

The Highland Council

City Region Deal Monitoring Group

Minutes of the meeting of the **City Region Deal Monitoring Group** held **Remotely** on **Wednesday, 18 January 2023** at 2.00pm.

Present:

Mr I Brown	Mrs J McEwan
Mr D Fraser	Mrs M Reid
Mr K Gowans	Mrs T Robertson
Mr M Green	

Officials in attendance:

Mr M Macleod, Executive Chief Officer Infrastructure, Economy & Environment
Mr A Maguire, Head of Development & Regeneration
Ms H Martin, Programme Manager, City Region Deal
Ms A Macrae, Committee Administrator

Also in attendance:

Ms A Rutherford, Head of Telecoms Policy, Highlands & Islands Enterprise

1. Apologies for Absence

There were no apologies for absence.

2. Declarations of Interest

There were no declarations of interest.

3. Appointment of Chair of the Monitoring Group

Nominations were invited for the position of Chair of the Monitoring Group.

On the motion of Mr I Brown seconded by Mr M Green, the Group **AGREED** that Mr K Gowans be appointed as Chair.

4. Heads of Terms – City Region Deal

There had been circulated, for information, the signed Heads of Terms document.

The Group **NOTED** the signed Heads of Terms document.

5. Minutes of the Previous Meeting – 20 January 2022

There had been circulated Minutes of the previous Meeting held on 20 January 2022 which were **APPROVED**.

6. City Region Deal - Overview

The Programme Manager (City Region Deal) provided Members with an overview of the key elements of the Deal and its current programme.

The Chair welcomed the Programme Manager to the meeting in her new role and on the overview provided in relation to all of the ongoing projects under the City Region Deal.

The Group **NOTED** the updated.

7. Inverness and Highland City-Region Deal Annual Report 2021/22

There had been circulated Report No. CRD/01/23 by the Executive Chief Officer Infrastructure, Environment and Economy.

In discussion, Members raised the following issues:-

- an update was sought and provided on the aim of attracting and/or retaining an additional 1,500 young people in the 18-29 age group to help re-balance the Highland population. Reference was made to the strands of the Programme which related to employability and affordable housing to tackle issues of depopulation. In addition, it was confirmed that both Governments were supporting the Council in developing a benefits realisation plan that would set out key information including around employment tied into the City Region Deal;
- an update was sought and provided on the progress being made annually to deliver 6,000 homes over a 20-year period, of which 1,600 would be affordable bearing in mind the significant impact of Covid-19 restrictions and lack of construction workers at the present time. It was confirmed that Members would be provided with further information on all of the projects delivered to date across Highland under the Mid-Market Rent programme including schemes targeted to young people. In addition, a map of the locations of projects would be provided;
- in terms of retaining young people in the area, a holistic approach was required to identify the skills required and create educational opportunities to prepare young people for the careers available through new opportunities such as Opportunity Cromarty Firth. There was also a need to invest in developing industry alongside the knowledge economy so that there was not an over reliance on windfall industries; and
- an update was sought and provided on the timescales for the delivery of the Transport Scotland projects for the A9/A82 Longman Junction Improvement and the A9/A96 Inshes to Smithton project tied into the dualling of A96, reference being made to the current challenging financial environment and the fact both projects were key to unlocking development in the area. It was explained that the Council's concern at the lack of progress on both projects had been raised consistently in project and City Region Deal meetings and it did raise questions as to whether the projects could be delivered by 2027 or if an extension would be required.

Thereafter, the Group **NOTED** the report as a record of the Deal activity and delivery for 2021/22.

8. Digital Update

Ms A Rutherford, Head of Telecoms Policy, Highlands & Islands Enterprise, explained that it had been not possible for the significant Deal growth funds to be invested in the R100 Programme. Alternative proposals had been considered and had proved not to be viable. The current proposal was to use the framework set up by the UK Government to potentially progress a new Gigabit procurement in an area where there was active supplier engagement and to homes/businesses not included in other ongoing Gigabit projects.

In discussion, Members advised that the work being undertaken through the Digital and wi-fi project was key to the sustainability of communities and businesses across the Highlands. The challenges outlined in the presentation in terms of funding being in place and the barriers that existed in being able to proceed with projects was recognised. The lack of engagement from suppliers was a key issue in this regard.

Thereafter, Members commented that all communities should have the same opportunities and concern was expressed at the potential for there to be different tiers of provision with some communities moving ahead with Gigabit provision when others continued to experience challenges with connectivity. It was hoped the alternative procurement proposal once tenders had been received and work completed may stimulate interest in extending the project to the wider area, including rural communities. Reference was made to the benefits of collaborative working and any the assistance the Council could provide to support the ongoing work.

Thereafter, and in thanking Ms Rutherford for the update which had been provided, Members otherwise **NOTED** the current position as detailed.

9. Project Overview – Economy & Infrastructure Committee Bulletin

There had been circulated, for information, a Committee Bulletin by the Executive Chief Officer Infrastructure, Environment & Economy for the Economy and Infrastructure Committee on 2 February 2023 to update Members on the good progress being made in the City-Region Deal and highlighting the actions being taken to remedy issues arising within projects.

In response to questions, it was explained due to increased costs there were specific challenges with the Food and Drink TechHUB project where the proposal was for a refurbishment rather than a new build project. In respect of Fit Home, negotiations were ongoing between the Council and the Scottish Government on a funding package to deliver the scheme in Lairg and it may be necessary to identify an alternative site. It was confirmed that the Inverness Castle project continued to be on track and within budget.

Thereafter, it was highlighted that the City Region Deal funding for the Science Skills Academy was due to end. It had been hoped the Science Skills Academy would be passed over to a private sponsor, however this was taking longer than HIE had anticipated. Therefore, the Council could be asked for funding to match HIE's contribution until such time as the project was taken on as a going concern.

At this point, the Chair advised that any suggestions for items Members or officers wished to highlight in future agendas/meetings would be welcomed.

Following further general discussion, Members otherwise **NOTED** the terms of the report as circulated.

9. Update on Key Risks

The Programme Manager explained that the key risks related to the timelines around the projects and the fact the Deal ended in March 2027. Early discussions were being held with the UK and Scottish Governments in respect of the options for extending projects timelines where it was likely they would not complete by 2027.

In discussion, Members expressed concern that the significant impact of the pandemic on the timeline for projects was considered as a significant factor in terms of mitigating the risks.

Thereafter, the Group **NOTED** the terms of the report as circulated.

10. Consideration of Change Requests

The Programme Manager (City-Region Deal) provided a briefing on the arrangements for Change Requests for projects within the Programme and those that had been submitted to the UK and Scottish Governments. The Northern Innovation Hub would be extended by one year completing in March 2026. The Fit Home project would also be extended by one year and was due to complete in 2024. The required extensions were largely due to the impacts of the pandemic.

The Group **NOTED** the update on Change Requests for projects.

11. Date of Next Meeting

It was **AGREED** that the next meeting be held on 18 April 2023 with future meetings being held on a quarterly basis.

The meeting ended at 3.10pm.