

**ANGUS COUNCIL - 18 MARCH 2021**

**TAY CITIES DEAL – UPDATE**

**ABSTRACT**

This report provides information on progress on Tay Cities Deal and the projects relating to Angus.

**1. BACKGROUND**

1.1 The Tay Cities Region Deal was signed by both UK and Scottish Government ministers and partners on the 17th December 2020. The two governments have pledged £300 million over a 10-year period, which will help to lever a further £400 million of investment to create a smarter and fairer city region with over 6000 new job opportunities.

1.2 This investment is subject to:

- Approval of final business cases for all projects and programmes
- Implementation of the final Tay Cities Region Deal documents
- Clear and robust governance arrangements
- The consent of all constituent local authorities and partners

1.3 The resources available through Tay Cities will have regional benefits even where the project is not located in Angus, however the specific resources for Angus will have even greater economic impact within our communities. This report is therefore focused on the projects specifically identified for drawdown of resources in Angus.

**2. ANGUS SPECIFIC INVESTMENTS**

2.1 Committee Report 249/20 approved by Angus Council on 19 October 2020 provided members with an update on specific projects and programmes that would have an impact on Angus. A further update on specific Angus projects is listed below:

**2.2 Rural Broadband Programme £1m**

UK and Scottish Governments have now approved the Outline Business Case (OBC) and the project team have now submitted the Full Business Case (FBC) to both governments for their consideration. Additional funding has been successfully applied for via UK Governments Department of Culture, Media & Sport (DCMS) Local Full Fibre Network (LFFN) Programme which will improve wireless digital developments across Angus, and this is currently working through the various Gateway reviews in UK Government. This will see an additional investment of £0.875m to Angus.

2.2.1 The Digital project was awarded funding of £1.0m within the Heads of Terms with the purpose of improving Digital Connectivity within Angus. This funding was allocated to two different projects, identified below -.

- £0.5m for Rural Broadband
- £0.5m for Local Full Fibre Network (LFFN)

2.2.2 This funding will provide improved Rural Digital Connectivity within the area of Arbroath, Brechin and Montrose (area covered within the Mercury Programme).

2.2.3 The Council are working with SmartRural (a farmers cooperative which is part of Scottish Agricultural Organisation Society – SAOS) as they are in the process of designing an Internet of Things (IOT) network that can be used by farming community and the synergies that overlap with the Councils ambitions of Digital Connectivity and the Mercury Programme – Agritech element.

- 2.2.4 Preliminary works have been undertaken in advance of the main contract works, including surveys to identify farms and locations of radio masts that will host the radio kit and establishment of legal agreements with the Farms with the assistance of SmartRural.
- 2.2.5 This work to improve the Rural Digital connectivity within Angus ensures that the Councils assets will have improved connectivity and the infrastructure in place to facilitate that for others. It is not intended that Angus Council will become a broadband provider, but the infrastructure can be used by companies who wish to provide faster broadband services to their customers.
- 2.2.6 Further information on the £0.5m for Local Full Fibre Network (LLFN) is contained Report No xxx/21, which members will also consider today.

### 2.3 **The Angus Fund £26.5m**

The Outline Business Case for the Angus Fund was approved by Tay Cities Joint Committee on Friday 19 February 2021. Officers are continuing to develop the Outline Business Case's (OBC's) for each of the projects that have been to the Angus Fund aligned to 'The Mercury Programme' that will see new investment in clean growth, low carbon and Agri tech. Further reports will be brought to members as the projects develop.

- 2.3.1 The Mercury Drone Port project is developing at pace and our partner Drone Technologies Limited (DTL) are currently developing the Outline Business Case. Angus Council has provided some revenue funding to support DTL who are currently progressing with the Statutory Requirements for the flying of drones, in consultation with Civil Aviation Authority. Also, discussions are under way with Crown Estate Scotland (CES) regarding the siting of the Mercury Drone Port in the Zero Four Business Park, recently purchased by CES.
- 2.3.2 Zero Four Business Park, Montrose, as outlined above discussions are progressing with Crown Estate Scotland (CES) on the Drone Port, but also how the Mercury Programme can develop a the infrastructure and business units, using new technologies, like plastic roads, solar and battery storage etc. The CES have recently appointed a new Project Manager for the development and they will continue to develop the Masterplan for the site. We are currently exploring our future potential partnership arrangements with CES.
- 2.3.3 In relation to the North Angus Growth Opportunity, consultants are continuing to develop the STAG appraisal for a road link between the A90 and the North of Angus. Further reports will be brought to members in due course regarding this. Officers are in discussions with Abertay University regarding opportunities for carbon capture possibilities that could arise from the road. In addition, the potential links to the Beacon project in the Tay Cities Deal to explore the possibilities of recycled plastics in construction.
- 2.3.4 Discussions have taken place with BT and Montrose Port looking at proposals for the installation of a 5G network within the port, with a view to expand this out to the Zero Four site in due course. This technology can open new opportunities for the Montrose Area in areas such as virtual reality, supporting the offshore wind industry, and smart data monitoring of important matters such as water levels and quality.
- 2.3.4 Angus Council and partners are continuing to develop the Rural Mobility Hub adjacent to Brechin Business Park. A demand study for this facility will be commissioned in the short term to assist with the proposals for this development. Discussions are ongoing with a number of the interested parties on the use of hydrogen and biomethane as well as distribution logistics in the area, with a focus on rural 'last mile' deliveries.
- 2.3.5 A low carbon housing project has been identified for the Arbroath area and a project team has now been formed to help develop the project. The project team will look to enhance the proposed housing with technologies to reduce the carbon footprint of the building and enhance the standard with a focus on zero carbon. Importantly, the project will also develop approaches to retrofitting existing stock to reduce carbon impact. There are approximately 7,000 council homes in Angus and the learning from this project will help us to progress with a wider programme of work in the medium term to reduce the carbon footprint in all of our homes. It is also proposed that Abertay University will be involved in developing a social economic study looking at the impacts of adapting to type of housing on the tenants.

2.3.6 The agritech project partners are working to develop the governance model for the project. This will allow the to form a new legal entity for the project and Angus Council is involved in these partnership discussions. As these discussions develop a future report will be brought to Council for consideration of options for involvement in the new company. Each of the partners continue to develop the separate components of the project to assist with the development of the Outline Business Case. The four components of the agritech project are –

- **Neutral Spirit Plant**
- **Innovation Farm**
- **Precision Farming Facilities**
- **Technical Quality Centre**

#### 2.4 **Advanced Manufacturing Programme £8m**

Scottish Enterprise have submitted the OBC to both governments. The intent at this time is to develop a programme for bids to come forward, perhaps 3 times over the life of the programme. This project will come forward in the second half of the implementation plan as per the agreed financial profile. Officers are continuing to look for opportunities for this resource and initial outlines are being worked up under the banner of 'The Mercury Programme.'

#### 2.5 **Industrial Fund £10m**

This fund is an 'additional side deal' to the Tay Cities Deal. Its aim is to deliver UK Government's Industrial Strategy. This fund will invest in the development of industry, industrial space, and the driver of Industry 4.0, in the Tay Cities region over the programme period. £7.5million has been allocated to Michelin Scotland Innovation Parc (MSIP) The Tay Cities Joint Committee has agreed to split the remaining money, one in Perth and Kinross and one in Angus. The Angus Project of £1.25m will focus on the Zero Four development in Montrose and support the clean growth ambitions for this development.

#### 2.6 **Tay Cities Engineering Partnership £2m**

Version 4 of the Outline Business Case has now been submitted to Scottish Government by Dundee & Angus College. The project team will continue to develop this revenue-based project with work progressing on the Full Business Case in anticipation of Scottish Government feedback. This project will provide an enhanced engineering skills lab in Arbroath and a mobile unit for outreach to schools across the Tay Cities region. The project has national links to the National Manufacturing Institute Scotland (NMIS) and regional projects including Michelin Scotland Innovation Parc (MSIP) and other Tay Cities projects.

#### 2.7 **Culture & Tourism Programme £27m**

The OBC has been agreed by the Tay Cities Joint Committee for the whole programme. The projects identified within the programme OBC have now progressed. Hospitalfield was the first Full Business Case approved by Tay Cities Joint Committee which will see an additional £5.5m being targeted towards an Angus project that has regional impact. Work is progressing on site at Hospitalfield, and design works are now being commissioned for Phases 2 & 3 of the project. It is expected that, the restoration of the 19th century glazed fernery and walled gardens along with the creation of a glass house café in the south facing corner of the walled gardens, will be completed this year..

#### 2.8 **Tay Cities Skills & Employability Programme £20m**

The project has now received feedback on the OBC for the programme which had been submitted to both Governments. Skills Development Scotland has the lead for the programme. Projects are currently being worked up for this programme and it is anticipated that some of this resource will be allocated to supporting skills and employability in Angus.

#### 2.9 **Regional Recovery and Renewal Fund**

Scottish Government have made £220,000 of funding available to the Tay Cities Project Management Office (PMO) to ensure that sustainable economic recovery progresses at pace. The funding is to be used for the following purposes:

- **Accelerate delivery of City/ Regional Growth Deal Investment**
- **Community Wealth Building**
- **Regional Recovery Planning**

Funding must be spent by 31st March 2021.

2.9.1 Angus Council submitted a number of bids for this funding which was heavily subscribed. The Angus projects which have been successful in receiving grant funding from Scottish Government on the 3 March 2021 are as follows –

- TCD012 Angus Fund Agritech Acceleration Funding to support development of the Outline Business Case (OBC) **(£30k)**
- TCD012 Angus Fund Mercury Drone Port Acceleration Funding to commission to the Economic Case for the Outline Business Case (OBC) **(£10k)**
- TCD021 a Hospitalfield (TCD021 Regional Culture and Tourism Investment Programme) Acceleration Funding - Skills Development to support the Phase 1 element **(£15k)**

2.9.2 Officers are now progressing these projects to ensure that the conditions and timescales are met to claim the funding allocated.

### **3. FINANCIAL IMPLICATIONS**

3.1 The Financial profile for the deal is now a 10-year funding profile for both Scottish Government and UK Government funding profile, which Ministers from both governments and partners signed on the 17 December 2020.

3.2 The financial profile for the Angus Fund is identified starting in 2022 / 23 and will be spread over a six-year period. It is proposed that the allocation of £6.0m within the council Capital Plan can be called upon to accelerate and support the development of these projects. Further detailed reports will be brought to members in due course in respect to the Council's capital plan contribution.

### **4. RISK**

4.1 An overall risk register and performance monitoring report will be considered by the Tay Cities Region Management Group and Joint Committee every quarter. The template for these reports will be agreed with the Governments and the reports will be shared with the Governments and Management Group every quarter.

4.2 Measures will be taken to ensure scrutiny and effective consultation with the business community, third sector and the public. The Management Group and the Tay Cities Region Joint Committee will agree these measures with Government.

4.3 Every five years, an independent evaluation of the Tay Cities Region Deal will take place. Government will agree the process for the independent evaluation with the Joint Committee.

4.4 To assess progress against the milestones set out in relevant business cases, each Decision-Making Board and Advisory Group will produce a quarterly risk and performance monitoring report.

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