

REPORT TO: East Lothian Council

MEETING DATE: 16 December 2014

BY: Depute Chief Executive (Partnerships and Community Services)

SUBJECT: Edinburgh City Region Deal

1 PURPOSE

- 1.1 To advise Council of the opportunity to participate in the development of a business case for an Edinburgh City Region Deal Infrastructure Fund.

2 RECOMMENDATIONS

- 2.1 It is recommended that Council agree to contribute £5,000 to support the development of a business case for an Edinburgh City Region Deal Infrastructure Fund.

3 BACKGROUND

- 3.1 The 'City Deal' process was initiated in late 2011 as part of the UK Government's localism agenda. City Deals seek to empower cities and surrounding areas to drive economic growth by putting greater resources and financial freedoms in the hands of local leaders.
- 3.2 A number of deals are in place with English Cities and while each City Deal is unique, key features of these deals were:
- Local authorities developing a clear programme of infrastructure investment prioritised to deliver Gross Value Added (GVA). GVA is essentially a local measure of jobs and productivity growth;
 - An infrastructure fund established for the programme with funding from a variety of sources, including a significant proportion of local authority contributions;

- In return, central government allows the fund to earn back locally funded contributions under a formula linked to economic growth and the increase in total tax revenues (not just non-domestic rates as in Tax Increment Finance schemes). This may take the form of conditional government grants; and
- Robust local governance and delivery arrangements established across the geography over which the investment will be targeted.

3.3 In July 2014, the UK Government announced a City Deal worth £1.13 billion for the Glasgow City Region (Glasgow and Clyde Valley Infrastructure Fund). The UK Government will provide £500 million of funding, the Scottish Government £500m and a minimum of £130m from local authorities across Glasgow and Clyde Valley. The funding will be used to: improve the transport network across the region, unlock key development and regeneration sites and improve public transport.

3.4 The Edinburgh City Region¹ undoubtedly has the scale and potential to benefit from an Infrastructure Fund/City Deal arrangement with the UK and Scottish Government.

3.5 Work is now required to develop an initial business case which will help to establish the ambition and potential benefits of a City Region Deal.

4 POLICY IMPLICATIONS

4.1 There are no policy implications arising from this report.

5 EQUALITIES IMPACT ASSESSMENT

5.1 This report is not applicable to the well being of equalities groups and an Equalities Impact Assessment is not required.

6 RESOURCE IMPLICATIONS

6.1 Financial - The contribution of £5,000 to support the development of a business case will be identified from existing budgets within Economic Development.

6.2 Personnel - Allocation of staffing resource to support the development of the business case will be required.

6.3 Other - None

¹ Defined as City of Edinburgh Council area, East Lothian, West Lothian, Midlothian, Fife and the Scottish Borders

7 BACKGROUND PAPERS

7.1 None

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