
Report to Clackmannanshire Council

Date of Meeting: Thursday 10 September 2020

Subject: City Region Deal Update – Scotland’s International Environment Centre

Report by: Strategic Director (Place)

1.0 Purpose

- 1.1. This report presents an update to Council on the development of Scotland’s International Environment Centre (SIEC) under the Stirling and Clackmannanshire City Region Deal. While the vision, purpose and intended outcomes from SIEC remain undiminished, the delivery plan for achieving those requires major revision. This is to reflect recent national policy developments, the findings from a sustained programme of business and stakeholder engagement since original SIEC plans were prepared, and the financial impact of the COVID-19 pandemic on the ability of the Council and the University of Stirling to implement the SIEC programme as originally proposed.

2.0 Recommendations

- 2.1. Council is recommended :
- 2.2. To note the revised programme for the first four years of SIEC as set out in paragraph 3.7 and that a formal change request has been submitted to, and accepted by, the Scottish and UK Governments in this regard.
- 2.3. To note commencement of discussions between Clackmannanshire Council and the University of Stirling with a view to the establishment of a company to offer services to businesses through SIEC. To note that full recommendations for consideration will be brought to Council (and the University) as an outcome of those discussions.
- 2.4. To approve the repurposing of up to £250k of the £1m capital budget earmarked by Council for the SIEC development, in order to enable rapid progress with establishing operational premises within Alloa, as part of the Council’s leveraged contribution to City Region Deal funding. The forecast profile of spend is up to £100k in the current Financial Year, and up to £150k in 2021-22.

3.0 Considerations

- 3.1. The original plans for the development of Scotland's International Environment Centre (SIEC) were prepared in 2017 and 2018. They envisaged a partnership between the University of Stirling, Clackmannanshire Council, and Forth Valley College to establish a SIEC as the anchor development to stimulate the growth of a large scale science, innovation and business campus in Alloa. SIEC would focus on environmental research and innovation, in partnership with companies.
- 3.2. The vision and purpose of SIEC remain unchanged: through innovation and partnership, SIEC will deliver transformational change in business practice, in order that the protection and enhancement of our natural resources becomes an enabler of economic prosperity, inclusive growth, and wellbeing.
- 3.3. The sequence and nature of delivery actions in the early years of the SIEC programme, however, have been rethought. The impact of the Covid-19 pandemic makes the need for SIEC all the greater. As we recover from the health emergency, we face an economic emergency, a climate emergency, and an urgent need to build resilience in community health and wellbeing. We must move at pace. The initial plans for SIEC, therefore, have been revisited in order to identify the most rapid path to supporting sustainable economic recovery. This requires swift deployment of innovative technology and a programme of targeted support for businesses to access and benefit from that technology through the creation of new products, services, jobs and training.
- 3.4. This change in approach has been stimulated by national policy developments, including the call to demonstrate leadership in responding to the climate emergency and the work of the Scottish Government's Infrastructure Commission and Just Transition Commission. It reflects the findings from a sustained programme of business and stakeholder engagement undertaken since the original Outline Business Case was prepared for the City Region Deal documentation.
- 3.5. The change in approach takes full account of the financial impact of the COVID-19 pandemic on the ability of the delivery partners and collaborative businesses and organisations to implement the SIEC programme as originally proposed. That financial impact as currently evaluated is likely to result in a delay to commencing the SIEC programme as originally proposed of at least two to three years. Such a delay is not consistent with the ambitions of the Council or the University, nor with optimising support for regional economic recovery.
- 3.6. Our core commitment remains unchanged: we are building an innovation community in the Forth Valley that will drive the creation of a net zero regional economy which will stand as a global exemplar. The original Business Case for the SIEC programme envisaged initial development of a research and policy centre on the University Campus and the longer term planning and development of a major new innovation and business campus in Alloa. While both these objectives remain within the programme, in the light of the impact of Covid-19 attention has been switched to fast tracking those elements of the SIEC programme that have the greatest potential to support economic recovery in the short term.

3.7. Accordingly, a revised programme is proposed for the first four years of SIEC that prioritises the rapid development and deployment of:

- The Forth Valley Environmental Resilience Array (ERA), to create a regional scale living laboratory that enables enhanced environmental management and business innovation in low emission, sustainable technologies, products and services (see paragraph 3.9);
- A bespoke programme of business services and support to ensure companies, and in particular SMEs, are able to benefit fully and rapidly from the technology (see paragraph 3.13).

3.8. A formal change request for this revised SIEC programme was submitted to the Scottish and UK Governments and has been agreed by them. The revised programme is being incorporated into the City Region Deal implementation plan and financial profile for approval by Joint Committee.

The Forth Valley Environmental Resilience Array (ERA)

3.9. The Environmental Resilience Array (ERA) will be the first component of the novel technological infrastructure to be developed and implemented through SIEC. ERA will create a world-leading regional scale living laboratory in the Forth Valley. ERA will deliver:

- A full catchment, river and estuary monitoring array using in-situ, airborne and satellite sensor technologies linked to real-time, high speed data processing, analytics and visualisation;
- A unique facility for system scale environmental management and regulation, covering water, air and soil conditions;
- A test bed for business innovation, through which companies develop the technologies, products and services for a net zero economy.
- The capability to ensure business and community resilience against environmental harm.
- A global exemplar which is replicable and scalable.

3.10. A demonstrator project for ERA has been implemented in partnership with BT, SEPA, Scottish Water, Diageo, 3DEO and TwoWorlds, supported by the Forth Valley Chamber of Commerce, SNH and the Forth Estuary Forum. It is testing use cases for drinking water quality, bathing water quality, early warning and monitoring of floods, and environmental compliance for the brewing and distilling industry. The demonstrator project commenced in August 2020, with the outcomes intended to inform directly the development of the full scale ERA in 2021 and 2022.

3.11. The core of the Environmental Resilience Array has two principal capital components:

- Full system scale sensor array (£3.2m capital cost).
- High performance data processing, analytic and visualisation hub (£2.1m capital cost).

- 3.12. Subject to Business Case approval, it is proposed that this investment is funded through the initial two years of the City Region Deal SIEC programme (commencing January 2021). Rapid infrastructure development will be possible, since ERA will not require new build premises. The in-situ elements of the sensor array are deployed in the field, while the data hub could readily be housed in existing premises in Alloa.

A Bespoke Programme of Business Services and Support

- 3.13. In order to ensure the fastest and greatest possible impact on economic recovery from the City Region Deal investment, it is proposed rapidly to establish an operational SIEC, delivering a range of services to businesses. The range of services will include industry led research; green business start-up and scale up; facilitated access to technology and expertise; consultancy support; and participation in an open innovation community.
- 3.14. The design of the service offer has been, and will continue to be, directly informed by business requirements. SIEC is being co-created with business as successful, sustainable commerce must be the route to a zero-carbon economy and a just transition. An extensive programme of business and stakeholder engagement was undertaken in the second half of 2019, and engagement with large companies and regional SMEs has continued virtually throughout the Covid-19 lockdown, in partnership with Forth Valley Chamber of Commerce. A strong evidence set of business needs on which to develop the SIEC service offer has been assembled.
- 3.15. The delivery of SIEC business services requires revenue. Under the initial SIEC plans, it was anticipated that the operating structure would grow steadily over time as revenue streams expanded based on the new infrastructure funded through the City Region Deal investment. Given the imperative to support economic recovery, however, it is proposed that SIEC business services provision should be fast started. This will enable direct support to be provided to businesses in the short term, while the revenue streams that will ultimately make the SIEC operation self-sustaining are built over the next few years.
- 3.16. A full income and expenditure model is being developed for SIEC operations and will be presented in a revised Business Case through the City Region Deal governance structure. It is expected that the business services will be provided through a Limited Company, to be formed by the delivery partners. The details of the company structure, governance and operating model require to be discussed and agreed between the Council and the University.
- 3.17. As SIEC operations are directly focused on research and innovation, a request has been submitted to the Scottish Government that the company start-up costs for 2020-2024 are capitalised against the City Region Deal SIEC investment and accelerated. Subject to approval, it is hoped to have the SIEC business service company operational by April 2021.
- 3.18. To support the early establishment of suitable operational premises within Alloa, the Council is asked to re-purpose up to £250k of the £1m earmarked by the Council for the SIEC development. This would be phased £100k 2020/21 and £150k 2021/22.

SIEC Outputs, Outcomes and Benefits

- 3.19. A full Benefits Realisation Plan for SIEC is being prepared, set against the matrix of objectives and outcomes that has been established for the Deal. That will be presented in the revised Business Plan and will articulate the Council and University's ambitions for wealth creation, business growth, enhanced innovation, high value jobs, skills training and sustained progress towards a net zero regional economy. It remains a core objective that the opportunities created through SIEC will benefit all citizens, including those currently furthest distant from high value training and work.
- 3.20. Discussions are underway between the University and Forth Valley College with a view to developing a skills programme as part of the early stages of the SIEC project. The emerging regional economic strategy and the review of further and higher education provision by the Scottish Funding Council provide important opportunities to build skills provision within SIEC. Green technologies and services skills have been identified as key requirements by companies through the SIEC business engagement work.
- 3.21. The development of a large scale innovation community centred on SIEC, physically located in Alloa remains a key objective. This will include business incubation and grow-on space, a skills training facility, and large scale environmental research and development facilities, as originally planned. The formal Business Case process will require a site options appraisal for this development to reflect the economic, policy and environmental landscape in which SIEC will operate. The master planning for the development of SIEC over the full ten years of the Deal Investment Programme, and beyond will be a priority activity in 2021-22.

4.0 Sustainability Implications

- 4.1. Sustainability considerations will feature as part of the site/premises selection process for the initial location of the innovation hub within Alloa.

5.0 Resource Implications

5.1. Financial Details

- 5.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes ✓
- 5.3. Finance have been consulted and have agreed the financial implications as set out in the report. Yes ✓

5.4. Staffing

6.0 Exempt Reports

6.1. Is this report exempt? Yes (please detail the reasons for exemption below) No **X**

7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box)

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all	X
Our families; children and young people will have the best possible start in life	<input type="checkbox"/>
Women and girls will be confident and aspirational, and achieve their full potential	<input type="checkbox"/>
Our communities will be resilient and empowered so that they can thrive and flourish	<input type="checkbox"/>

(2) **Council Policies** (Please detail)

This report is consistent with the Be the Future core workstream of Sustainable Inclusive Growth.

It relates to existing policy decisions taken on the City Region Deal, and in particular, the Council's financial contribution in support of Scotland's International Environment Centre.

8.0 Equalities Impact

8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes No

9.0 Legality

9.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

10.0 Appendices

10.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

None

11.0 Background Papers

11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes (please list the documents below) No

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Approved by

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