

HIGHLAND COUNCIL

Committee: Environment, Development and Infrastructure Committee

Date: 1 February 2018

Report Title: Inverness and Highland City-Region Deal Update

Report By: Director of Development and Infrastructure

1. Purpose/Executive Summary

- 1.1 The purpose of this report is to provide committee members with an update on the Inverness and Highland City-Region Deal.

2. Recommendations

- 2.1 Members are asked to note the report.

3. Introduction

- 3.1 On 30 January 2017, agreement on the City-Region Deal was reached, with the Deal document being signed by Lord Dunlop, Parliamentary Under Secretary of State for Scotland, UK Government; Keith Brown MSP, Cabinet Secretary for Economy, Jobs and Fair Work Scottish Government; and Cllr Margaret Davidson, Leader of The Highland Council. The deal is a clear demonstration of the Highland Council's ambition to ensure that the City and the wider Highland region have a successful economic future.

4. Benefits of the City Region Deal

- 4.1 The deal is transformative and will position the area as a region of opportunity. It focuses on the attraction and retention of young people so that they can contribute to and benefit from a growing and increasingly skilled economy. It will make a step change contribution to the long term productivity and economic growth of the region by investing in vital infrastructure, fostering innovation, supporting regional skills development and promoting tourism.
- 4.2 The City-Region Deal provides a significant funding package which invests up to £315m into the regional economy. As part of this funding package, the Scottish Government will commit up to £135m. The United Kingdom Government will commit up to £53m. This includes £3m advance funding for City Wi-Fi and environmental improvements around Inverness Castle. The Highland Council, along with regional partners, will commit up to £127m.
- 4.3 Led by The Highland Council, which is responsible for both the city of Inverness and the wider Highland Region, the Inverness and Highland City-Region Deal is being implemented by a partnership between the Council, Highlands and Islands Enterprise, The University of the Highlands & Islands (UHI), and Albyn Housing Society Ltd.
- 4.4 Collectively, this funding package will be provided over a 10 year period subject to detailed business cases, statutory processes and implementation plans.

5. Governance

- 5.1 A programme board exists comprising of the lead officers for each project, a representative from the Council's Finance Service and representatives from the business community. The Scottish Government and UK Government are also represented on the board which is Chaired by the Director of Development and Infrastructure.
- 5.2 The Programme Board, reports to the Environment, Development and Infrastructure Committee and undertakes the following roles:
- ensures delivery of business cases and the implementation plan;
 - ensures effective co-ordination between partners;
 - ensures the ongoing overall alignment of the individual projects within the programme;
 - resolving strategic and operational issues between projects;
 - setting of gateway decision points for each individual project; and
 - monitoring project status and ensure project delivery; and manage risks and financial commitments.

5.3 A City-Region Deal Scrutiny Board has been established comprising the Group Leaders. This will review and monitor the progress of projects.

6. The City-Region Deal Projects

6.1 The projects within The City Region Deal are shown in **Appendix 1**. This describes the projects and gives an update on the current status of each project. Whilst individually the projects will deliver benefits they are also part of a programme that will deliver benefits to the city and Region greater than the sum of its parts. Progress against project will be reported to this committee quarterly. As projects mature the report will be developed to show benefits delivered.

7. Implications

7.1 Resource: There are no resource implications as a consequence of this report.

7.2 Legal: There are no legal implications as a consequence of this report.

7.3 Community (Equality, Poverty and Rural): There are no inequality implications as a consequence of this report.

7.4 Climate Change / Carbon Clever: There are no climate change implications as a consequence of this report.

7.5 Risk: There are no risk implications as a consequence of this report.

7.6 Gaelic: There are no Gaelic implications as a consequence of this report.

Designation: Director of Development and Infrastructure

Date: 12 January 2018

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Appendix 1 – City-Region Deal Local Status Update

Project	Aim	What	Where	Funding	Status	Lead	RAG
Science Skills Academy	To increase take up and attainment in Science Technology Engineering Maths and Digital subjects.	A network of STEM learning centres (Newton Rooms and STEM teaching).	Pan Highland	£3m Scot Gov	The Full business case has been approved and a project manager has been appointed. The first two Newton rooms will be in Caithness and Lochaber.	HIE	G
School of Healthcare and Life Sciences)	To develop health care solutions appropriate to Highland Citizens and Create Commercial opportunities in the back of this.	The creation of new multi-disciplinary centre at the UHI School of Health. The recruitment of research and clinical staff, the procurement and deployment of research equipment.	Pan Highland	£9m UK Gov	Full Business case Approved and Money started to flow– recruitment started and procurement of specialist advice underway.	UHI	G
Longman Land Remediation	To create capacity for the creation of small and medium industrial units and the associated economic benefits including job creation.	Remediation of approximately 18 hectares of the former landfill site and the Longman.	Inverness	£10m UK Gov	Partial business case approved for investigation works. Test drilling is ongoing and on schedule.	THC	G
FIT House	To enable people to live independently at home for longer and potentially allowing for early hospital discharge.	Innovative assisted living schemes using the latest IT to monitor and direct support. 32 modular houses in clusters and in addition 16 technology enabled homes at Dalmore.	Pan Highland	£3m Scot Gov.	The business case was signed off in November. This was significantly later than expected and delays will result.	Albyn Housing Society Ltd.	A

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Northern Innovation Hub	To grow businesses including their capacity for exporting; increase productivity, increase the value of wages and numbers of people employed.	A series of interventions and support activities primarily through procurement to provide tailored support for high growth small and medium sized businesses in The Highland Council Area.	Pan Highland	£11 m UK Gov.	Approval of the business case took place in November significantly later than would be expected and this has caused delays to the project	HIE	A
Digital	To increase superfast connectivity to premises in the Highland Council area.	Identify and explore ways to extend digital coverage, including Superfast Broadband.	Pan Highland	£20m UK Gov	Discussions are taking place aligning this project with the R100 initiative and developing a Digital Action Plan. The need to align with R100 means the project has been subject to significant delays. A meeting is to take place with The Scottish and UK Governments and local partners to agree the parameters within which the City Region Deal money can be spent.	HIE	R
Longman Interchange and East Link	To improve traffic flow and journey times and open up land for housing development. Support the use of new Longman industrial units.	Commitment to delivering the strategic A9/A96 Link Road and The graded interchange at the Longman.	approved and test drilling underway	£109m Scot Gov	Work on identifying the corridor option for the East Link continues and the option for Longman interchange has been agreed in principle.	Transport Scotland	G

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Project	Aim	What	Where	Funding	Status	Lead	RAG
Affordable Housing	Increase the availability of affordable housing primarily to young people.	Development of a package of support to increase the availability of affordable housing for young people.	Pan Highland	£5m Scot Gov	Full Business case Approved and Money started to flow– First Affordable houses being built on Rainings’ Stairs development. Further sites to be acquired.	THC	G
Air Access	Continued recognition of the importance of effective regional air access.	To work towards working to consider mechanisms for promoting improved regional access.	N/A	N/A	The current aim is to align with the release of Department for Transport UK Aviation Strategy.	HITRANS	G
Skills and Employability	Reduce the number of people who are long term unemployed and to increase the skills from those groups of those entering the workforce.	Develop innovative approaches to delivering employability programmes across the Highlands.	Pan Highland	N/A	The project is significantly behind schedule. A meeting is being set up to discuss an approach with Scottish Government.	THC	R
Castle	To create a world class visitor attraction for Inverness and the Highlands increasing visitor numbers and length of time spent.	The design and commissioning of the world class visitor centre and development of the various offerings commercial or otherwise.	Inverness / Pan Highland	£15m Scot Gov	Partial Business Case is with Scottish Government for Decision. A funding bid will be made to the Heritage Lottery Fund.	THC	G