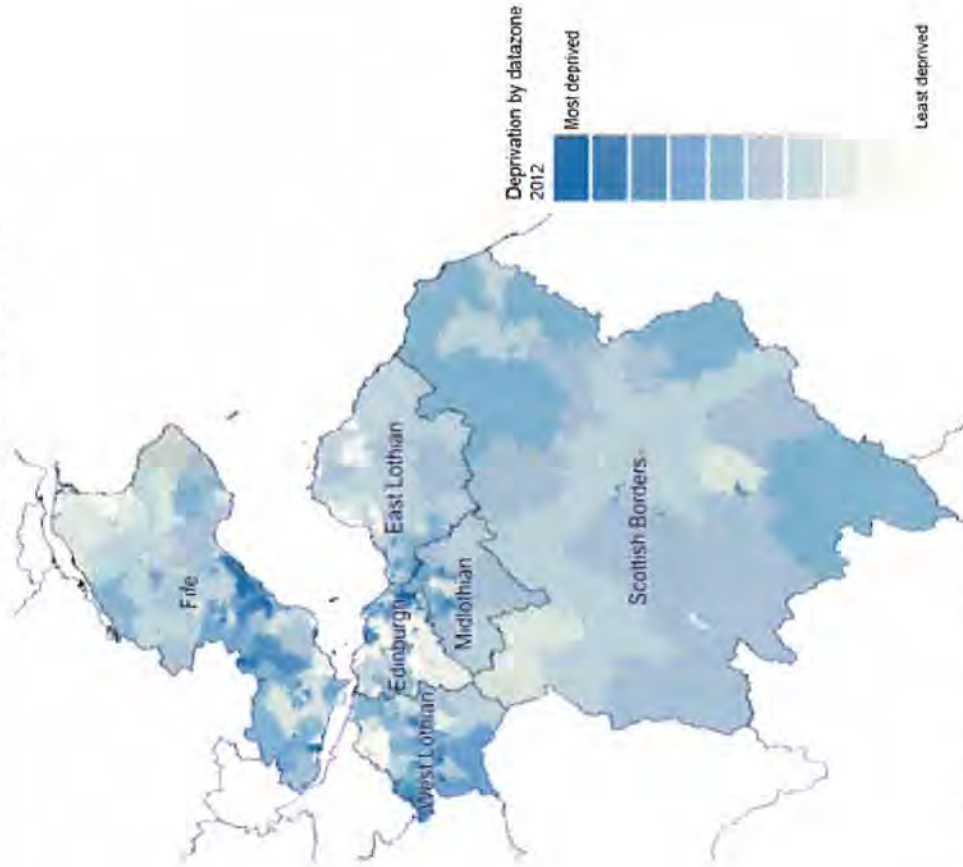


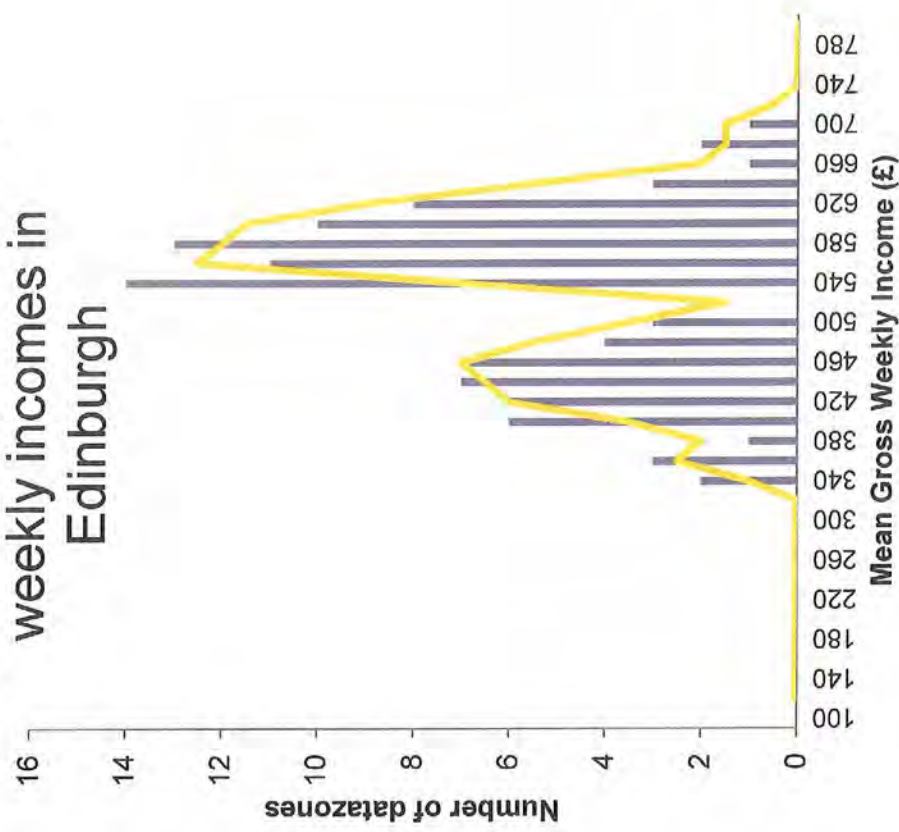
However, there are a significant number of deprived areas across the region resulting in “dual-peak” income distributions

Deprivation index



Source: Scottish Index of Multiple Deprivation 2012

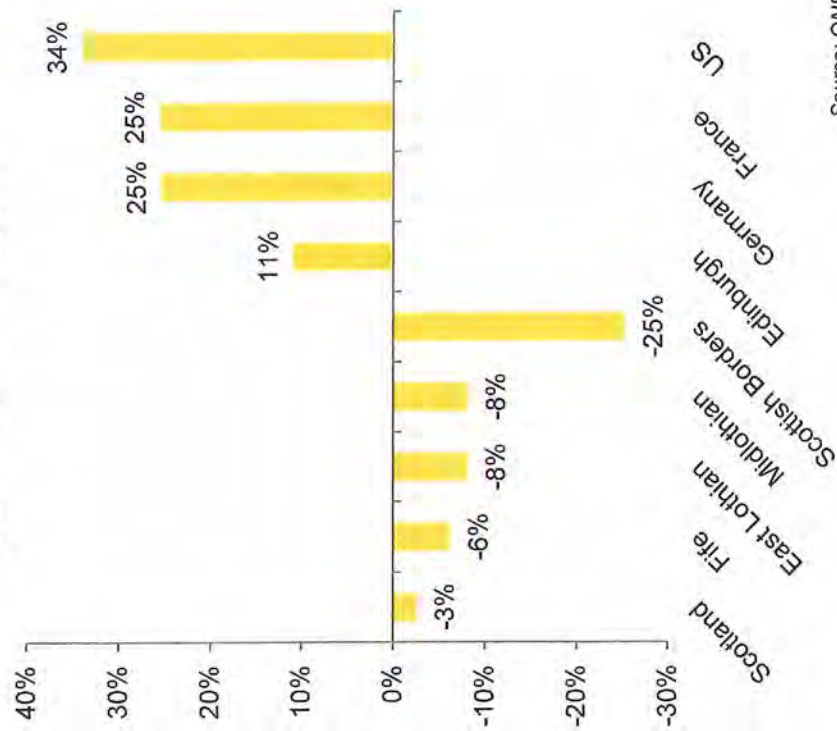
Frequency of mean gross weekly incomes in Edinburgh



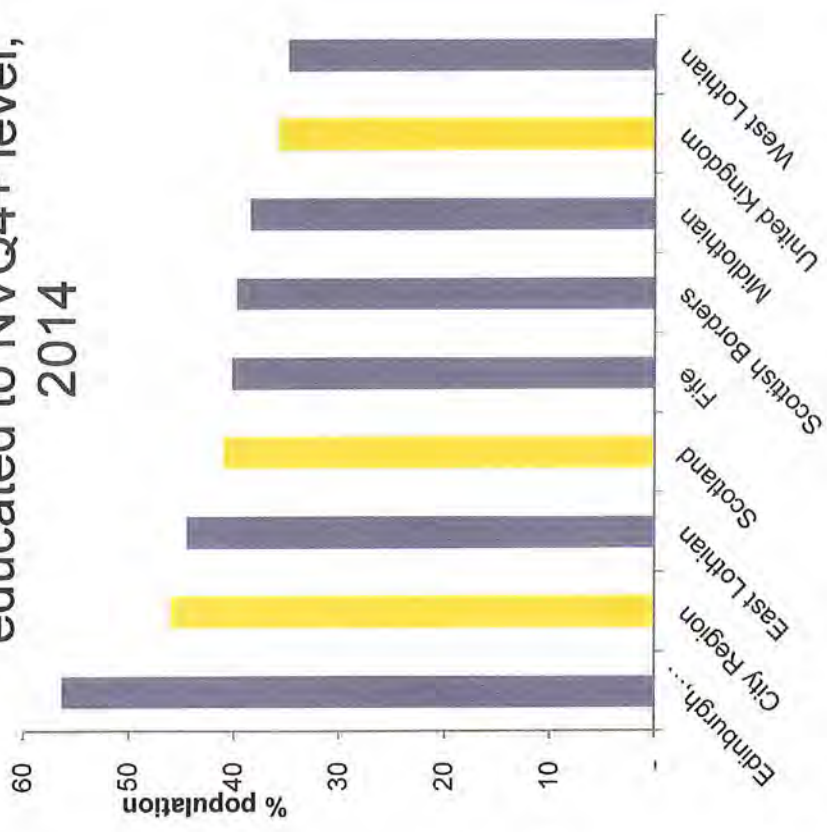
Source: Local incomes and poverty in Scotland”, Heriot Watt University and Improvement Service.

Part of the solution could be to better utilise the well educated population to address the productivity challenges the region faces . . .

Gap between UK GDP per hour worked

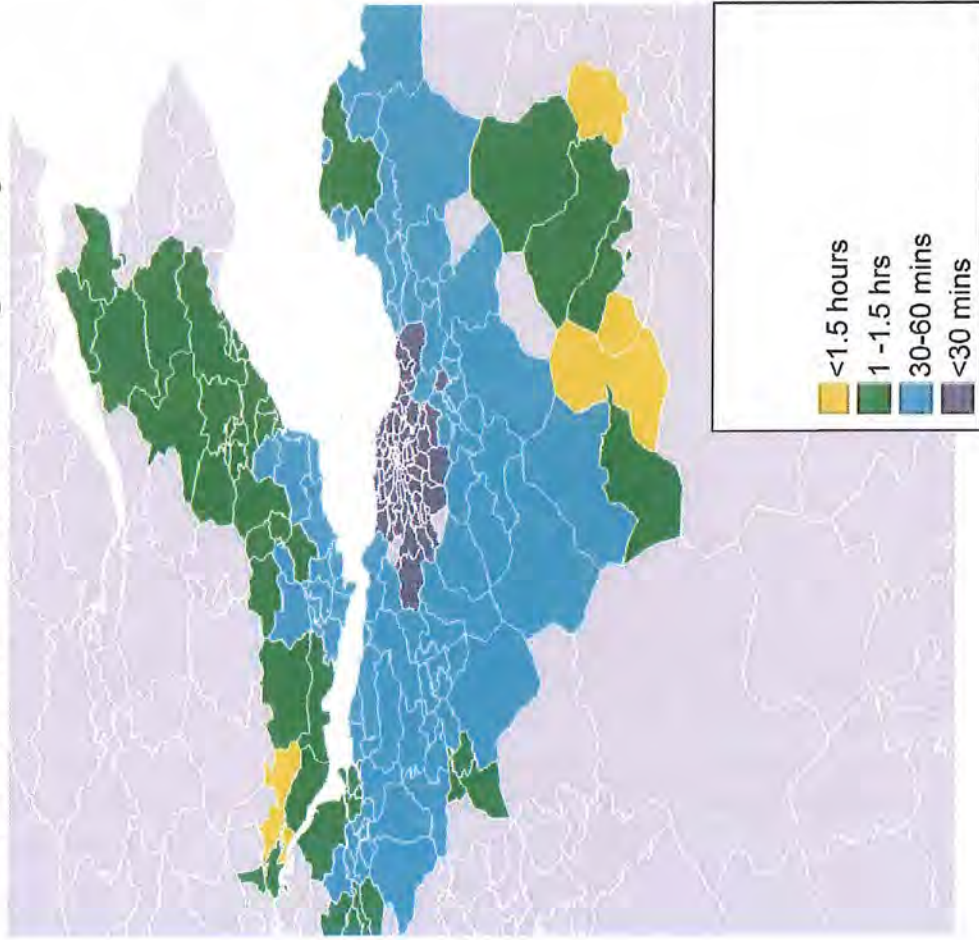


% of population (18 – 64) educated to NVQ4+ level, 2014

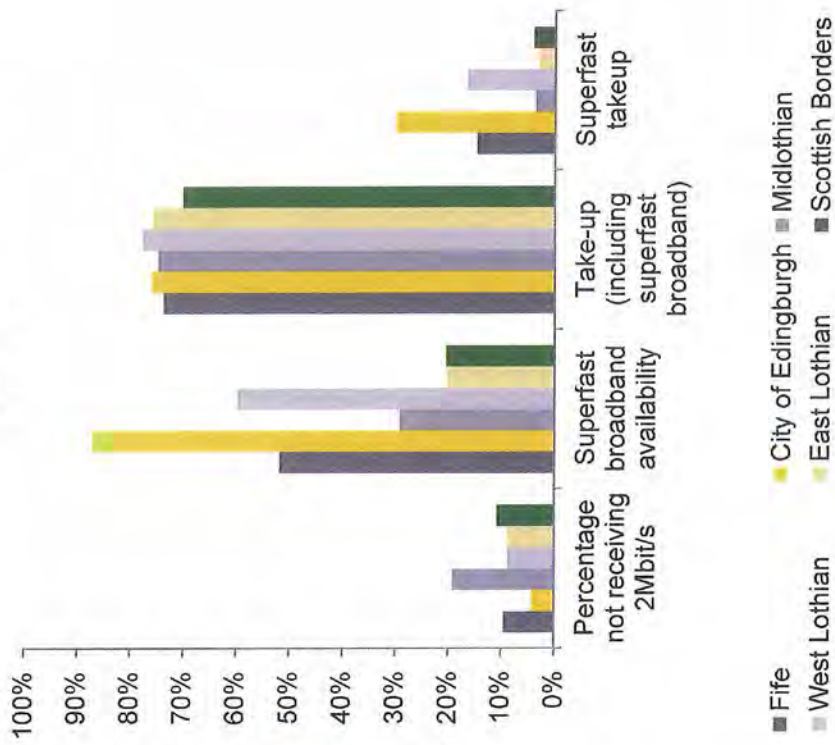


... and build on planned investments in physical and digital infrastructure to address connectivity

Travel times into Edinburgh city



Internet connectivity, 2013



Conclusions: the region requires a targeted series of interventions to build on the area's strengths and address barriers to growth

- ▶ A diverse economy with strengths in a number of sectors, low unemployment and well educated population. Successful in attracting both foreign investment, and domestic and international tourists.
- ▶ However, the region faces a number of challenges around income inequality, and constraints to further growth as a consequence of poor connectivity in some areas with constraints on development in others.
- ▶ A package of skills, innovation and infrastructure projects needs to address:
 - ▶ Productivity and, in particular, the dual-peak income distribution
 - ▶ Inter-regional connectivity, to increase the flows of economic activity within the region
- ▶ The dual challenge of pressure on development space and housing in urban centres, while still meeting the needs of the rural population



Our Vision

In a fast-changing world we will create a region where **investment, intellect and culture** will fuse to create new ways of doing things.

In the next 20 years the Edinburgh and South East Scotland City Region will become the **most connected, most creative, most inclusive and most entrepreneurial** place in Europe. We will build a network of businesses, universities, technical and creative skills attracted by a great lifestyle and cultural offer.



Roundtable discussion

#acceleratinggrowth

Sorry tomorrows agenda attached now

From: [REDACTED]

Sent: 09 November 2016 11:03

To: [REDACTED]

Subject: RE: ESES City deal - Transport Appraisal Group

Hi

Draft agenda for our meeting tomorrow to review the Strategic Rationale doc. [REDACTED] is unable to attend due to a prior commitment he couldn't shift.

Please let me know if I need to change anything

Thanks

[REDACTED]

From: [REDACTED]

Sent: 03 November 2016 13:13

To: [REDACTED]

Subject: ESES City deal - Transport Appraisal Group

Hi

I've drafted a note of the conference call from Monday – can you let me know if I've missed anything or it needs changed Thanks

[REDACTED]

[REDACTED]
Fife Council,
[REDACTED]

Fife Economy Partnership
AN ECONOMIC PARTNERSHIP

Twitter: @FifeEconPship

Website: www.fifeeconomypartnership.co.uk/

Edinburgh and South East Scotland City Region Deal

Transport Scotland Meeting

Thursday 10th November 2016, 13.30-15:00

**Meeting Room BH 7N05 (14); Transport Scotland, Buchanan House, 58 Port
Dundas Road, Glasgow G4 0HF**

1. Draft Terms of Reference
2. Strategic Rationale
3. AOCB

Dates for next meetings

Thursday 24th November and 8th December in the afternoon, in either Edinburgh or Glasgow or by video call.

Legal & Risk Implications

There is still limited information on the approach to risk for the City Deal. One scenario is that all the Councils are collectively bound to the costs and outcomes of the City Deal, positive or negative.

The City Deal investment must result in fiscal gains for both governments otherwise the city deal partnership will not receive the level of grant funding expected. If a Payment by Results city deal is agreed with government, determinations of success will be made at 5 yearly Gateway Reviews where economic performance of the city region will be assessed as part of the payment by results approach.

It is likely that the Council will be required to fund its own contribution and also the cash flow for the shortfall between investment cost, Council contribution and government grant income until the uplift in economic performance can be evidenced. Finance & Corporate Services are developing scenarios where the Council could fund this investment primarily based on Prudential Borrowing. The Council must also be able to afford the borrowing costs from its Revenue Budgets. These financial risks must be effectively managed to minimise any threat to the Council's financial sustainability.

Non-Engagement in the city deal could lead to displacement of existing jobs and economic performance in the Council areas who do not participate.

Impact Assessment

An EqIA checklist is not required because this report does not propose a change or revision to any existing policy or practices. This position will be reviewed as the City Deal negotiations proceed and prior to any commitment to the City Deal.

Consultation

The Executive Director - Finance & Corporate Services has been consulted in the preparation of this report. Consultation with businesses in the City Region and public sector agencies is being undertaken as the City Deal evolves.

1.0 Background

- 1.1 At its meeting in December 2014, the Executive Committee agreed to contribute initial resources to support the development of an outline business case for an Edinburgh and South East Scotland City Region (ESESCR) Deal Infrastructure Fund. Further resources were committed in June 2015 to enable a more detailed proposition to be developed. This was submitted in September 2015, with further, more detailed iterations in December 2015 and April 2016. The Scottish Government, the UK Government and the councils signed Terms of Reference in March 2016. Following on the statement in the 2016 Budget from the Chancellor on pursuing a city deal for Edinburgh & South East Scotland, negotiations are underway on the scope and timing of the city deal.

- 1.2 All parties to the ESESCR City deal aim to make a step change in economic growth in the Region through a programme of infrastructure investment, with supporting regional programmes, including:
- Employability and Skills
 - Business growth and productivity
 - Digital
 - Low carbon.
- A number of freedoms and powers were also sought in the proposition submitted to both governments as well as proposing delivery governance. An updated vision and strategy for the City Deal is included in Appendix 1.
- 1.3 Partners in the ESESCR have developed a vision of a cohesive region that achieves the greatest economic advantage from its technology, knowledge, education, cultural assets and international connections; furthermore they have set out the prevailing barriers around skills, connectivity, housing and infrastructure. Additionally they have identified priority areas for investment, which would help to unlock regional assets and deliver a step change in economic performance. These include: Innovation Hubs, Strategic Growth Zones and Low carbon communities. The Innovation hubs include the University of St Andrews proposed Innovation Centre at Guardbridge. The Strategic Growth Zones include the Strategic development areas in Rosyth, Dunfermline, Mid and Northeast Fife.
- 1.4 Based on other infrastructure funds and the economic modelling work to date, the ESESCR would expect to achieve this vision with a fund size of around £2bn, which would be comparable, relative to the size of the City Region economy, and to the Glasgow Infrastructure Fund City Deal. ESESCR would expect to leverage additional private sector investment as a result.
- 1.5 The Glasgow City Region anticipates delivering the agreed infrastructure projects within the first ten years but that government funding will be released over a longer period of 20 years. In particular, 15% of the total city deal will be released evenly over the first five years, with the remainder dependent on the demonstration of robust governance, project delivery and value for money through five-yearly Gateway Reviews. City of Glasgow Council as the lead council distributes funding to member councils through individual grant agreements. This means that the Councils are expected to borrow to bridge any gap between the capital funding received and the required capital investment. They expect to repay this borrowing once the remaining government grants are released. Fife Council's indicative budget within the Capital Programme of £15m may not be sufficient to meet the contribution required by the city deal.
- 1.6 A step change in economic growth will be delivered through a programme of prioritised investment. ESESCR has chosen Gross Value Added (per net £ of investment) as its lead metric to prioritise fund investment. To ensure cohesion across the ESESCR and to tackle areas of low income and those that lack access to employment opportunities, the fund programme will be further analysed to support other objectives. These are focussed on: a) Ensuring a suitable geographic spread of projects; and b) Tackling inequality through the creation of jobs.
- 1.7 The UK Government has established the Independent Panel on the Evaluation of Local Growth Interventions to oversee the economic impact evaluation of City Deals. The Panel will concentrate on the evaluation of the nine infrastructure investment funds established through City Deals in Scotland and England, and Growth and Devolution Deals in England. Its findings will form the basis for determining how the

UK Government will make further allocations of funding at five yearly Gateway Reviews. The Scottish Government will also consider the panel's findings as part of the five-yearly Gateway Reviews.

- 1.8 Both the UK and Scottish Governments have emphasised that local leadership and commitment across the city region is important to deliver their aspirations for local economic growth through the City Deal programmes.

2.0 Issues and Options

- 2.1 A key issue that has still to be determined is the **affordability** of the City Deal investment within the Council's Financial Strategy and the forecast gap between income and spending in future years, some of which will overlap with the City Deal programme. Work is underway to assess the financial costs and risks associated with the City Deal investment and also model scenarios for the Council's capacity to afford it. Until the negotiations with government provide clarity on the funding model, this is based on the experience of other City Deals such as Glasgow's. Officers are to review funding mechanisms for the City Deal programme and the release of government grants; the Council's funding commitments and means of financing these; consider the impact of any borrowing on future revenue commitments by the Council and develop options to bridge any gaps between the capital funding received and the required capital investment.
- 2.2 The City Region requires a long term programme of sustained capital investment to tackle existing issues such as congestion within access routes to the city centre, to the airport and the city bypass that constrain growth as well as open up opportunities to remain internationally competitive. Without this investment programme, there is a risk that the City Region loses out on investment by the private sector and reduces its current contribution to the UK and Scottish economies. There is a further risk that the current situation where many residents in the region lack the opportunity to share in the region's economic prosperity does not change. Discussions with the UK and Scottish governments may also include examination of current regional strategic planning functions to align with delivery of the City Deal.
- 2.3 Both governments expect the partners to commit to a robust and durable **governance** model to deliver the City Deal. The current preferred option is to form a Joint Committee to oversee development and delivery of the City Deal. This option affords the opportunity for the councils to appoint additional members of the committee from outside the local government sphere. It is anticipated that this would include appointments from the private sector and/or University or College representatives. An activity that it is proposed that the City Region governance will oversee, is the development of a partnership, regionally-based Economic Strategy aligned to the Scottish Economic Strategy. This is also a pre-requisite from both governments for a City Deal. The partners are proposing to establish a shadow mechanism in preparation for the approval of a City Deal, similar to the approach adopted to the setup of SESPlan, with formal approval sought as part of the Council's commitment to the City Deal.
- 2.4 However, the partners need to remain open to considering alternative governance arrangements through discussion with UK and Scottish Governments, with a view to forming the optimum structure for ensuring the successful delivery of the deal. In

addition it is proposed that the councils continue to identify opportunities to align the City Deal approach and funding with relevant government departments and agencies such as Transport Scotland, National Health Service, Scottish Enterprise, Scottish Futures Trust and Scottish Water to increase impact and reduce inefficiencies.

- 2.5 The City Deal partners are also expected to commit to delivering a Regional Partnership Strategy as the strategic, economic context for a transformational programme of investment, building on the region's competitive advantage in emerging priority sectors, and equipping all to succeed in the economy of the future. It is acknowledged that the City Deal opportunity is helping to facilitate a positive evolution of existing cross region activity and the partners' vision includes the alignment of transport, economic and spatial planning activities into a single city region team.
- 2.6 The funding themes are also under review to allow flexibility for the Local Authority partners and the UK and Scottish Governments to prioritise against relevant funding sources. The partners wish to discuss with Government(s) a series of freedoms and powers to devolve greater influence to the city region to maximise economic growth and productivity, whilst reducing inequality.
- 2.7 Analysis by the councils indicates that the City Region Deal housing proposals could accelerate the delivery of over 40,000 new low carbon homes, including thousands of low cost and affordable homes and reduce income inequality. These objectives can be realised through four strategic asks of Government:
- A Housing Infrastructure Fund to unlock five strategic local carbon communities
 - A Regional Land and Property Commission to oversee the release of surplus public sector land to increase housing land supply.
 - Additional Amount of Affordable Housing Grant and greater certainty over the long term.
 - Consent to on-lend to housing delivery vehicles to enable a region wide housing company or series of housing companies be developed following the success of the NHT model. This would deliver new market, affordable and low cost homes for rent.
- 2.8 City of Edinburgh Council is also proposing some form of Cultural Contribution to create additional means to raise revenue to protect Edinburgh's cultural competitiveness by investing in the Edinburgh Festivals to retain their pre-eminent global status.
- 2.9 The City Deal is also proposing to develop supporting programmes to maximise the economic benefit from the Infrastructure investment and Freedoms and Powers. These include regional skills, digital, low carbon and business support programmes.
- 2.10 The proposals for an integrated **regional skills programme** include:
- Devolution of responsibility for the design and procurement of the Work Programme and Work Choices replacement services, to the City Region Deal Partners.
 - Devolution of the direction of all front-facing Department for Work and Pensions and Skills Development Scotland employability and skills resources serving the region to the City Deal Partners within an agreed governance framework.

- Establishing a transitional support scheme for businesses implementing the National Living Wage.
 - Developing an accessible Regional Learning Offer through devolving strategic planning and funding decisions relating to HNC (Higher National Certificate) and below courses from the Scottish Funding Council to the City Deal Partners.
 - Extension of Concessionary Travel Schemes (such as the bus/rail card scheme) to young (16-24) learners and jobseekers or those vulnerable individuals in the early stages of work.
- 2.11 A regional **business support programme** is proposed to complement and intensify existing local and national programmes and enable the region to reach its true potential for growth.
- 2.12 A regional **digital** programme is proposed to accelerate the use of pervasive internet access to build a well-connected society.
- 2.13 The other supporting programme being developed by the City Deal is a regional **Low Carbon** programme of activities to facilitate the transition to a low carbon economy and create exemplar sustainable and low carbon communities (new and existing).
- 2.14 An indicative timetable to complete the City Deal negotiations includes the following key stages:
- Business case development for the proposed infrastructure programme and supporting programmes.
 - Establish all Councils' financial commitment/parameters.
 - Detailed discussion with public sector agencies.
 - Dialogue with private and third sectors.
 - Early summer: Update reports to all Councils.
 - Early autumn: Scottish Government Spending Review.
 - Late autumn: UK Government Autumn Statement.
 - December/January– Council commitments to the City Deal terms.

3.0 Conclusions

- 3.1 This update report outlines the current proposals for the Edinburgh and South East Scotland City Deal that will be subject to negotiation with the UK and Scottish Government. A further report will be brought back to the Executive Committee with the outcome of these negotiations prior to any commitment by the Council.
- 3.2 Although there are no direct policy implications arising directly from this report, an agreement on a city deal for the Edinburgh and South East Scotland City Region would support delivery of the Council priorities in respect of Growing a Vibrant Economy, Increasing Opportunities and Reducing Inequality and Poverty as well as Improving Quality of Life and Promoting a Sustainable Society as set out within the Council Plan and the Single Outcome Agreement.
- 3.3 Such a City Deal would have significant potential implications for the Council's Financial Strategy and its future Capital Plans. As the terms of the City Deal are negotiated, officers will continue to assess the potential risks and consequences for the Council.

Appendices

Appendix 1 - Draft vision and strategy for the City Deal.

Background Papers

- City Deal Proposal approved by the Executive Committee on 9th December 2014
- City Deal Update approved by the Executive Committee on 2nd June 2015

Report Contact

Contact Name: [REDACTED]

Job Title: [REDACTED]

Telephone: [REDACTED]

Email: [REDACTED]

Report Author

Author Name: [REDACTED]

Author's Job Title: [REDACTED]

Telephone: [REDACTED]

Email: [REDACTED]

Our Vision

The Edinburgh and South East Scotland capital city region (the region) is a fast growing, revenue generating, functional economic area. Levels of investment are impressive, and the quality of life for many is unrivalled. We are home to world class assets in higher education, the cultural sector, the built and natural environment, along with a globally competitive range of business across scale and sector. Together this makes the region one of the UK's major urban drivers of growth and a magnet for people and talent from across the world.

Yet the benefits derived from these assets are unevenly spread. The region is the home to concentrated pockets of deprivation, which lead to polarisation which inhibits employment and growth. This waste of human capital is socially and economically unacceptable.

And our growth trajectory leads to unintended consequences which will also act as barriers to growth if not addressed. Prime among these is housing, and the urgent need to accelerate the supply of affordable and mid-market housing if the housing market is not act as a drag on the region's labour market. Skills are another critical area where demand is outstripping supply, and bold new approaches are required.

The Edinburgh city region already acts as a driver of economic growth for Scotland and the UK. As a capital city and international gateway our success is vital for the rest of the country. Market based investment has achieved a level of growth envied by many. But there is so much more potential – potential which can be unlocked through a new relationship between UK Government, Scottish Government, local authorities, Higher and Further Education and private sector partners.

So our vision is built upon accelerating the rate of investment and economic performance by capitalising on our world class assets through an inclusive and sustainable growth model.

Our Strategy

Our strategy for this City Deal can therefore be summarised as follows:

- An integrated range of interventions to accelerate the rate of business growth across the region, increasing tax revenues and thereby ensuring the sustainability of public services in the region and beyond;
- New approaches to support people excluded from the labour market, and further private sector commitment to build the skills of those in work, and to shape future skills programmes jointly with public and voluntary sector providers;
- A series of development propositions for innovation hubs across the region delivered as partnerships between national agencies, Universities, local authorities and the private sector;
- New infrastructure to unlock key development sites which either contribute to major sectoral growth, or deliver housing development at scale at strategic development sites – and for this infrastructure to encourage sustainable travel across a connected region wherever possible;
- Investment mechanisms built on forward funding with the risk of return shared across local partners, based on evaluated GVA impact and uplifts in values – and with new powers to optimise the use of public sector resources;
- A bold approach to deliver our ambitions of a globally recognised smart region;
- Innovative measures to strengthen further our cultural offer and address its sustainability for the future;

- And a new approach to governance and policy integration which will bring together strategic planning functions for the region under a new cross sector partnership based model.

Hi

Sorry but I sent you the old notes and not the updated one from Thursday

From: [REDACTED]

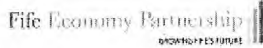
Sent: 17 February 2017 13:32

To: [REDACTED]

Subject: ESES City Deal - note from meeting yesterday

[REDACTED]
These were our notes from yesterday. Please let me know if I missed anything. We're aiming to get this information to you by early Weds when we can agree if the meeting next week is still needed.

[REDACTED]
Fife Council,



Twitter: @FifeEconPship

Website: www.fifeeconomypartnership.co.uk/

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For more information please visit <http://www.symanteccloud.com>

[REDACTED]

Please find track changed comments in the attached version.

Regards

[REDACTED]

Transport Scotland

[REDACTED]



From: [REDACTED]@fife.gov.uk]
Sent: 29 June 2016 07:30
To: [REDACTED]@transport.gov.scot'; [REDACTED]
Subject: RE: Edinburgh & South East Scotland City Deal meeting on 22nd June - AMENDED NOTE ATTACHED

Hi
Please delete the previous version and provide any comments on this amended version. Thanks

From: [REDACTED]
Sent: 28 June 2016 08:58
To: [REDACTED]@transport.gov.scot'; [REDACTED]@edinburgh.gov.uk>; [REDACTED]@transport.gov.scot' <[REDACTED]@transport.gov.scot>; [REDACTED]@uk.ey.com>; [REDACTED]@sestran.gov.uk>; [REDACTED]@midlothian.gov.uk>; [REDACTED]@fife.gov.uk>; [REDACTED]@sestran.gov.uk>; [REDACTED]@edinburgh.gov.uk>; [REDACTED]@fife.gov.uk>
Subject: Edinburgh & South East Scotland City Deal meeting on 22nd June - draft note attached

Hi
Draft note from the meeting last week. If anyone has any changes, please let me know.

[REDACTED]

[REDACTED],
Could you forward to [REDACTED] and [REDACTED] as I don't have their emails. If you could copy me in I'll add them to my group. Thanks

[REDACTED]

[REDACTED]

[REDACTED]

There were a number of documents sent through to the Cities team from the PMO at the end of last week. This is the updated Outline Business case for Mid Fife and also a summary of the mid Fife transport components showing the Kirkcaldy East components to be funded by the City Deal (not previously sent to you) and also a breakdown of the Levenmouth rail link costs that was sent through to you on Friday.

Let me know if you need anything else from me

[REDACTED]

From: [REDACTED]@transport.gov.scot [mailto:[REDACTED]@transport.gov.scot]

Sent: 06 March 2017 14:32

To: [REDACTED]@fife.gov.uk>; [REDACTED]@transport.gov.scot
[REDACTED]@transport.gov.scot

Subject: Re: ESES City Deal - TAG meeting on Thursday 9th March

[REDACTED]

I had asked [REDACTED] for more info on the mid fife proposals the last time we spoke. When can we expect to see that? Not sure we need a meeting this week but I could do with knowing when you think you will be providing the breakdown.

Thanks

[REDACTED]

Transport Scotland

[REDACTED]

From: [REDACTED]

Sent: Monday, 6 March 2017 08:46

To: [REDACTED]transport.gov.scot'; [REDACTED]

Subject: ESES City Deal - TAG meeting on Thursday 9th March

[REDACTED] asked me to check if you require a meeting this week – we have time in the diary for Thursday. He isn't sure given where we are in the process.

This is the last meeting we have in the diary so I'll sort out some dates for end of March/April to kick off the next phase too

[REDACTED]

Fife Council,