

REPORT TO: East Lothian Council

MEETING DATE: 27 October 2020

BY: Head of Development

SUBJECT: Edinburgh and South East Scotland City Region Deal – Annual Report, Benefits Realisation Plan, and Food and Drink Innovation Update

1 PURPOSE

1.1 This report summarises the key findings of the:

- City Region Deal Annual Report
- Benefits Realisation Plan

Both as lodged in the Members' Library, and as approved by the City Region Deal Joint Committee on 4 September 2020.

1.3 To update on the date for the next Annual Conversation.

1.4 To provide a summary on progress to date on the delivery of the Food and Drink Innovation Hub and the wider Innovation Park.

1.5 To update on the progress of the Full Business Case to be submitted to the UK Government and Scottish Government to enable the drawdown of the £30 million funding package.

1.6 To update on the Land Transfers from Persimmon Homes (West Scotland) Limited to ELC.

1.7 To update on the delivery of the Grade Separated Junction at the A1/Queen Margaret University road junction. Planning Permission (reference 19/00473/PCL) as granted by the Council on 25 November 2019.

2 RECOMMENDATIONS

2.1 That Council notes the:

2.1.1 summary findings of the second Annual Report;

- 2.1.2 summary findings of the Benefits Realisation Plan;
- 2.1.3 date for the next Annual Conversation;
- 2.1.4 summary of progress on the delivery of the Food and Drink Innovation Hub and the wider Edinburgh Innovation Park;
- 2.1.5 progress of the Full Business Case to be submitted to the UK Government and Scottish Government to enable the drawdown of the £30M funding package;
- 2.1.6 update on the Land Transfers from Persimmon Homes (West Scotland) Limited to ELC;
- 2.1.8 update on the delivery of the Grade Separated Junction at the A1/Queen Margaret University road junction. Planning Permission (reference 19/00473/PCL) was granted by the Council on 25th November 2019.

3 BACKGROUND

Annual Report/Benefits Realisation Plan

- 3.1 The Edinburgh and South East Scotland City Region Deal was signed by the First Minister, Prime Minister and City Region Leaders on 7 August 2018.
- 3.2 Each year the City Region Deal partners are required to produce an Annual Report to assess how well the City Region Deal is aligning towards the overall vision and inclusive growth outcomes for the city region. The first Annual Report was approved by the City Region Deal Joint Committee on 3 September 2019 and was reported to East Lothian Council on 29th October 2019.
- 3.3 The second Annual Report was approved by the City Region Deal Joint Committee on 4 September 2020.
- 3.4 A key objective of the Joint Committee (as set out in the Deal Document) is: “to monitor the impact of the City Region Deal Programme” that will result from the delivery of outputs. In addition to this, Audit Scotland highlighted (January 2020) its interest in Scotland’s City and Growth Deals implementing monitoring and evaluation processes. The Benefits Realisation Plan sets out the overarching approach to reviewing and evaluating benefits as detailed at sections 3.12 – 3.14 below.

Annual Report – Overview

- 3.5 The Annual Report 2019/2020 (“Report”) is an overall progress report for the City Region Deal programme.
- 3.6 The Report contains a City Region Deal overview, Financial Statement, a Summary of Progress within each of the 5 themes, the COVID-19 response and a look to the year ahead.

- 3.7 The Report notes the continuation of substantial progress in the second year. As well as delivering cross-regional projects across the innovation, skills, transport, culture and housing themes and creating future regional infrastructure, a further major benefit is the work to enhance existing and develop new regional collaboration for strategic coordination across transport, housing, land use and economic development.
- 3.8 The Report notes that the key milestones achieved in 2019/2020:
- **September 2019** - the Joint Committee approved the £85 million Usher Institute business case, which will enable data-driven advances in the delivery of health and social care.
 - **July 2020** - the construction began at the Borders Innovation Park in Tweedbank, which will provide a major economic boost to the Scottish Borders potentially creating over 380 jobs.
 - **3 April 2020** - the launch of a COVID-19 Jobs Support portal 11 days after the country was locked down. The portal is a regional offer for employers still recruiting and for COVID-19 impacted employees facing job losses. To date, over 16,000 unique visitors have accessed the site; over 1,000 full jobseeker registrations have taken place; 427 employers are registered on the site, and over 1,000 vacancies have been advertised. The portal has allocated £200,000 worth of grants to create data-driven solutions to assist the region's communities, services and businesses with the recovery, and it has worked with transport operators on a package of emergency measures to support the main routes into and out of Edinburgh.
 - Of the £1.3 billion that was committed in the Deal Document, two years into that 15-year programme, over £736.51 million (55%) of it has been approved through business cases at the Joint Committee and, as of the financial year end 2019/20, **£103.20** million has already been spent.

Annual Report – Summary of Progress

- 3.9.1 As of 1 August 2020:
- 8 projects are in Stage 1 (the project's business case is yet to be completed - 9 as of August 2019)).
 - 13 are in Stage 2 (the project's business case has been approved by Joint Committee and is in the process of being implemented (13 as of August 2019)).
 - 3 are in Stage 3 (the project has been implemented and is working towards delivering its objectives (2 as of August 2019)).
- 3.9.2 Whilst COVID-19 has affected the delivery of the some of the projects all are considered to be within acceptable time and budget parameters.
- 6 projects are considered to be on target to be completed on time (green score) or have been completed on time (12 as of August 2019).

- 18 projects are delayed, but considered to be within an acceptable range, with management action in place to address the issue (amber score) (12 as of August 2019).
- 15 projects are considered to be on target to be completed within the specified budget (green score) or have been completed within the specified budget (16 as of August 2019).
- 9 projects are projected to cost more than the specified budget, but considered to be within an acceptable range, with management action in place to address the issue (amber score) (8 as of August 2019).

Annual Report – COVID-19 Response

3.10 The UK entered a state of “lockdown” on 23 March 2020. This affected the delivery timescales of several of the projects. That said, the governance structure, established to manage City Region Deal activity, helped the partnership to respond quickly with some effective interventions.

- COVID-19 Jobs Portal
- Health and Social Care Skills Gateway
- Contribution to the Report on the Advisory Group for Economic Recovery
- Regional Transport Transition Plan

Annual Report – the Year Ahead

3.11 Key milestones that are expected in the next 12 months:-

Date	Milestone
September 2020	Completion of Edinburgh International Data Facility Computer Room
December 2020	<p>Joint Committee meeting where the following items will be considered:</p> <ul style="list-style-type: none"> • Dunfermline Housing Business Case. • Regional Growth Framework update. • Easter Bush Business Case. • Integrated Regional Employability • Skills Programme update. • Regional Growth Framework complete. • Commence construction of the National Robotarium

January 2021	Launch Edinburgh Futures Institute TravelTech cluster
March 2021	<p>Joint Committee meeting where the following items will be considered:</p> <ul style="list-style-type: none"> • Edinburgh Innovation Park (Food and Drink Innovation at Queen Margaret University) Business Case. • Fife Industrial Innovation Investment Programme Tranche 2 Business Case. • Data-Driven Innovation Programme update. • Variation to planning application for Dunard Centre to be ready for consideration.
April 2021	<ul style="list-style-type: none"> • Start draw down of City Region Deal Easter Bush funding. • Outline business case for West Edinburgh Transport Programme complete
June 2021	Deliver the Regional Data Haven
July 2021	Develop and release DataLoch beta – the first fully operational dataset.

Benefits Realisation Plan

3.12 The Benefits Realisation Plan (“Plan”) sets out the overarching approach to reviewing and evaluating benefits by addressing two central issues:

(1) How the City Region Deal is performing against delivery plans as set out in approved programme and project business cases and the overall Deal Document objectives, and

(2) What economic, social and other impacts may be generated as a result within the Region, Scotland and elsewhere in the UK, and how these objectives will be delivered.

Benefits Realisation Plan – Key Principles/Inclusive Growth

3.13 To monitor impacts of the Deal, partners have agreed to a set of reporting principles. These include:

- adherence to the overarching principles of government best practice in project and programme delivery;
- selecting monitoring and evaluation approaches that best measure progress in meeting the inclusive growth objectives and impacts associated with the Deal;
- continually updating the Plan and using any other new measures approved by the Joint Committee that will help assess and support the better management of Deal activities and impacts.
- Programme themes are individually and, as importantly, collectively tasked to meet and align with the 5 inclusive growth themes:
 - accelerating inclusive growth;
 - removing the barriers to growth;
 - delivering community benefits through procurement;
 - targeting employability and skills interventions; and
 - delivering social benefit through innovation.

Benefits Realisation Plan – Theory of Change/Measurement Approaches

- 3.14.1 The Plan sets out how the City Deal partners developed an overarching Theory of Change to map out the potential relationships between Deal programme inputs, activities, outputs, outcomes and impacts which include Scottish Index of Multiple Deprivation ranking uplifts; returns on investment; increases in recruitment from under-represented groups; and sustainable transport improvements.
- 3.14.2 The Plan provides a series of pro-formas for all Deal partners which identify specific theme approaches to monitoring and evaluation in relation to identified outputs, potential impacts and positive equality actions; and a general approach to monitoring and evaluating community benefits and social innovation realisation given the cross-cutting nature of both objectives and extensive variation in the benefits that could emerge.

Annual Conversation – Update

- 3.15 The annual reports are followed up in a conversation between the Scottish City Region Deal Delivery Board and the senior representatives of the Deal, where progress and concerns are discussed. The Annual Conversation for 2020 has not yet taken place at the time of writing this report – albeit the Annual Conversation is scheduled for November. An update on the Annual Conversation will be reported to Council in December.

Summary of Progress - Delivery of the Food and Drink Innovation Hub and the Wider Edinburgh Innovation Park

3.16

Headline Achievements

Date	Achievement
25 November 2019	Planning permission for the grade separated junction granted
June 2020	Land transfers to enable the Innovation Hub development / junction development completed
Ongoing	Progression of the Full Business Case

Next Milestones

Date	Milestone
March 2021	Contract award and commencement of the junction works scheduled
March 2021	Full business case submitted to Joint Committee for approval
Nov 2022	Completion of the construction of the junction works scheduled for
Sept 2022	Commencement of construction of the Food and Drink Innovation Hub
Feb 2025	Food and Drink Innovation Hub operational

Progress of the Full Business Case

3.17 The original date for approval of the Full Business Case (FBC) to UK and Scottish Governments was June 2020. Unfortunately due to the unforeseen delays caused by the impact of COVID-19, this date was revisited. In close discussions with both governments, it was agreed that the submission date of the FBC could be rescheduled to December 2020. QMU/ELC reported to both governments that the later date of December 2020 presented an opportunity to review all aspects of the project. From a delivery perspective it was fundamental that the review revisited the impact on the funding and costs modelling and the existing commercial construct of the partnership. The review would also incorporate the legal and governance structures that facilitate that. A separate and private report being considered at Council today entitled “Commercial Heads of Terms between ELC and QMU for the Delivery of the Food and Drink Innovation Hub and Park” sets out the principles that have been established on which detailed commercial Heads of Terms can be taken forward for agreement. This is envisaged as forming a further report that will be presented to Council in December for final agreement.

Land Transfers from Persimmon Homes (West Scotland) Limited to ELC

- 3.18 The Land Transfers to facilitate the development of the Innovation Hub and the wider Innovation Park on site MH1 were completed on 22 June 2020. A private Members' Library Service Report (Ref: 112/20, October 2020 Bulletin) entitled "Land Transfers at Old Craighall" has been submitted.

Delivery of the Grade Separated Junction at the A1/Queen Margaret University Road Junction

- 3.19 The contract for the works to complete the alterations to the A1/Queen Margaret University is currently being finalised with a view to commencing the procurement process towards the end of October 2020. It is estimated that it will be March 2021 before the contract can be awarded.

4 POLICY IMPLICATIONS

- 4.1 The City Deal Agreement supports the delivery of Council priorities in respect of Growing our Economy, People and Communities as set out within the Council Plan. Deal agreement will have significant implications for the Council's Financial Strategy and its future Capital Plans. The Edinburgh and South East City Region Deal is consistent with the ELLDP 2018 and is incorporated within the refreshed Economic Development Strategy 2017-22.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 Inclusion is a key driver for the City Region Deal, and assessed for each project. Business cases for projects include a demonstration of how they will reduce inequalities and tackle the inclusion challenges specific to the city region.
- 5.2 The Benefits Realisation Plan will incorporate clear indicators to align with the Scottish Government's and the Deal's Inclusive Growth Framework. The impact on equalities, human rights, poverty, environment and sustainability are also incorporated into the plan.

6 RESOURCE IMPLICATIONS

- 6.1 Financial - There is no direct financial impact relating to the Annual Report and Annual Conversation or the Benefits Realisation Plan for East Lothian Council. The land transactions for the hub and park, the Council's contribution to the hub construction cost plan and government grant monies are incorporated within the council's approved capital plan.
- 6.2 Personnel - None

6.3 Other – None

7 BACKGROUND PAPERS

- 7.1 Members Library Service Report (Ref: 110/20, October 2020 Bulletin): Edinburgh and South East Scotland City Region Deal – Annual Report 2019-2020
- 7.2 Members Library Service Report (Ref: 111/20, October 2020 Bulletin): Edinburgh and South East Scotland City Region Deal – Benefits Realisation Plan
- 7.3 Edinburgh and South East Scotland City Region Deal – Report to East Lothian Council 11 August 2017
- 7.4 Heads of Terms Agreement signed by UK/Scottish Governments and Partner Authorities on 20 July 2017
- 7.5 East Lothian Council Summer Recess Arrangements – Standing Order 15.5 Members Library Report – Edinburgh and South East Scotland Region - City Deal Proposition 19 July 2017
- 7.6 Edinburgh and South East Scotland City Region Deal – Report to East Lothian Council 28 June 2016
- 7.7 [City Region Deal Document \(August 2018\)](#)
- 7.8 Edinburgh and South East Scotland City Region Deal (ESES CRD) – Annual Report, Annual Conversation and Regional Growth Framework Update - 29 October 2019
- 7.9 Private Members' Library Service Report (Ref: 112/20, October 2020 Bulletin): Land Transfers at Old Craighall
- 7.10 Private Report to East Lothian Council, 27 October 2020, Commercial Heads of Terms between ELC and QMU for the Delivery of the Food and Drink Innovation Hub and Park

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