

**ANGUS COUNCIL**

**9 FEBRUARY 2017**

**TAY CITIES DEAL**

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**ABSTRACT**

This report advises Council of the progress made in the formation of a Tay Cities Deal and seeks approval of the proposed Regional Economic Development Strategy bid Tay Cities Deal bid document and its submission to the UK and Scottish Governments.

**1. RECOMMENDATION(S)**

It is recommended that the Council:

- (i) notes the progress made on the Cities Deal since the previous update in June 2016; and;
- (ii) agrees to the submission of the proposed Regional Economic Strategy;
- (iii) agrees the submission of the proposed bid for Tay Cities Deal to the Scottish and UK Governments; and
- (ii) remits officers to enter a period of formal negotiations with the Scottish and UK Governments with the aim of securing substantial investment for the Tay Cities Region.

**2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/SINGLE OUTCOME AGREEMENT/COPORATE PLAN**

This report contributes to the following local outcome(s) contained within the Angus Community Plan and Single Outcome Agreement 2013-2016:

- We have a sustainable economy with good employment opportunities.

**3. BACKGROUND**

**3.1** At its meeting on 16 June 2016 (Report No 247/16 refers), the Council noted that officers were continuing to work in partnership with the neighbouring authorities of Angus, Dundee, Perth & Kinross and Fife to prepare a bid for a Tay Cities Deal that will assist in bringing forward 'Fair Economic Growth' in the Tayside area. The Council confirmed the allocation of funds towards the future shared cost of advancing the City Deal proposal and to facilitate negotiations with both the UK and Scottish Governments and other public and private sector partners. Officers were also remitted to investigate the formation of a new Joint Committee structure with Angus, Dundee, Perth & Kinross and Fife Councils to provide suitable governance for a Tay Cities Deal. Reports 474/15, and 117/16 also refer.

**3.2** Since then, the Leadership Group, Management Group and Officer Group have met on a regular basis to provide an interim governance structure for the early stages of the work on the Cities Deal. The Leadership Group consists of the Leaders and Chief Executives of the four Councils and it has provided full oversight on the project and guided the work of officers who have been led by a seconded Chief Officer and policy officer (seconded from Angus Council) for the delivery of the initial work on the Cities Deal. Specialist assistance from EY (formerly Ernst & Young) has been procured to help develop the strongest possible bid proposal for consideration by both Governments.

**3.3** A Business Forum and a Higher & Further Education Forum have also been established to enable these crucial partners to be embedded within the Cities Deal process. Both of these

fora have supported the proposed Tay Cities Deal bid document. Angus Council have also established and met with key business leaders to help shape the bids and further engagement with private, voluntary and further education sectors are planned.

- 3.4 To ensure there is a stable platform to highlight the ambition of the Tay Cities Region and its partners, a draft Regional Economic Strategy has been developed articulating the vision and key objections for the region's economic growth ambitions. The document will be a work document and will be subject to change as the Tay Cities Deal develops. The document will also form the point from where achievement through individual projects and collective actions can be assessed and judged on a longitudinal basis.
- 3.5 This initial structure has been very successful in bringing the Councils and partners together to jointly establish the Tay Cities Deal proposition; however, it is intended to establish a longer term governance mechanism for this major partnership initiative. Proposals for a new Joint Committee structure have therefore been included in the proposals to both Governments.

#### 4. CURRENT POSITION

- 4.1 The Tay Cities Deal aims to make a step change in our economic future across the region through a wide-ranging programme of investment and integrated programmes which will:

- grow our base of knowledge-led businesses;
- support more businesses to trade internationally;
- attract investment;
- attract and retain talented people;
- improve connectivity to/from and around the region;
- increase economic participation; and
- reduce inequalities.

The attached bid document ([Appendix A](#)) sets out the strategy and proposals which the Tay Cities Deal Lead Officers believe will deliver the above objectives.

- 4.2 The Tay Cities ambition as a partnership of public bodies and private enterprise is to work together to ensure that the economic region plays its part in helping Scotland meet its ambitions to be a country with an international outlook and where growth is based on innovation and new ways of doing things better. However, at the core of this strategy is a will to ensure that everyone who lives in our region benefits and that no one who is able to participate is left behind. To fulfil this vision we have ensured that our economic strategy is focused on supporting inclusive growth.

- 4.3 Much has already been achieved by the private, public and voluntary sectors working together to deliver economic growth. The economic strategy underpinning the Cities Deal seeks to:

- build on the work that Community Planning Partnerships are doing to address stubborn inequalities in specific localities;
- harness the dynamism and experience of our private sector leaders to support our ambition and work in partnership to deliver improved outcomes;
- provide a regional context and influence the investments individual Councils are delivering across our cities, towns and rural communities;
- provide a fit for purpose business support service through the local authority-funded Business Gateway and all other enterprise support agencies;
- identify opportunities for regional collaboration that should help deliver stronger economic outcomes; and
- provide the context and rationale for securing additional funding into the region through the Tay Cities Deal and any other funding mechanisms.

- 4.4 The Tay Cities Deal proposition has therefore been focussed around four key themes which reflect national strategies as well as local priorities:

- **Inclusive Tay** – ensuring fairer economic growth;
- **Innovative Tay** – ensuring smarter, more competitive growth;

- **International Tay** – growing trade and investment, and developing our brand; and
- **Connected Tay** – investing in supporting infrastructure to improve workforce mobility and business competitiveness.

4.5 In addition, a fifth theme has been developed; **Empowered Tay** which seeks to ensure that benefits are fully realised by recognising that we must work together differently through collaboration, integration and innovation. We are seeking to establish a long-term partnership with both the Scottish and UK Government to transform our economy over the next 20 years. Therefore, the City Deal is as much about offering to work differently together and with both Governments as it is about seeking additional cash resource.

4.6 The City Deal proposal seeks significant additional financial support from both Governments over the next 10 years to co-finance the investment proposed by the four local authorities, universities, colleges, the private sector, other public sector partners and the voluntary sector. Over 50 projects and initiatives are included in the proposal document and these touch all parts of the regional area and involve a wide range of partners and sectors. Together these investments will help ensure that our economic future is more inclusive, innovative, connected and international in its outlook.

4.7 To help us achieve better outcomes more effectively, the four local authorities are also willing to take on additional statutory and non-statutory responsibilities, provided that new or additional powers are also devolved to enable this to happen more efficiently, and at the right scale. The Tay Cities Deal Proposal document sets out this request in more detail as the starting point for a dialogue and agreement with both Governments.

## 5. FINANCIAL IMPLICATIONS

5.1 The Tay Cities Deal proposal attached at Appendix A is in effect a bid document and should be regarded as a starting point for discussion with the UK and Scottish Governments rather than a list of confirmed projects and proposals. Experience from other City Deals suggests that the initial list of projects proposed will change as detailed discussions with Government take place. Elected members in each of the 4 Councils are accordingly being asked to consider and approve submission of the bid document as the starting point for discussion. Approving the bid document does not commit the Councils to specific actions or guarantee that projects will be funded by the Councils.

5.2 Given the status of the bid document described above there are no immediate financial implications for Angus Council from approving the bid document for submission to the two Governments. At this early stage only a relatively modest sum of £870,000 has been identified as being a probable contribution from Angus Council but even this will be subject to further review over the next few months.

5.3 A number of the projects in the bid document e.g. the North Angus Development Opportunity have no Council contribution attributed to them at this stage but the Council will in all likelihood be expected to contribute some of its own budget resources to make some of the projects happen in practice. This is likely to have significant implications for the Council's future revenue and capital budgets over the medium to long term but what these implications are and how the Council would fund them cannot be assessed in any detail at this stage. Further reports with detailed financial implications for the individual Councils will come forward as the final shape of the Tay Cities Deal unfolds through the process of discussion with Government and only at that point would the Council be making a specific financial commitment from its revenue or capital budgets.

5.4 The Tay Cities Deal is seeking £826m (45%) of support from the Scottish and UK Governments over 10 years from 2018 which if successful in full will lever a total of £1.84bn of investment in our regional economy.

## 6. OTHER IMPLICATIONS

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk

Management. There are major positive benefits across a number of policy areas and no negative implications have been identified.

## **7. CONSULTATION**

The Chief Executive, the Executive Management Team, Heads of Corporate Improvement and Finance, The Head of Legal and Democratic Services, Strategic Director, Children and Learning, Strategic Director, Resources and the IJB Chief Officer have been consulted on this report.

**NOTE:** No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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List of Appendices:  
Appendix A – Regional Economic Strategy  
Appendix B - Bid Document