton Waterfront, as set out in the [report](#) to Committee on 23 February 2021. The total drawn down to date is therefore £604,658.
- 4.4 The Granton Waterfront regeneration project is ongoing and has seen some widening of its scope, for example with the Granton heat network and the Granton Heritage and Place Programme. Given this, it is proposed to increase the allocation to Edinburgh Waterfront by £445,525.84 to £1,050,183.84.

Edinburgh BioQuarter

- 4.5 £542,467.00 was allocated from the CSIF for Edinburgh BioQuarter. £338,744.16 of this has been drawn down to date to support the procurement of a private sector partner for the future mixed-use development of Edinburgh BioQuarter.
- 4.6 A further £106,072 has been drawn down in support of the strategic business case for ESSTS2 given the importance of strategic public transport solutions for the future of Edinburgh BioQuarter, as set out in the report to on 23 February 2021. The total drawn down to date is therefore £444,816.16.
- 4.7 The current balance of the Edinburgh BioQuarter allocation is £97,650.84. The procurement of the private sector partner for Edinburgh BioQuarter is now complete, and, accordingly, the bulk of expenditure has now been made. Given this, it is recommended that the Edinburgh BioQuarter allocation be reduced to £444,816.16 and the balance released for reallocation within the Strategic Programmes, with any further costs to be met from service budgets.

West Edinburgh

- 4.8 £345,000 was allocated from the CSIF for West Edinburgh for the development of a business case for future infrastructure provision in this area. None of this money has been drawn down to date.
- 4.9 The Council has worked with the Scottish Government, Scottish Futures Trust, and Scottish Enterprise to prepare a spatial strategy for the future development of West Edinburgh. Consultation on this was undertaken in late-2023.
- 4.10 An [outline business case](#) for the West Edinburgh Transport Improvements Programme was considered by Transport and Environment Committee on 1 February 2024.
- 4.11 While it is recognised that future work will be needed on West Edinburgh, there is no immediate call on this funding. Therefore, it is proposed to release the West Edinburgh allocation to free up financial headroom for the Edinburgh Waterfront programme, which has more immediate requirements.

ESSTS2

- 4.12 £655,000 was allocated from the CSIF for phase two of the Edinburgh Strategic Sustainable Transport Study. £320,000 of this money has been fully drawn down, supplemented by £110,730 drawn down from the Edinburgh Waterfront and Edinburgh BioQuarter budgets as set out at 4.4 and 4.7.
- 4.13 This funding has been utilised to prepare a draft strategic business case for ESSTS2. This, and other pieces of work, have culminated in proposals for an extension of the Edinburgh tram from Granton to BioQuarter and beyond, as considered by Transport and Environment Committee on 1 February 2024.
- 4.14 Significant further work will be required to further develop the tram project. However, the scale of this is such that it is not possible to fully fund it via CSIF. Given this, it is recommended that this allocation be held at £655,000 (representing a balance of £335,000) at this time, on the basis that additional funding options for this further work are being explored.

Updated allocations

- 4.15 Based on the above considerations, the below revised allocations from the CSIF are proposed.

Programme	Budget	Drawdowns	Balance
Edinburgh Waterfront	£1,050,183.84	£604,658.00	£445,525.84
BioQuarter	£444,816.16	£444,816.16	£0.00
West Edinburgh	£0.00	£0.00	£0.00
ESSTS2	£655,000.00	£320,000.00	£335,000.00
Total	£2,150,000.00	£1,369,474.16	£780,525.84

5. Next Steps

- 5.1 Committee will continue to receive proposed resource allocations to strategic development priorities as these emerge, for approval.

6. Financial impact

- 6.1 Proposed revised allocations of the Strategic Programme element of the CSIF are set out at 4.19. The overall total remains unchanged.

7. Equality and Poverty Impact

- 7.1 The proposed revised allocations of the CSIF will concentrate resource on the Edinburgh Waterfront programme, which is centred on the regeneration of Granton Waterfront, delivering thousands of new affordable homes. The revised allocations will help deliver these new homes, thus alleviating poverty associated with housing costs.

8. Climate and Nature Emergency Implications

- 8.1 The Edinburgh Waterfront programme is taking forward the regeneration of Granton Waterfront, which will deliver a net zero neighbourhood built around active travel, served by a heat network.
- 8.2 The work carried out in respect of ESSTS2 has culminated in proposals for the extension of Edinburgh's tram line: a zero direct emissions mass transit system.

9. Risk, policy, compliance, governance and community impact

- 9.1 Each of the programmes proposed to be supported by the CSIF under the revised allocations have their own governance arrangements.

10. Background reading/external references

None.

11. Appendices

None.