

## **HIGHLAND COUNCIL**

**Committee:** Environment, Development and Infrastructure

**Date:** 31 January 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. Benefits of the City Region Deal

- 3.1 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 is at the start of making 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.
- 3.2 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 has committed up to £135m. The United Kingdom Government has committed 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.
- 3.3 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.
- 3.4 Collectively, this funding package will be provided over a 10 year period subject to detailed business cases, statutory processes and implementation plans.

### 4. Governance

- 4.1 A programme board exists comprising the lead officers for each project, a representative from the Council's Finance Service and representatives from the business community. The Scottish and UK Governments are also represented on the board which is Chaired by the Director of Development and Infrastructure.
- 4.2 The Programme Board, reports to the Environment, Development and infrastructure Committee and undertakes the following roles:
- ensuring the effective co-ordination between partners;
  - ensuring the ongoing overall alignment of the individual projects within the programme;
  - resolving any strategic and operational issues between projects;
  - monitoring project status and ensure project delivery;
  - ensuring risks are managed; and
  - ensuring sound financial management .
- 4.3 A City-Region Deal Scrutiny Board has been established comprising the Group Leaders. This will review and monitor the progress of projects.

### 5. The City-Region Deal Projects

- 5.1 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 further developed to show benefits delivered. **Appendix 2** is a map showing locations of the projects.

## **6. Implications**

- 6.1 Resource: There are no resource implications as a consequence of this report.
- 6.2 Legal: There are no legal implications as a consequence of this report.
- 6.3 Community (Equality, Poverty and Rural): There are no equality implications as a consequence of this report.
- 6.4 Climate Change / Carbon Clever: There are no climate change implications as a consequence of this report.
- 6.5 Risk: There are no risk implications as a consequence of this report.
- 6.6 Gaelic: There are no Gaelic implications as a consequence of this report.

Designation: Director of Development and Infrastructure

Date: 14 January 2018

Author: John Robertson, City-Region Deal Programme Manager

**PROJECT OVERVIEW**

<b>Project and Lead Organisation</b>	<b>Purpose</b>	<b>Comprises</b>	<b>Locations</b>	<b>Funding Source and Amount</b>	<b>Update</b>	<b>RAG</b>
<b>Science Skills Academy</b> (HIE)	To increase take up and attainment in science technology engineering and maths subjects.	A network of STEM learning centres (Newton Rooms) and STEM Teaching and engagement activities	Pan Highland	£3m Scot Gov.	Lessons are being delivered in the Hub and elsewhere. The first two Newton rooms will be in Caithness (At the North Highland College) and Lochaber (youth centre in Caol) and open early in the new year. Options appraisals are under way for remaining rooms.	<b>G</b>
<b>School of Healthcare and Life Sciences</b> (UHI)	To develop health care solutions appropriate to highland citizens and create and develop commercial opportunities from these.	The creation of new multi disciplinary facility and research, development and commercialisation activities	Pan Highland	£9m UK Gov	Design for facility agreed, developed and Site investigations and designs are underway and additional European money likely to be agreed. Operations have begun and at least 37 opportunities are being explored and developed.	<b>G</b>
<b>Longman Land Remediation</b> (THC)	To create economic capacity for economic growth.	Remediation of approximately 18 hectares of the former landfill site and the creation of capacity for industrial units	Inverness	£10m UK Gov	Partial business case approved for investigation works. Test drilling is complete and data being analysed. Report provided end of next month for SEPA to respond	<b>G</b>
<b>FIT House</b> (Albyn Housing Society Ltd)	To enable people to live at home for longer and potentially allowing for early hospital discharge. The aim is also to develop commercial opportunities from these.	Using the latest IT to monitor and direct support. 32 modular houses in clusters in addition to 16 technological enabled homes in Dalmore and i	Pan Highland	£3m Scot Gov.	Concerns about project and supplier management are being addressed and the project should soon return to green. A new supplier is to be identified for house provision. Residents in Dalmore are benefitting from and contributing to the technology research	<b>A</b>

Project and Lead Organisation	Purpose	Comprises	Locations	Funding Source and Amount	Update	RAG
<b>Northern Innovation Hub</b> (HIE)	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.	After late sign-off of business case the project is picking up pace. The majority of procurements are commenced and complete and a range of businesses and individuals are being supported throughout the council area. (See annex 1 ). Additional European money has been made possible by the project.	G
<b>Digital</b> (HIE)	To increase superfast connectivity to as many premises in the highlands as possible.	Developing and designing approaches to delivery of broadband connectivity in the context of R100.	Pan Highland	£20m UK Gov.	Notwithstanding there has been a success with LFFN, the agreement on how to spend the digital funds is proving extremely problematic. The latest proposals are for a follow up full fibre in Aviemore, Dingwall, Tain, Alness, Invergordon and Nairn..	R
<b>East Link</b> <b>(Transport Scotland)</b>	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.	Inverness	£109m for both Scot Gov projects	Work continues with the development and assessment of the preferred option and will culminate with the publication of draft Orders and Environmental Impact Assessment Report in 2019 for formal comment. Dependent on public reaction and approval a timetable for progress can be determined. Construction timescales expected to be around 18 to 24 months after this .	G
<b>Longman Interchange</b>	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.	Inverness	£109m for both Scot Gov projects	DMRB Stage 2 is expected to identify preferred option early 2019. Then the development and assessment of the DMRB Stage 3 assessment is expected 2020 for formal comment. The Construction timescales dependent upon preferred option but expected to be around 18 to 24 months thereafter.	G

Project and Lead Organisation	Purpose	Comprises	Locations	Funding Source and Amount	Update	RAG
<b>West Link</b>	The project will allow the peripheral growth of Inverness, reduce traffic congestion and footpaths - expand the active travel network. Crucially it will release land for development identified in the local plan.	Improved connectivity to the south and west of Inverness Including Holm Bridge and 2 <sup>nd</sup> Canal crossing.		Highland Council	Stage 1 Complete and already reducing congestion and enabling cycling and walking. It is also freeing up land for housing development. For Stage 2 the design is complete and the next key milestone will be the tender award in April	
<b>Affordable Housing (THC)</b>	Increase the availability of affordable housing primarily to young people.	Development of Mid – Market rental properties aimed at young people.	Pan Highland	£5m Scot Gov	Good progress is being made with 54 mid market rent properties commissioned , developed or let by end of 18/19 and a further 93 by the end of 19/20. The project requires significantly more development land and this risk is the reason the project is amber.	<b>A</b>
<b>Air Access (Hitrans)</b>	Continued recognition of the importance of effective regional air access.	To work towards working to consider mechanisms for promoting improved access.	N/A	N/A	The current aim is to align with the release of Department for Transport UK Aviation Strategy.	<b>G</b>
<b>Skills and Employability</b>	Reduce the number of people who are long term unemployed 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 behind schedule, partly as a consequence of a cluttered policy framework. A meeting took place discuss an approach with Scottish Government. It is hoped that some progress can be made following this	<b>A</b>
<b>Castle</b>	To create a world class visitor attraction for Inverness and the Highlands increasing	The design and commissioning of the world class visitor centre and development of the various offerings	Inverness / Pan Highland	£15m Scot Gov	Work continues to create the campus area, decide approach and determine inclusions. The next step is to determine phasing and cost profiles and make a complete business case for Scottish Government funding.	<b>G</b>

Project and Lead Organisation	Purpose	Comprises	Locations	Funding Source and Amount	Update	RAG
	visitor numbers and length of time spent.	commercial or otherwise.				
<b>Tower</b>	To start the process of changing the use of the Castle to a visitor centre, make a statement about intent and provide a quick win.	Using a part pf the original £3m capital funding to develop the North Tower of the Castle as visitor centre,	Inverness / Pan Highland	£1.04m	Tower Complete and visitor numbers income and customer feedback measures above expectation.	
<b>Wi-Fi</b>	To increase access to information and enhance visitor and resident experience of city and settlements.	The provision of WIFI to Inverness city centre and 14 other settlements.	Inverness / Pan Highland	£0.5m	Three snagging issues remain but project is basically complete. Usage is high particular with young people and visitors	

