



COUNCIL EXECUTIVE

THE EDINBURGH AND SOUTH EAST SCOTLAND CITY REGION DEAL

REPORT BY HEAD OF PLANNING, ECONOMIC DEVELOPMENT & REGENERATION

A. PURPOSE OF REPORT

The purpose of this report is to advise Council Executive of progress with securing a City Region Deal for Edinburgh and South East Scotland and to seek Council Executive's agreement to sign the City Region Deal.

B. RECOMMENDATION

It is recommended that Council Executive:

1. notes progress on translating the Heads of Terms for the City Region Deal agreed with the Scottish and UK Governments into agreed terms for the deal;
2. notes the investment and benefits to be secured for West Lothian through the City Region Deal;
3. notes that these investments and benefits are secured while protecting the council's sovereignty over financial and policy matters;
4. notes that there are no financial contributions required by the council other than the capital budgets already approved for the two new secondary schools at Winchburgh;
5. approves the content of deal documentation, including the summary of projects and the governance framework for delivery, to allow the deal to be signed by regional partners, Scottish Government and UK Government;
6. agrees that the council should sign the City Region Deal and delegates the Leader of the Council, or his substitute, to do that;
7. delegates the Chief Executive to make any necessary changes to the governance arrangements, in consultation with the Leader of the Council, provided that those changes do not impact on the sovereignty of the council; and
8. delegates the Chief Executive to make any necessary non-substantive changes to the deal documentation prior to submission.

C. SUMMARY OF IMPLICATIONS

I Council Values

Making best use of our resources; working in partnership

II	Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)	Matters relating to strategic environmental assessment, equality, health and risk assessments will be addresses as the projects develop.
III	Implications for Scheme of Delegations to Officers	None
IV	Impact on performance and performance Indicators	None
V	Relevance to Single Outcome Agreement	Our economy is diverse and dynamic and West Lothian is an attractive place to do business; and we make the most efficient and effective use of our resources by minimising our impact on the built environment.
VI	Resources - (Financial, Staffing and Property)	There are no additional financial commitments on the council associated with the City Region Deal. The deal should secure additional capital investment and investment in innovation and skills development in Wes Lothian.
VII	Consideration at PDSP	The Development & Transport PDSP has been kept advised on the development of the City Region Deal. However, there was insufficient time between conclusion of the document and the need to make the submission prior to parliamentary recess to allow it to be reported on this occasion.
VIII	Other consultations	Finance & Property Services, Corporate Services.

D. TERMS OF REPORT

D1 Background

For some time now City of Edinburgh, East Lothian, Fife, Midlothian, Scottish Borders and West Lothian councils have been working together on a proposed City Region Deal covering Edinburgh and the South East of Scotland. The higher education sector has also been involved with the development of the proposal principally through the University of Edinburgh. The business sector has also been engaged on the bid.

Following the signing of the Heads of Terms for the City Region Deal in July 2017, regional partners, Scottish Government and UK Government have agreed a deal document entitled *Accelerating Growth* which describes the deal in more detail and demonstrates how projects and programmes will be implemented and governed.

D2 The Proposed Deal

The Edinburgh and South-East Scotland City Region Deal represents over £1.3 billion of investment across the region in the next 15 years. The deal will deliver inclusive economic growth, building on the region's strengths and addressing issues and economic barriers currently constraining the region's potential.

There are five key themes in the City Region Deal:

- Innovation;
- Employability and Skills
- Transport;
- Culture; and
- Housing

£600m of the funding is from the Scottish and UK governments with the balance coming from local authorities and the higher education sector. Commitment for this investment by the governments was subject to:

- Approval of final business cases for all projects and programmes;
- Development of a final city deal document and implementation plan;
- Establishment of clear and robust governance arrangements; and
- The consent of all constituent local authorities and partners.

Since July 2017, partners have been working with the governments on developing businesses cases and the necessary deal documentation to commence the programme of investment.

A governance framework and financial profile have been agreed with governments and are appended to the main deal document.

Business cases for each project will required to be approved by regional partners and government, to allow money to flow subject to the approval process described in the governance framework. This is a 15-year programme and business cases will be brought forward as detailed in the project summaries. Some business cases, including the guarantees to be put in place for the forward funding of the schools at Winchburgh, are at an advanced stage and have been developed and shared with government on an iterative basis.

Subject to approvals by all partner authorities and university courts, the deal document can be signed between partners, Scottish Government and the UK Government.

D3 Benefits For West Lothian

The Heads of Terms set out a commitment to unlock development at Winchburgh through the provision of a risk sharing approach to the delivery of up to £150m of infrastructure. Progress with securing these guarantees is well advanced and the details were set out in a report to Council Executive on 17 April 2018. Good progress continues to be made on securing the tripartite agreements which would allow the council to borrow to forward fund the new secondary schools.

In addition the deal provides for up to £50m of mainly private sector loans to help unlock development in seven strategic sites in the city region. Two are in West Lothian - at Winchburgh and Calderwood - and it is understood that Winchburgh Developments Ltd are progressing an application for funding which would ensure delivery of the railway station and motorway junction.

The deal also provides £20m for transport improvements in West Edinburgh. This includes the A89 between Broxburn and Newbridge and work is progressing on the option for park and ride and bus priority measures on this corridor. These improvements in West Lothian, if agreed, will be funded wholly via the city region deal and developer contributions.

The deal also includes significant support for enhance skills and innovation across the region. The council will expect to receive share of the investments and work is progressing with partners to develop specific projects.

These benefits are being realised with no additional funding contribution from the council other than the capital budgets for the secondary schools at Winchburgh as agreed by Council executive in February 2018. It remains the case that the infrastructure investment in West Lothian will be secured either from the City Region Deal or through recovery of developer contributions. The only exception to this is a council contribution to the new non-denominational secondary school at Winchburgh to reflect the fact that some of the capacity at the new school will be taken up by existing pupils and not just new pupils from the new houses.

It should be noted that these benefits are being secured without any loss of sovereignty to West Lothian Council. While it is clear that there will be a greater level of regional collaboration to deliver the projects covered by the deal, and a Joint Committee has already been established to oversee this, all key financial and policy decisions which will impact on West Lothian will continue to be matters to be dealt with by West Lothian Council.

D4 Next Steps

Subject to agreement by all six authorities and the university courts the deal documents will progress to signing. It is expected that this will happen in July.

Thereafter, governance structures agreed governance structures will be implemented and the focus will turn to delivery of the city deal projects. The governance structures will require to operate within the remit of the Joint Committee and this may require changes to the remit and responsibilities of the various governance bodies as currently set out in the documentation. Regular progress reports will be presented to the Development & Transport Policy Development & Scrutiny Panel and where financial and policy decisions are required out with delegations already in place, these will be reported to Council Executive for approval.

E. CONCLUSION

The terms of the City Region Deal have now been agreed with partners and the Scottish and UK Government. This will allow the deal to be signed and the focus will move to implementation.

F. BACKGROUND REFERENCES

West Lothian Council Report: Edinburgh and South East Scotland City Deal Joint Committee: 22 May 2018.

Council Executive Report: City Region Deal – Winchburgh and Calderwood Core Development Area School Estate Investment -17 April 2018

Council Executive Report: City Region Deal - Winchburgh Core Development Area School Estate Investment – 10 October 2017

Appendices/Attachments: Two

Appendix 1: Accelerating Growth – Edinburgh and South East Scotland City Region Deal

Appendix 2: Edinburgh and South East Scotland City Region Deal Financial Agreement

Contact Person: Craig McCorriston, Head of Planning Economic Development & Regeneration, 01506 282443, craig.mccorriston@westlothian.gov.uk

Craig McCorriston
Head of Planning, Economic Development and Regeneration

26 June 2018