

REPORT TO: East Lothian Council

MEETING DATE: 22 August 2017

BY: Chief Executive

SUBJECT: Edinburgh and South East Scotland City Region
(ESESCR) Deal

1 PURPOSE

This report:

- 1.1 provides an update on the focus, scope and scale of the City Region Deal following approval of the Deal Heads of Terms with both UK and Scottish Governments;
- 1.2 identifies the level of further work that will be required to formalise the deal agreement and confirm funding commitments;
- 1.3 brings into the public domain the summary detail of the Deal arrangements including how they relate to East Lothian;
- 1.4 sets out the next steps to further develop the governance arrangements that will be required to deliver the Deal and, in so doing, provides necessary comfort to both UK and Scottish Government that partner authorities are taking the necessary decisions that will drive economic growth and reduce inequalities across the City Region.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Council:
 - notes the acceptance of the offer made by UK and Scottish Government to the Edinburgh and South East Scotland City Region partners;
 - notes the intended benefits that the portfolio of projects will bring to East Lothian and the wider South East Scotland region;
 - acknowledges that funding will only be released subject to Treasury Green-Book accredited outline business case approval;

- notes the requirement for local authority funding contributions, and agrees to East Lothian Council's contribution in respect of both the Innovation Park at QMU, the Integrated Regional Skills Programme and the future Housing Programme;
- notes the ongoing development of governance arrangements that will be required to deliver the Deal and approves specifically the proposed establishment of a Regional Business Council.

3 BACKGROUND

- 3.1 The Edinburgh and South East Scotland City Region Deal aims to accelerate the region's rate of economic performance through a twin focus on innovation and inclusive economic growth. A wide-ranging programme of investment is incorporated within the Deal agreement, that is shaped around Innovation, Infrastructure investment, a Regional Housing Programme and a cross cutting Integrated Regional Skills Programme.
- 3.2 In June 2016 East Lothian Council approved the establishment of a Joint Committee, made up of partner representation from the six local authorities, and university and business sectors. The role of the Committee was agreed as fourfold: to determine strategic focus; to agree investment priorities; to oversee planning and implementation activity; and to monitor impact. The Council also noted the opportunity for a new approach to policy integration in a new cross-sector partnership model, the potential benefits that could arise from such collaboration and that discussions on city region governance and policy integration was ongoing. The Joint Committee has met monthly since June 2016.
- 3.3 The Council noted in June 2016 assumed levels of funding contributions based on other historic agreed City Deals. The Head of Council Resources has also previously signalled potentially significant funding impacts of any agreed Deal in the Council's approved 3 Year Financial Strategy in February and most recently in his Treasury Management Strategy 2017-20 in March 2017.

The Heads of Terms Agreement

- 3.4 The Edinburgh and South East Scotland City Region Deal Heads of Terms Agreement was signed by the Regional Partners and UK and Scottish Governments on the 20 July 2017. The Council Leader was authorised to sign the agreement through a private report considered under summer recess arrangements that followed direct consultation and agreement with each of the Party Group Leaders. The Heads of Terms Agreement confirmed all partners' joint commitment to achieve full implementation of the Deal. This report summarises the offer that has been accepted from both Governments as well as the financial contribution required from East Lothian Council. The Heads of Terms Agreement is shown in Appendix 1 and is summarised in table 1 overleaf:

Table 1: Offer from Governments

Theme / Project Name	UK Govt contribution (£m)	Scot Govt contribution (£m)	Total
Innovation	350 (between both Governments)		350
- Data-driven innovation projects and Queen Margaret University Food and Drink Innovation Campus		250	250
- Enabling infrastructure (for above)		50	50
- Economic infrastructure programme for Fife and Scottish Borders		50	50
Integrated Regional Skills Programme	-	25 (over 8 years)	25
Infrastructure	-	140	
- A720 Bypass improvements at Sheriffhall	-	120	140
- West Edinburgh	-	20	
Culture	10	10	20
- IMPACT	10	10	
Housing		65	65
- Regional infrastructure fund		50	
- Establishment of a new regional housing company		15	
TOTAL			600

Potential Benefits of East Lothian Related Projects

3.5 Delivering these key projects will bring in financial investment to boost gross value added and productivity, while inequalities will also be reduced, through the creation of good quality jobs and more affordable

housing. The integrated regional skills programme has been set up to ensure that any jobs created are available to as many people as possible and improved access to skilled jobs is secured for all. Infrastructure interventions have been chosen so that they can connect people to job opportunities of the future, and the housing programme will help deliver affordable housing to help lift people out of poverty.

3.6 In most cases, the benefits have been quantified through economic modelling within outline business cases, which will require to be updated and developed to Treasury “Green Book” standard before being approved by partners, and then by Government enabling funding to be released. The outline benefits by project/programme are summarised below:

3.7 **Innovation Park at QMU** - this Food & Drink Innovation Hub is a joint collaboration with QMU but also includes wider development of housing, road infrastructure, education, retail and leisure amenities. Key aspects include:

- delivery of infrastructure that unlocks a key strategic development site;
- 1st phase of delivery that includes a cutting edge Enterprise Hub that will provide state of the art support to SMEs in the fast changing food and drink innovation sector;
- the provision of 1,500 homes, including 375 affordable
- delivery of a new primary school and new commercial zone within a new, more integrated local centre
- creation of an estimated 3,400 jobs
- paving the way for 2nd and 3rd phases to be funded by private sector over the next 15-20 years, creating further significant employment opportunity
- phase 1 total cost just over £80m, with £15m provided by LA/QMU.

The City Region Deal ask was originally for funding support of £45m to support the initial phase of development. This has not been guaranteed in full but instead the level of project support will only be finalised when taken to full business case stage drawing down from a collective funding pot that will service the range of identified innovation projects and their enabling infrastructure.

3.8 **Integrated Regional Skills Programme:** the Heads of Terms agreement identifies £25m of grant funding over the next 8 years to support a programme of interventions that will provide significant training and skills improvements and assist in moving many additional people into employment.

- 3.9 **Regional Housing Programme:** There is an acute shortage of homes, affordable for people on low to moderate incomes, across the region. This, and the high cost of housing in many areas, is a key factor in the cost of living faced by those households as well as significantly contributing to addressing homelessness and tackling inequalities. House building rates for both affordable and market homes fall well below that needed to address current and future demand. Reducing the cost of housing for those on low to moderate incomes would spread the positive economic benefits of growth and generate additional local economic uplift.

The Regional Partners supported by Scottish Government have committed to deliver a 10-year ambitious programme of new housing across the region, delivering certainty to SMEs and maximising economic benefit from the construction process. The joint approach between partners and Scottish Government will support the delivery of significant numbers of new homes across the region. The Heads of Terms Agreement sets out new Government commitments:

- a revolving Housing Infrastructure Fund of £50m of predominantly private sector loans to help unblock and accelerate seven regionally significant strategic development sites, one of which is Blindwells.
- a one-off £15m capital grant to help establish a new City Region Housing Company to provide competitive market and mid-market together with specific consent being provided to on lend.
- one key area that partners felt should be enhanced further within the agreement was in relation to additional affordable housing grant. It should be noted that £125m additional affordable housing grant was recently announced in June 2017 for the region between 2018/19 and 2020/21. Partners will continue to work with Government to extend the commitment over a 10-year period subject to successful delivery by regional partners of the first three years.

- 3.10 The success of projects will be measured and assessed by an agreed approach between the UK and Scottish governments and the partners. This is likely to include indicators to determine the increase in productivity and decrease in inequalities arising from the investments.

Leadership, Governance and Policy Integration

- 3.11 Participating partner authorities will require to demonstrate strong, local and regional accountable governance that incorporates all of the partners to the Deal.
- 3.12 The Heads of Terms Agreement states specifically that regional partners will establish a new model of regional governance that will draw on best practice approaches identified within the Enterprise and Skills Review and sets out that the Governance model will focus on the needs of the area and will include an integral role for the private and third sectors as well as effective interface engagement with Scottish Enterprise, Skills

Development Scotland and incorporate senior business and industry leadership.

3.13 Further development of City Region Deal governance arrangements is ongoing and it is anticipated that:

- the Deal will continue to be delivered through the approved Joint Committee of the Leaders of each Local Authority along with business and higher education representation. The Committee will meet monthly and by exception as required. The Joint Committee will be chaired by each partner on a rotational basis.
- the Joint Committee will be supported by the Executive Board. The Board will be made up of the six Local Authority Chief Executives, six Regional Local Authority Directors with a remit for the economy, plus a representative for the region's Universities and Colleges, and a Partnership Programme Office (PPO) function. This forum is already in place and was formed to develop Deal propositions and negotiate the Deal with both Governments. It is envisaged that the Executive Board will continue to meet with a revised remit to:
 - brief the Joint Committee;
 - prepare Joint Committee agenda's
 - agree on programme resources;
 - engage with Governments to achieve the full implementation of the Deal; and
 - promote the programme with external stakeholders and partners
- the Joint Committee and Executive Board will be supported by a Partnership Programme Office (PPO) which will be responsible for programme and performance management.
- a new cross-regional Business Leadership Council will require to be established. The Business Council will be responsible for monitoring and making recommendations to the Joint Committee with regard to City Region Deal implementation. The Business Council will have a specific role to provide advice on investment decisions to ensure that economic growth and employment opportunities are maximised. The Business Council's membership will be agreed by the Joint Committee. Businesses large and small, the HE/FE sector, and the third sector from a fair geographic distribution across the City Region will all be represented.
- a comprehensive agreement will now be drawn up between the participating authorities which will bind and commit each individual local authority (and any successor authority) for such duration as is necessary to deliver the City Region Deal.

- the City Region Deal also provides the opportunity for the consideration of a new approach to policy integration and regional collaboration under a new cross-sector partnership model. The potential benefits would include clear alignment of activities and more efficient working with increased capacity, resilience and economies of scale envisaged.
- it is envisaged that thematic groups may continue or indeed may be further developed as the Deal progresses.
- it is envisaged that specific governance arrangements for the Regional Housing Company will be put in place by the Joint Committee and individual Local Authorities electing to participate.
- the Scottish Government have committed within the Heads of Terms Agreement to continuing to work collaboratively with regional partners on transport investment priorities through the establishment of a Transport Appraisal Working Group. An agreed and mutually shared remit and proposed outcomes will be developed.

Next Steps

- 3.14 A considerable amount of work requires to be undertaken to get the Deal to the next stage, i.e. where the commitments set out by Governments in the Heads of Terms Agreement can be confirmed and a Deal document put in place. Governments have indicated that based on previous deals this can take up to a year and they have noted that the ESESCR Deal is more complicated than other deals. Both Governments are keen to maintain momentum.
- 3.15 Partners will work with both Governments to build the Heads of Terms into a Deal document that sets out more detail about the strands of the deal, the anticipated outcomes, partners commitment and monitoring of the deal. Governments will also require:
- (a) financial agreement: underpins the deal and is an agreement between both governments, the local authorities and often a representative of the private sector. The financial agreement profiles government funding by financial year over the lifespan of the deal.
 - (b) financial plan: sets out how the deal finances will be managed and gives a complete picture of the Programme's finances. The financial plan provides a funding breakdown at a programme level and details financial reporting at a regional and Government level. The plan includes detail of the financial process for draw down of funding including business case approval.
 - (c) implementation plan: identifies key milestones for programme activities and individual projects.

(d) governance statement: sets out the agreed approach to investment and governance of the deal. The statement will detail the structures put in place to ensure robust governance.

3.16 Governments have recommended from their experience elsewhere that a well-resourced and led PPO that provides a central point of contact for all parties will be an imperative, together with early progress on establishing the appropriate regional partnership leadership and governance model as these are likely to be challenging and time consuming.

3.17 Individual project business cases will be developed to Green Book standard, will be taken through partnership governance arrangements and then to Government for approval and release of funds for delivery.

3.18 Consideration will be required to the establishment of necessary resourcing and arrangements to support both delivery within East Lothian and also the Partnership Programme Office to meet the requirements of overseeing the delivery phase of the programme. A more detailed proposal recommending the resources required for this will be brought to a future meeting of the Council. Meanwhile, it is suggested that the Council earmarks a suitable provision within Council balances and reserves for this purpose.

4 POLICY IMPLICATIONS

4.1 Agreement on a deal for the Edinburgh and South East Region would support delivery of the Council priorities in respect of Growing our Economy, People and Communities as set out within the Council Plan and the SOA. Any such deal will have significant implications for the Council's Financial Strategy and its future Capital Plans.

5 INTEGRATED IMPACT ASSESSMENT

5.1 Inclusive growth is a shared policy objective of the Council and national governments. The interventions identified within the Heads of Terms Agreement aim to reduce inequalities across the city region and by definition within East Lothian. The integrated regional skills programme in particular will work to ensure that all residents throughout the region have the ability to share in future success.

5.2 A City Region Deal would also provide a mechanism to help drive forward investment in sustainable place making. A holistic approach to sustainable growth is at the heart of the City Region Deal.

6 RESOURCE IMPLICATIONS

6.1 Financial - The contribution required by East Lothian Council towards the QMU Innovation Park is approximately £10m and although this is partly provided for within the existing capital plan, a further revision to this will

be required with a potential call being made upon the established Capital Fund. A city deal supported housing programme would supplement the already approved HRA Capital Investment Plan that may require some re-alignment to accelerate the further development of Blindwells.

6.2 Personnel – a significant amount of resource (both staffing and funding) has been spent preparing and negotiating the Deal bid over the last 2 years and in order to best serve the Council’s interests there will be a requirement to provide significant resourcing to support implementation and delivery of this programme. This will be the subject of further reports to Council as necessary but as proposed within Section 3.18, it would be wise to set aside up to £0.5m of Council balances for this purpose. Given the favourable 2016/17 year end position reported to Council in June, and subject to satisfactory external audit, this could be done by re-classifying the amount recently identified to be added to the Capital Fund.

6.3 Other – none at this time.

7 BACKGROUND PAPERS

7.1 Edinburgh and South East Scotland City Region Deal – Report to East Lothian Council 28 June 2016

7.2 Heads of Terms Agreement signed by UK/Scottish Governments and Partner Authorities on 20 July – Appendix 1

7.3 East Lothian Council Summer Recess Arrangements – Standing Order 15.5 Members Library Report – Edinburgh and South East Scotland Region - City Deal Proposition.

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DATE	11 August 2017

EDINBURGH AND SOUTH EAST SCOTLAND CITY REGION DEAL

Heads of Terms



Our signing of this document confirms our joint commitment to achieve full implementation of the Edinburgh and South East Scotland City Region Deal.

.....
Keith Brown MSP
Cabinet Secretary for Economy, Jobs and Fair
Work
Scottish Government

.....
Damian Green MP
First Secretary of State
UK Government

.....
Cllr Willie Innes

Leader of East Lothian Council

.....
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Leader of The City of Edinburgh Council

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Leader of Scottish Borders Council

.....
Cllr Kirsteen Sullivan

Depute Leader of West Lothian Council

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Prof Charlie Jeffery

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EXECUTIVE SUMMARY

1. The Edinburgh and South East Scotland City Region comprises the six local authorities of City of Edinburgh, Fife, East Lothian, Midlothian, Scottish Borders and West Lothian. It is one of the most prosperous and productive UK regions and includes Scotland's iconic capital city, recognised worldwide for its culture, history and architecture.
2. The city region has a population of approximately 1.4 million people, more than a quarter of the Scottish population. Regional partners calculate that it contributes over £33 billion per year to the Scottish and UK economies.
3. A key driver for the investment in this deal is the opportunity to address inclusion across the region. Prosperity and success is not universal across the region: 21% of children are living in poverty; there is a lack of mid-market and affordable housing; and too many people are unable to move on from low wage/low skill jobs. The deal will address these issues, create new economic opportunities, and is expected to provide up to 21,000 new jobs. The region's new skills programme, alongside improved transport and housing provision, will ensure that businesses and communities across the region will benefit and will be given the chance to take advantage of these exciting new opportunities.
4. Since Spring 2016, the Scottish and UK Governments have been working with local partners to develop a transformational and inclusive city deal for the region that will:
 - Build on the region's strengths such as its high growth sectors that will provide the jobs of the future, its world class universities that are working with businesses on ground breaking R&D and innovation and Edinburgh's world class cultural offer.
 - Address key economic barriers with significant new investment in housing and transport.
 - Address issues which are constraining the region's economic potential and which match the strategic priorities for growth as outlined in the Scottish Government's Economic Strategy and the UK Government's emerging Industrial Strategy.
5. This heads of terms is a tripartite agreement between the Scottish Government, the UK Government and regional partners. **Both Governments are committed to jointly investing up to £600m over the next 15 years 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.
6. Regional partners have committed to contributing up to £501m to match fund the joint commitment from both governments. Overall this represents a deal worth over £1.1bn of investment.
7. This document represents a heads of terms agreement. Further detail on the implementation of specific commitments will follow in a finalised City Region Deal

document. This heads of terms document has been produced for the purposes of outlining the principles of the deal and does not form a legally binding contract.

THE COMMITMENTS

RESEARCH, DEVELOPMENT, AND INNOVATION PROGRAMME

8. Innovation is the lifeblood of the region's economy. The region is already home to world class research and development activity, much of which acts as an anchor for the development of new products and services through innovation in the private sector.
9. In Edinburgh city centre, approximately 2,400 people are employed in 570 technology led businesses, in close proximity to the University of Edinburgh. Growth has been impressive, with an increase of 58% and 48% in GVA and turnover respectively between 2010-14. Both Governments and local partners recognise the potential to further accelerate the development of key sectors (e.g. data science, robotics, financial services, fintech, agritech, creative and digital sectors) and to ensure the benefits of this growth are spread across the region.
10. As such the UK Government, Scottish Government and local partners have agreed a transformational Research, Development and Innovation programme (RD&I) for the region. This will drive further growth in the above sectors of the city region's economy and will support wider reform and improvement in public service provision.

Key commitments include

11. The UK Government and the Scottish Government will provide up to £350m of capital funding over a fifteen-year period to support the development of:
 - **Data storage and analysis technology that will allow large datasets to be brought together, in a secure environment, from public and private sector organisations.** This data analysis repository will allow the development of new products and services within key sectors. It will be based at the UK's National Supercomputer Centre at Easter Bush and will be connected to a region-wide Internet of Things (IoT) network.
 - **Five RD&I sectoral hubs** that will draw on the data repository and support RD&I activity in key sectors.
 - **The Bayes Centre for data**, a facility adjacent to the existing School of Informatics, which will provide shared working spaces for world-leading applied researchers, students, existing data science institutes and industry to drive data-driven Innovation.
 - **The Quatermile Old Royal Infirmary** will bring together researchers, businesses and key public sector organisations to drive RD&I in financial services, fintech, creative and media technology, tourism and public service provision

- **The Usher Institute** building within Edinburgh’s BioQuarter will house a centre for utilising data at scale to support data-driven health research, medical informatics and population health sciences.
- **The National Robotarium** will be co-located on the Heriot-Watt University campus. It will offer access to leading-edge applied research in autonomous systems, sensor technologies, existing micro-assembly equipment. The Robotarium will also have access to the resources of both Heriot-Watt University and the University of Edinburgh.
- Scaled-up incubation space for bioscience businesses and specialist facilities at **Easter Bush**, delivering alignment with the Roslin Institute’s research excellence in agritech and extensive industry partnerships.
- A **Food and Drink Innovation Campus located at Queen Margaret University** which will enhance and grow the nation’s food and drink sector. This will stimulate economic growth based on both national and international markets.
- **An Edinburgh and South East Scotland programme of investment in economic infrastructure** to ensure that businesses and communities across the region are fully able to engage in the data-driven innovation opportunities, **including industrial and business premises, to ensure maximum impact from the innovation investment.** Local partners and the private sector will invest significant additional funding to deliver key regional economic priorities including new industrial and business premises at Tweedbank, in the Scottish Borders, and across Fife.

12. Complementing the Government investment, the private sector and local partners will invest £52m of capital funding to support the development of the RD&I hubs and a further £201m over a 10-year period, to provide a university-led innovation support programme that will:

- support companies to undertake RD&I activities in the RD&I sectoral hubs;
- support research and commercialisation of new products and services;
- create and deliver new Higher Education courses; and
- support the development of a new generation of entrepreneurs – working in key sectors.

EMPLOYABILITY AND SKILLS

13. The Scottish Government’s recent Enterprise and Skills Review identified opportunities to strengthen regional delivery to achieve better outcomes.

14. **Key commitments include:**

- The Scottish Government will support the regional partners to stimulate active collaboration to deliver better outcomes for all of the region and particularly those people facing significant disadvantages to securing and sustaining meaningful, high quality employment.

- The Scottish Government will invest up to £25m (over eight years) in the regional partnership to deliver an Integrated Regional Employability and Skills Programme. This will reduce skills shortages and gaps, and deliver incremental system-wide improvements to boost the flow of individuals from disadvantaged groups (e.g. young care leavers, workless, and those in low paid or insecure jobs) into the good career opportunities that will be generated through the city region deal investment. This will deliver better impact from existing public, private and third sector investments.

TRANSPORT

15. This deal will deliver major investments to ensure that Scotland's capital and its region is served by world class transport infrastructure. The recently published SESplan cross-boundary study of the region has helped to show where transport investment will be most effectively targeted.
16. Partners will put in place a regional developer contributions framework which takes account of work being led by SESplan and the emerging findings of the jointly-produced cross-boundary study. These interventions and commitments, taken with the additional transport investment to enable the innovation and housing projects, will help ensure the region continues to grow and flourish.

17. Key commitments include:

- The Scottish Government will invest up to £120m to support improvements to the A720 City Bypass for the grade separation of Sheriffhall Roundabout.
- The Scottish Government will provide £20m investment to support public transport infrastructure improvements identified by the West Edinburgh Transport Appraisal, alongside investment from partners and the private sector.
- The Scottish Government commits to continuing to work collaboratively with the regional partners on identified regionally-led local transport investment priorities through the establishment of a Transport Appraisal Working group, with an agreed and mutually shared remit and proposed outcomes. Partners will have the opportunity to be involved in and influence the second Strategic Transport Projects Review.

CULTURE

18. Scotland's capital city has a world-class cultural offer which is vital in attracting around four million visitors a year who inject £1.3 billion to the region's economy. The new concert hall unlocked through this city deal will deliver £40m private sector investment and make a significant contribution to the ongoing success of Edinburgh's cultural offer.

19. Key commitments include:

- Both Governments will provide up to £10m each (a maximum of £20m) of capital funding to support the delivery of a new IMPACT concert hall that will reinforce Edinburgh's position as a pre-eminent Festival City.

HOUSING

20. As part of this deal, a regional housing programme recognises the very significant housing pressures across the region and the need to provide suitable housing to support sustainable economic growth.
21. The regional partners have committed, supported by the Scottish Government to deliver a 10-year ambitious programme of new housing across the region, delivering certainty to SMEs and maximising the economic benefit from the construction process through a substantial increase in off-site construction methods. This will be supported by existing training programmes through the Construction Scotland Innovation Centre.
22. This joint approach between local partners and Scottish Government will support the delivery of significant numbers of new homes across the region. Key to this scale of delivery is the unlocking of seven strategic sites. These are Winchburgh, Blindwells, Edinburgh's Waterfront, Calderwood, Shawfair, Tweedbank and Dunfermline.
23. The Scottish Government will support this delivery with the following key commitments:
 - Build on the recently committed additional £125 million between 2018/19-2020/21 to support the regional partners' 10-year affordable housing programme, subject to successful progress on this initial phase. Work on the next phase of the programme and the associated funding profile beyond 2020/21 to achieve agreed outcomes will begin in 2018.
 - Guarantee on a risk-sharing basis alongside West Lothian Council, up to £150m of infrastructure investment that will unlock up to 5,000 new homes in Winchburgh, West Lothian.
 - Prioritise and work with local authorities on a site-by-site basis to support local authority borrowing and share the financing risk of infrastructure delivery required across these sites, learning from the Winchburgh approach.
 - Provide housing infrastructure funding of up to £50m, of predominantly private sector loans, to be spent on projects that will unlock housing in strategic development sites across the region and which will build upon the regional strengths in off-site construction creating new economic and export opportunities.
 - Provide a financing and funding package comprised of consent to on-lend up to £248m and an additional one-off £15m capital grant to enable the City of Edinburgh Council to establish a new regional housing company to deliver a minimum of 1,500 homes at mid-market rent and competitive market rent levels.
24. Both Governments will also work with regional partners to maximise the potential contribution of public sector land and property in the region to help unlock further new housing.
25. These interventions will be linked to inclusive growth objectives through the creation of new jobs in deprived areas with investment linked to training opportunities.

GOVERNANCE AND ASSURANCE

26. Strong and effective leadership and governance is paramount to both successful implementation and in providing assurance to governments, local authorities and wider regional partners. To date, the city region deal has been developed through joint working by the region's local authorities and two consortiums, one for the business community and one for Higher and Further Education establishments, led by the University of Edinburgh.

Key commitments include:

27. Local partners will demonstrate the value for money case for each project and programme before funding is made available. As such, all commitments in this document are subject to the approval of final business cases from the relevant Government, or from both Governments in the case of jointly funded projects.

28. Partners will establish a new model of regional governance that will encompass the best practice approaches identified within the regional partnerships work stream of Phase 2 of the Enterprise and Skills Review. Following the recommendations of the Enterprise and Skills Review the model will focus on the needs of the area and will include an integral role for the private and third sectors. The new regional governance will include effective engagement with Scottish Enterprise, Skills Development Scotland and incorporate senior business and industry leadership. In respect of the Scottish Borders, the announcement of the South of Scotland Enterprise Agency will require Scottish Borders Council, all agencies and Government to take an approach that ensures an effective fit between the governance for the City Region Deal and the statutory nature of the new Agency.

29. The Scottish Government is developing an Inclusive Growth monitoring framework which will incorporate clear indicators to measure progress towards the five high-level inclusive growth outcomes (Economic Performance and Productivity, Labour Market Access, Fair Work, People, and Place) and will expect the City Region Deal evaluation and monitoring reports to align with this.

30. Local partners will work with both the UK Government and the Scottish Government to develop a final City Region Deal document, detailed implementation plan with monitoring and evaluation frameworks and associated business cases for all projects and/or programmes receiving funding from the UK and/or Scottish Governments.

31. Local partners will work with both the UK Government and Scottish Government to agree a communications strategy and an operating protocol. Both documents will set out how communications about the City Region Deal and its associated activities are taken forward, in a way that meet the needs of the regional partners as well as the UK and Scottish Governments.

ENDS