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**Report to: Clackmannanshire Council**

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**Date of Meeting: 28<sup>th</sup> June 2018**

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**Subject: Stirling and Clackmannanshire City Region Deal: Heads of Terms**

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**Report by: Executive Director**

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## **1.0 Purpose**

- 1.1. This report provides an update on the scope and scale of the Stirling and Clackmannanshire City Region Deal following receipt and agreement on Heads of Terms with both the Scottish and UK Governments.

## **2.0 Recommendations**

- 2.1. The Council is recommended to:
- (1) Welcome the outcome of discussions leading up to the Heads of Terms agreement.
  - (2) Agree to the principle of acquisition of land at Alloa West subject to District Valuer valuation and note that a further report will be presented to Council on the outcome of negotiations
  - (3) Note that a further report will be presented to Council on Governance arrangements and resourcing requirements to take forward City Deal projects.

## **3.0 Considerations**

- 3.1. In Autumn 2016, Clackmannanshire Council was invited by the Scottish and UK Governments to become part of the Stirling City Region Deal negotiations. In August 2017 Members noted a progress report on the development of a Deal and agreed to support a number of emerging priorities under the themes of Investor Confidence (including Alloa West), Inclusive Growth and Sustainable Place.
- 3.2. Following a series of workshops and discussions with both Governments and key partners, during which it was stressed that it was likely that support would be provided for only one or two key projects, submissions were made at the end of October 2017 and November 2017 to both Governments. Refining and prioritising elements of the bid have continued and this included discussions with the University of Stirling to take forward an anchor development at Alloa

West (this is now referred to in the Heads of Terms as Scotland's International Environment Centre). On the 12<sup>th</sup> April the Council agreed to delegate authority to the Chief Executive, in consultation with Group Leaders, to accept the offer of a Heads of Terms Agreement in so far as its content related to Clackmannanshire.

3.3. This report provides detail on the content of the Heads of Terms, outlines the next steps and resources required and considers governance arrangements.

3.4. Across the City Region the ambition through the City Deal is to deliver a highly desirable place to live, work and visit and to provide an attractive place in which to invest financial, human and social capital.

### The Heads of Terms Agreement

3.5. The Stirling and Clackmannanshire City Region Heads of Terms Agreement was signed by the Regional Partners and Scottish and UK Governments on 31st May 2018. A summary of the offer is given below.

Theme/Project	Scottish Government Contribution (£M)			UK Government Contribution (£M)			Combined Government Contribution (£M)		
	Clackmannanshire	Stirling	Regional	Clackmannanshire	Stirling	Regional	Clackmannanshire	Stirling	Regional
<b>Innovation</b>									
Scotland's International Environment Centre	17.0			5.0			22.0		
Aquaculture Hub for Innovation					17.0			17.0	
<b>Digital</b>									
Digital District		2.0						2.0	
Digital Exclusion			2.0						2.0
<b>Culture &amp; Tourism</b>									
Capital Investment			15.0						15.0
Scottish Tartan Centre					10.0			10.0	
<b>Skills &amp; Inclusion</b>									
Regional Skills & Inclusion Programme			1.9						1.9
Lone Parents				0.1			0.1		
<b>Infrastructure</b>									
Forthside MOD Land					5.0			5.0	
<b>Transport, Connectivity &amp; Low Carbon</b>									
Active Travel			7.0						7.0
Regional Energy Masterplan			0.2						0.2
<b>Clackmannanshire</b>									
Capital Projects				8.0			8.0		
<b>TOTAL PER AREA</b>	<b>17.0</b>	<b>2.0</b>	<b>26.1</b>	<b>13.1</b>	<b>32.0</b>		<b>30.1</b>	<b>34.0</b>	<b>26.1</b>
<b>TOTAL PER GOVERNMENT</b>	<b>45.1</b>			<b>45.1</b>			<b>90.2</b>		

3.6. Both Governments have committed to investing £90.2m over the next 10-15 years. The Heads of Terms states that regional partners have committed to contributing up to £123.8m to match fund the joint commitment from both

Governments. Overall, this represents a Deal worth over £214m of investment. The Deal will deliver significant numbers of new jobs in key growth sectors and upskill people across the city region to take advantage of new opportunities. City Region partners believe that over the next 10-15 years, these interventions will unlock private investment worth in excess of £640m, delivering over 5000 new jobs across a wide range of sectors in the City region. The Scottish Government also agreed to provide a further £5m of support to take forward two projects in Stirling (Kildean Business Park and Callander). This additional allocation does not form part of the formal City Deal agreement.

- 3.7 Scotland's International Environment Centre, a joint initiative between Clackmannanshire Council and the University of Stirling, is the single largest project in the Heads of Terms with the bulk of funding (£17m) coming from the Scottish Government. This landmark development provides an opportunity to deliver transformational change in Clackmannanshire and, at the same time, benefit the wider region. It builds on the expertise and international reputation the University of Stirling has in environmental sciences. In partnership with the University and Forth Valley College, the partners will deliver state of the art skills and training facilities as well as a business incubator for start-up and growing businesses as part of a wider development at Alloa West. An early schematic of the site is shown below. This will be complemented by a Research and Policy Centre based on the University of Stirling's main campus. The University is contributing £5m to the project split over both sites. Partners are also looking at the potential for Alloa West to become a focus for a series of energy initiatives, following Council consideration at the August Committee and subsequent officer discussions with both Governments. This included the development of a bid for funding to support geothermal research and development and, whilst it is not explicitly referenced in the Heads of Terms, the expectation is that Geothermal will be taken forward either as part of the Deal or through other means.<sup>1</sup>



<sup>1</sup> See Hansard: [Hansard Record - Geothermal Energy Clackmannanshire](#)

- 3.8 Clackmannanshire focused projects account for £30.1m of the total offer ( 33%), Stirling focused projects for £34.0m ( 38%) with region-wide projects accounting for the remaining £26.1m (29%). Appendix 1 provides further details of each of the projects
- 3.9 Details of all the projects have still to be worked through and will form part of the Business Case development. In some cases, such as the Clackmannanshire Capital Projects and the Culture and Tourism Capital Grant investment allocations, discussion will be required on what projects should be supported. As originally envisaged, the business case development will provide opportunities for wider stakeholder engagement, including local communities and businesses, as project details are developed and refined.

### **Governance**

- 3.10 The Heads of Terms refers to regional partners establishing a new model of regional partnership governance that meets the expectations set out in the Scottish Government's Enterprise and Skills Review. This should incorporate effective engagement with Scottish Enterprise, Skills Development Scotland, tertiary education, the third sector and include senior business and industry leadership. Initial discussions on a governance model, based on an Advisory Board, Joint Committee and Programme Management Office, are taking place between officers of both Councils building on the experience of other City Deals.

### **Next Steps**

- 3.11 As well as finalising and agreeing governance arrangements, detailed business cases have to be developed and agreed for each project before any funding is released. This will culminate in the development of a final City Region Deal document, a detailed implementation plan with monitoring and evaluation frameworks and a financial plan that takes account of affordability over the lifespan of the Deal.
- 3.12 The Alloa West site is designated as a Business site in the adopted Clackmannanshire Local Development Plan. The Council already owns part of the site and will have to acquire other adjoining land to allow delivery of Scotland's International Environment Centre and the wider development of Alloa West. It is, therefore, a recommendation of this report that negotiations progress on the acquisition of the land outwith Council ownership. This process will include Legal Services carrying out full title diligence on the site to be acquired by the Council. The District Valuer will be instructed with a view to valuing the land and negotiating on behalf of the Council for the acquisition of the site. Should negotiation be unsuccessful, compulsory purchase will be considered. A further report will be prepared for Council on this acquisition, including projected timescales.
- 3.13 The Heads of Terms also refers to an Inclusive Growth framework being developed by the Scottish Government. The expectation is that this will align with the monitoring and evaluation framework and will include indicators to allow progress to be measured against five high level inclusive growth outcomes (Productivity, Participation, Population, People and Place).

#### 4.0 Sustainability Implications

- 4.1. The City Region Deal is likely to have a number of positive impacts on sustainability particularly in terms of the economy, energy use, landscape and natural habitats. Further assessments will be undertaken as part of the business case development.

#### 5.0 Resource Implications

##### 5.1. *Financial Details*

- 5.2. The Heads of Terms includes assumptions on the overall level of match funding to be provided from partners. This will be subject to further development as business cases are produced. The Council's contribution will include the cost of acquiring land at Alloa West together with the inclusion of land already owned by the Council at this location. The former will now be considered as a priority as part of the Capital programme review.
- 5.3. There will also be a requirement to resource and fund business case development as well as coordinating activity within the Council and with partners as part of the wider City Deal, including joint programmes.

- 5.4. Finance has been consulted and has agreed the financial implications as set out in the report. Yes

##### 5.5. *Staffing*

- 5.6. Existing staffing resource has been drawn on to provide input to the Heads of Terms negotiations. In order to protect the Council's interests in the further development of the programme and to support its implementation and delivery there will be a requirement to provide significant additional resourcing. In addition, support will be required to service and coordinate the governance elements developed and agreed between partners.
- 5.7. Both the financial and staffing aspects of the Deal will be the subject of a further report to Council.

#### 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  Not required at this stage

**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 – Stirling & Clackmannanshire City Region Deal Projects

Appendix 2 – indicative Boundaries

**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

Stirling and Clackmannanshire City Region Deal. Heads of Terms Agreement 31 May 2018.  
[https://www.clacks.gov.uk/citydeal/docs/Stirling\\_Clackmannanshire\\_City\\_Deal\\_Heads\\_of\\_Terms.pdf](https://www.clacks.gov.uk/citydeal/docs/Stirling_Clackmannanshire_City_Deal_Heads_of_Terms.pdf)

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**Approved by**

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## APPENDIX 1. STIRLING AND CLACKMANNANSHIRE CITY REGION DEAL PROJECTS

### CLACKMANNANSHIRE FOCUSED PROJECTS

- **Scotland's International Environment Centre.** Clackmannanshire Council, in partnership with the University of Stirling and Forth Valley College, will come together as core partners to develop an integrated approach to cutting-edge research, innovation, skills development, inclusion and sustainable growth addressing global environmental challenges. It has three main elements:
  - A Research and Policy Centre at Stirling University's main campus
  - Skills and Training Facilities in Alloa
  - An Environmental Business Incubator in Alloa

*The Scottish and UK Governments will invest £22m in this key project.*

- **Skills and Inclusion Lone Parents.** To complement the region wide Skills and Inclusion Programme (see below) the UK Government will build on the work of the Clackmannanshire Local Outcome Improvement Plan by investing in a programme focused on assisting lone parents to achieve their potential.

*The UK Government will invest up to £0.1m in this programme*

- **Clackmannanshire Capital Projects.** In order to achieve an investment balance across the UK Government will invest £8m capital in projects in Clackmannanshire to be developed collaboratively with Clackmannanshire Council and other local partners as part of the Deal.

*The UK Government will invest £8m in these projects.*

- **Wetlands Centre.** Clackmannanshire Council to work with regional partners and RSPB to explore opportunities and possible synergies for a new wetlands centre on the River Forth.

*No funding directly allocated to this project.*

### REGIONAL PROJECTS

- **Digital Exclusion.** The development of an investment programme in digital skills, training and business development alongside the creation of Digital Hubs in Alloa and Callander.

*The Scottish Government will invest up to £2m in this initiative.*

- **Capital Investment in Culture, Heritage and Tourism Assets.** In recognition of the very significant opportunities to strengthen the regional economy's

offering, investment in culture, heritage and tourism will form a key part of the Deal.

*The Scottish Government will invest up to £15m in this programme.*

- **Regional Skills and Inclusion Programme.** A new skills and inclusion programme will ensure that businesses and communities throughout the Region are given the opportunity to engage in and benefit from the opportunities arising from the investments delivered through the Deal.

*The Scottish Government will invest up to £1.9m in this programme.*

- **Active Travel.** The development of new and improved Active Travel routes throughout the Region. Transport Scotland will work with the partners to identify investments to improve regional connectivity between Stirling and Alloa and outlying settlements.

*The Scottish Government will invest up to £7m in this programme.*

- **Regional Energy Masterplan.** This will be developed to support the region's low carbon ambitions.

*The Scottish Government will contribute up to £0.2m to this project.*

## **STIRLING FOCUSED PROJECTS**

- **Aquaculture Hub for Innovation.** The University of Stirling will lead on the development of four research facilities to provide a full range of marine environmental conditions. The hub will create research and development opportunities to grow the export of Scottish aquaculture skills and products.

*The UK government will contribute up to £17m to the creation of this facility*

- **Digital District.** Creation of a new hub building on recent successes in Stirling to develop and support this sector and support the further growth of local digital companies.

*The Scottish Government will invest up to £2m in this initiative.*

- **Scottish Tartan Centre.** Development of a new international visitor centre in Stirling.

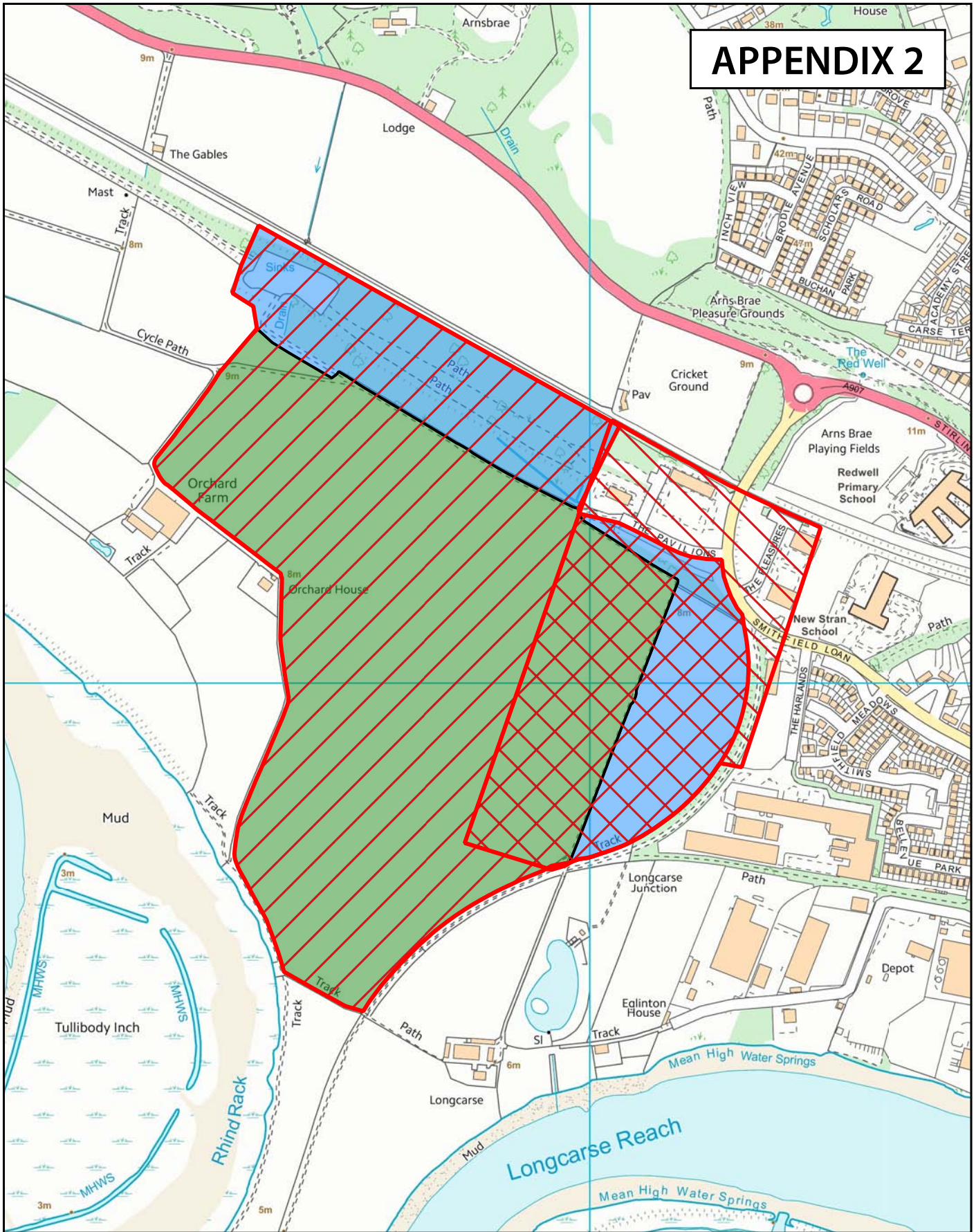
*The UK Government will provide support of up to £10m*

- **Forthside Ministry of Defence Land.** Release of land at Forthside for development

*The UK Government will contribute the value of the land transferred through the Deal (assumed at £5m).*







# APPENDIX 2



Scale: 1:7,500 Date: 18 June 2018  
 Paper size: A4 Reference: Indicative Boundaries – Alloa West.qgs

## Indicative Boundaries

-  Business Site (2004 Local Plan)
-  Business Site (2015 Adopted LDP)
-  Clackmannanshire Council
-  Orchard Farm

 **Clackmannanshire Council**  
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