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**Report to Clackmannanshire Council**

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**Date of Meeting: 22 October 2020**

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**Subject: City Region Deal Update**

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**Report by: Strategic Director (Place)**

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**1.0 Purpose**

- 1.1. This report provides Members with an update on progress of the City Region Deal. It outlines the steps being taken to enable the Stirling and Clackmannanshire City Region Deal partners to reach agreement with the UK and Scottish Governments on a revised Implementation Plan and Financial Profile for the Deal, in order to secure an Offer of Grant for Year 1 of the Deal.
- 1.2. The report also provides brief updated project summaries for each of the investment themes.

**2.0 Recommendations**

- 2.1. It is recommended that Council notes:
  - 2.1.1. the progress set out in the report
  - 2.1.2 that discussions are taking place with the Scottish and UK Governments on a revised Financial Profile, and;
  - 2.1.3 that governance for any additional borrowing requirement for Clackmannanshire Council will be sought via the usual budget processes at the appropriate time.

**3.0 Considerations**

- 3.1. The City Region Deal Full Deal was signed on 26 February 2020, committing the Regional Partners to the Implementation Plan and Financial profile that formed the Deal documentation. The Grant Offer Letter, which is issued annually to Regional Partners, is the legal document that ties the partnership to delivery and spend in that Financial Year.
- 3.2. Deal partners are working to secure an Offer of Grant from the Governments for Year 1 of the Deal as soon as possible, with the intention being for the Joint Committee to sign off a revised Implementation Plan and Financial

Profile at its meeting on 3 November 2020. Until an Offer of Grant has been made and accepted, no investment funding can flow from the governments into the Deal programme. Securing an Offer of Grant in November, therefore, would support three months of Deal delivery in Year 1 (December 2020-Mar 2021).

- 3.3. A report to the Council's meeting of 25 June 2020 set out three workstreams of activity to enable the terms and condition of an Offer of Grant to be met. These were:
- Business continuity review/revised implementation plans.
  - Finalised governance arrangements in line with the Deal documentation, in particular the Stirling and Clackmannanshire Economic Advisory Board (SCREAB) and the Regional Enterprise Forum (REF).
  - Benefits Realisation.

### ***Business Continuity Review and Revised Implementation Plans***

- 3.4. The aim of the business continuity process is to understand and address the impacts created by COVID-19 on the deal delivery implementation plan and financial profile. A revised implementation plan for each of the investment themes has been developed for consideration by the Joint Committee on 3 November. This sets out an updated project summary, financial profile, key milestones, outcomes and targets, and project risks and mitigations. Updated project summaries can be seen in Appendix 1.
- 3.5. The impact of COVID delays on project delivery has in turn impacted upon the overall financial profile, with less spend forecast for years 1 and 2 and increased spend in subsequent years, especially years 3 and 4. The details of the new financial profile are still under discussion with the Scottish and UK governments; however it is apparent that Deal partners are likely to see a requirement for increased levels of borrowing.
- 3.6. Authority for increasing spend profiles, if this is required, rests with the partners and not with the Joint Committee. The Joint Committee's terms of reference currently provide that the Joint Committee will approve the breakdown of the financial contribution and distribution of funding provided it remains within the total allocated funding.
- 3.7. The General Services Revenue and Capital Budget paper to Council on 27 February 2020 asked Members to note that the agreed Capital Programme would remain under review and any changes required as a result of City Deal or other priorities will be reported to Council.
- 3.8. As any additional borrowing requirement for Clackmannanshire Council is likely to be some years away, formal Council governance for this will be sought via the usual budget processes at the appropriate time.

### ***Governance***

- 3.9. The Stirling & Clackmannanshire City Region Deal Governance Framework was developed for full deal sign off in February 2020. This framework notes that the SCREAB and Joint Commission (since renamed the Regional Enterprise Forum) would be established after the deal signing.

- 3.10. At its meeting of 25 June 2020, the Council agreed to revised terms of reference for the Stirling and Clackmannanshire Regional Economic Advisory Board (SCREAB). It also approved changes to the name and terms of reference of the Stirling and Clackmannanshire Joint Commission, now known as the Regional Enterprise Forum. The Council also agreed to delegate authority to the Joint Committee to review and propose changes to the terms of references of groups which form part of the formal Governance Framework, including SCREAB and REF.
- 3.10. The Joint Committee formally approved the terms of reference for SCREAB and REF at its meeting of 9 June 2020, and Officers are now working to establish the groups.

### ***Benefits Realisation***

- 3.11. The City Region Deal will act as a driver to advance equality and fairness throughout the region improving access to a variety of opportunities for target groups currently facing exclusion. It will ensure that the Deal contributes to inclusive growth for the region and acts as a catalyst for transformational change.
- 3.12. The Benefits Realisation Plan (BRP) is a strategy that outlines the benefits that are to be delivered by the City Region Deal Portfolio, for whom, and how Deal partners aim to do this. It will outline the measures that will be used to report on progress and the impact that each investment theme has made over the next 15 years.
- 3.13. The BRP provides guidance and direction to CRD Programmes and Projects by articulating a strategic framework covering the lifespan of the Deal. Every project that will receive funding from the City Region Deal will be different and will have the potential to contribute to the delivery of a range of benefits in a variety of ways. The BRP provides the strategic framework that will ensure all funded programmes and projects are strategically aligned maximising the overall benefits that will be delivered by the full City Region Deal investment portfolio.
- 3.14. As a condition of the Grant Offer Letter, progress against the Benefits Realisation Plan will be formally reviewed by the Scottish City and Growth Deal Working Group every financial quarter. It will also feature at the centre of the Annual Report and the Annual Conversation as outlined in the City Region Deal Governance Framework.
- 3.15. Supporting the BRP for the Deal is a Monitoring and Evaluation Framework, which articulates the intended impact of the City Region Deal and will demonstrate the performance of the Deal over time. It will also form the basis of reporting and decision making toolkits for the Joint Committee and Programme Boards to ensure a 'benefits led' approach within the Deal.
- 3.16. The Benefits Realisation Plan and Monitoring and Evaluation Framework were agreed by Joint Committee on 29 September 2020.

## **Next Steps**

- 3.17. A report outlining the outcome of the Joint Committee meeting of 3 November will be brought to the 10 December Council meeting, together with programme-level progress update.

## **4.0 Sustainability Implications**

- 4.1. None

## **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*

5.5.

## **6.0 Exempt Reports**

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

## **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
- Our families; children and young people will have the best possible start in life
- Women and girls will be confident and aspirational, and achieve their full potential
- Our communities will be resilient and empowered so that they can thrive and flourish

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

## 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".

Appendix 1 : Project Summaries

## 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

### Author(s)

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### Approved by

NAME	DESIGNATION	SIGNATURE
Pete Leonard	Strategic Director (Place)	



**Investment theme - Transport, Connectivity and Low Carbon**

**Active Travel Routes**

Stirling and Clackmannanshire Councils have developed a draft Active Travel Strategy which outlines a candidate list of projects which will reduce carbon, improve connectivity, and contribute to inclusive growth across the city region. These projects will provide strategic linkages across both local authority areas, focusing on linking key population and education centres as well as linking the more rural communities whilst also considering tourism related opportunities that can be enhanced. The strategy outlines an agreed methodology to quantitatively and qualitatively assess the projects and ranks them in order of delivery priority. This strategy and methodology has been agreed with Transport Scotland. The next key step is for officers from both Councils to jointly undertake a priority ranking of projects.

**Regional Energy Masterplan**

Through collaborative working between Stirling and Clackmannanshire Councils, and wider stakeholder engagement, this project will develop a Regional Energy Masterplan (REM) that will support activity to tackle the climate emergency while meeting the energy needs of our local communities and businesses in both Council areas.

The REM will identify strategically important energy opportunities across the area, leading to investment in infrastructure that will deliver:

- reduced energy demand
- increased energy efficiency;
- increased renewable and low carbon energy generation; and
- decarbonisation of energy used across the City Region.

The REM will provide a strategic overview of the City Region, which can be split by Local Authority area then further divided into area-based zones/schemes within each Council area to ensure local energy solutions are tailored to different circumstances and to support local decision making. The REM will take a whole system energy approach to identify strategically important energy projects and activities, prioritised using agreed weighting in line with local and national priorities and targets. The projects and activities will be sub-divided into 5-year programmes over a 25-year timeframe.

The project has been identified for consideration for November Joint Committee for approval. As such, the project spend and delivery timescales have been re-profiled in line with a later approval date.

**Investment Theme – Scotland’s International Environment Centre**

**Scotland’s International Environment Centre**

Through innovation and partnership, SIEC will deliver a transformational change in business practice in order that the protection and enhancement of natural resources becomes an enabler of economic prosperity, just transition and wellbeing. To support economic recovery, the initial plans for SIEC have been phased to focus on the 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. An innovation community in the Forth Valley will be established that will drive the creation of a net zero regional economy that will stand as a global exemplar. Further plans to establish a Research & Policy Centre on the University campus and the longer term planning and development of a major new innovation campus in Alloa are also within the longer term project plan, but priority is being given to fast-tracking elements of the project that have the greatest potential to support economic recovery.

## Investment theme - Skills and Inclusion

### **Flexible Skills Programme**

This project is one of two that constitute the Regional Skills & Inclusion Programme. In response to the impacts of the COVID crisis the Flexible Skills Project will look to focus on both the Deal's revised Capital Programme and wider economic recovery. As set out in the OBC the programme will work with capital projects to identify how they can maximise their skills and inclusion outcomes, matching these to the target groups and, where appropriate, support delivery through the funding of specific interventions and barrier removal. In addition the programme will support and facilitate the development of the wider strategic Skills Pathways Plans as set out in the OBC. The Full Business Case will set out any planned revision of activity in response to a significantly changed strategic environment. Programme participants who will directly benefit will be drawn from a defined target group to support the inclusive nature of the Deal. It complements the Inclusion Workers and Investment Fund project by providing opportunities that can be used to develop participants' confidence and skills and help them to progress ultimately into work.

### **Inclusion workers and investment fund**

To complement the work of the Flexible Skills programme, a team of Inclusion Workers will support individuals and groups of excluded members of the community throughout the region to improve engagement with regional opportunities. Working with our partners, we will provide support from early years right through to retirement. An investment fund will act as an enabler to participants of the inclusion programme, allowing them to be supported to access to opportunities through the removal of barriers such as transport, childcare and accredited training. This project has become more significant regionally as part of a range of responses to the coronavirus pandemic.

### **Clackmannanshire Lone Parents Programme**

The UK Government has identified £100k of funding to support lone parents in Alloa South & East. This is a customer group and geography that face particular barriers to participation in the labour market. The funding will be used for lone parents from the identified geography. The specific use of the funding is yet to be agreed.

## Investment theme: Capital Fund for Clackmannanshire

In order to help achieve an investment balance across the region, the UK Government will invest £8 million (capital) in projects in Clackmannanshire to be developed collaboratively with Clackmannanshire Council and other local partners as part of the City Region Deal. The Clackmannanshire Commission invited proposals in late 2018 and their recommendations were shared with UK Government early in 2019. Notification of the UK Government's deliberation on investment options has been received and will be considered at a meeting of the Clackmannanshire Commission. Successful projects will be required to go through a formal on-boarding process via the usual Deal governance arrangements.

## Investment theme: Culture, Heritage and Tourism

### **Developing culture, heritage and tourism assets**

The Heads of Terms for the Stirling and Clackmannanshire Deal in May 2018 set out the shared vision by regional partners to make the City Region "a highly desirable place to live, work and visit: an attractive place in which to invest financial, human and social capital". As part of this vision, it was recognised that there were very significant opportunities to strengthen the regional economy's offering, by making investment in culture, heritage and tourism an integral part of the deal. These can contribute to making it a successful destination attracting new visitors, new businesses and new investment, delivering jobs and building a reputation for strong



and effective partnership. Proposals within this programme will be developed with awareness of the benefits of maximising sustainable transport options for accessing new and upgraded Culture, Heritage, and Tourism assets.

The commitments outlined at this stage were that regional partners will work together with the private sector and national agencies to develop a programme of investments based around the potential for projects to grow the regional economy and deliver inclusive growth. Subject to approval of a programme business case, the Scottish Government will make available up to £15 million of capital grant investment to develop and augment key economic assets in culture, heritage and tourism.

### **Investment theme: Digital**

#### **Digital District Phase 2 – Digital Hubs.**

The Digital District is a programme of investment and skills to transform and benefit urban, rural and disadvantaged areas of the region. Within 10 years, the Stirling and Clackmannanshire City Region aims to be recognised as one of the UK's leading areas for digital technology and as a centre of excellence for digital skills and education across a number of sectors.

Key commitments include £2 million investment to ensure the roll out of digital hubs in our rural areas. Sites for new digital hubs include Callander, Cowie and Clackmannanshire.

This will be supported by a programme of skills development and training, involving businesses, schools, Forth Valley College, University of Stirling and local partners.

