

Economic Growth Scrutiny Panel

Agenda
Item:

A.2

Meeting Date: 27 February 2020

Portfolio: Economy, Enterprise and Housing

Key Decision: No

Within Policy and
Budget Framework NO

Public / Private Public

Title: BORDERLANDS INCLUSIVE GROWTH DEAL / KEY PROJECTS

Report of: Corporate Director of Economic Development

Report Number: ED08/20

Purpose / Summary:

The purpose of the paper is to provide an update to Members of the Economic Growth Scrutiny Panel on the Borderlands Inclusive Growth Deal and key projects.

Recommendations:

That Members of the Economic Growth Scrutiny Panel note the activity and progress made with regards to the Borderlands Inclusive Growth Deal and key projects.

Tracking

Executive:	
Scrutiny:	27 February 2020
Council:	

1. BORDERLANDS INCLUSIVE GROWTH DEAL

1.1 General Update

- 1.1.1 Report ED24/19 provided an update to Members of the Economic Growth Scrutiny Panel following the Borderlands Heads of Terms announcement in July 2019 for a £350m investment from UK and Scottish Governments in the Borderlands region. The report ED24/19 also gave an overview of the key projects for the Carlisle District.
- 1.1.2 Since then there has been substantial activity by the Borderlands Partnership in progressing the elements of work necessary in order to ensure that progression to Full Deal remains on track. This has included further project / business case development work, the establishment of the Programme Management Office (PMO) and the drafting of a Collaboration Agreement.
- 1.1.3 The Borderlands PMO will ensure that the Deal runs smoothly and complies with both UK and Scottish Governments' reporting requirements. It forms an integral part of the Deal's governance structure and procedures and is essential to the effective and efficient delivery of the projects and programmes. The budget for the PMO has been agreed by the Partnership, the recruitment for the posts has now been completed and it will begin operation in April 2020.
- 1.1.4 The Collaboration Agreement sets out the governance structure to facilitate the relationships between the five participating local authorities in the Borderlands Partnership in order to effectively manage the delivery of the Deal. The Collaboration Agreement set out in the report ED35/19 was approved by Council on 5 November 2019.

1.2 Carlisle Station Project

- 1.2.1 A funding package of £15million for improvements to Carlisle station was confirmed in the Heads of Terms. The development of an outline business case funded by Carlisle City Council, Cumbria County Council and Cumbria LEP is now underway. There have been two public consultations on the potential options, the most recent running from 24 January – 14 February 2020. The feedback from these consultations will inform the selection of the preferred option. A submission of a draft business case to government is planned for March/April 2020.

1.3 Citadels Project

- 1.3.1 The strategic outline business case for the Citadels project was approved in principle by the government in December 2019. The concept for the site is a mixed-use development with the University of Cumbria as the anchor occupier. A consultancy

has recently been appointed to support the preparation of an outline business case, funded by the University of Cumbria, Carlisle City Council, Cumbria County Council and Cumbria LEP. A submission of a draft business case to government is planned for November 2020.

1.4 Caldew Riverside Project

- 1.4.1 The City Council have been working with Homes England on the potential redevelopment of the site. This work has highlighted that a major obstacle is the contamination on the site, as it was a former gas works. More certainty is needed in relation to the approach to the remediation of the site and the costs involved. Therefore, the City Council has commissioned consultants to undertake an appraisal of the site and prepare a remediation strategy. This will give more accurate costings and timescales for the removal of the contamination. This work will be completed by the end of March 2020 and following this, more detailed masterplanning will be undertaken.

1.5 Place Programme

- 1.5.1 The Place Programme was included in the Heads of Terms and the Borderlands Partnership are currently preparing an outline business case. This will set out the methodology for developing Place Plans and the governance and assurance frameworks. A submission of the outline business case to government is planned for June 2020.
- 1.5.2 The City Council must select a town in the District for inclusion in the Programme this will be done through the application of the methodology set out in the strategic outline business case.

2. UPDATE ON KEY PROJECTS

2.1 Towns Fund

- 2.1.1 Carlisle was selected in September 2019 for the £3.6 billion Towns Fund and the City Council was invited by the Ministry for Housing, Communities and Local Government (MHCLG) to create proposals for a Town Deal. Up to £25m of investment is available. The City Council has received £173,000 from MHCLG to support the process.
- 2.1.2 MHCLG has outlined a two-stage procedure:
- Stage 1: Carlisle City Council as the 'Lead Council' establishing a Town Deal Board, which will assist in the production of a Town Investment Plan

- Stage 2: Agree a Town Deal and investment quantum with MHCLG based on the completion of a business case based on selected content of the Town Investment Plan.

2.1.3 The Stage 1 activity has now commenced, with the inaugural meeting of the Town Deal Board held on 27 January. The Board considered the priorities of the Fund:

- Regeneration: to unlock the development potential of sites by addressing economic viability issues, including acquisition and remediation
- Skills and enterprise: to drive private sector investment and support skills and small business development by ensuring places have the right kinds of workspace
- Connectivity: to drive economic growth and competitiveness by improve urban and inter-urban transport connectivity and digital infrastructure

2.1.4 The Town Investment Plan must be produced and submitted by the end of Summer 2020. The publication of further details on the Stage 2 process and how MHCLG will agree Town Deals is expected imminently.

2.2 FUTURE HIGH STREET FUND

2.2.1 Carlisle was also selected in August 2019 for the £1 billion Future High Street Fund (FHSF) and the City Council was invited by MHCLG to develop and submit a business case for investment. The Council will have the opportunity to bid for funding of up to £25m. This is a separate funding pot from the Towns Fund.

2.2.2 Eligible investment under the FHSF falls under the following themes:

- Physical infrastructure, including improving public and other transport access, improving flow and circulation within a town / city centres
- Congestion-relieving infrastructure
- Physical infrastructure needed to support new housing and workspace development
- Regeneration of heritage high streets and assets
- Adaptation of the high street in response to changing technology
- Land assembly, including to support the densification of residential and workspace.

2.2.3 The Council has received £150,000 from MHCLG to develop the business case and with this funding. The City Council has used some of this to appoint the consultancy firm Mott Macdonald to assist in the preparation of the business case.

- 2.2.4 A working group has been established with Carlisle City Council and Cumbria County Council officers. A workshop was held on 11 December 2019 to identify the objectives and themes to be progressed in the business case.
- 2.2.5 The objectives identified were:
- Renewing Carlisle City Centre as a place to live and work
 - Reactivating Historic Quarter
 - Growing the night time economy
- 2.2.6 A second stakeholder workshop is arranged for 24 February in order to review the concept proposals that are proposed to be included in the draft business case to be submitted to MHCLG on the 15 March.
- 2.2.7 MHCLG will provide feedback on the draft business case and the Council have opportunity to respond to this before the submission of the final business case on 30 June.

3. Heritage High Street Action Zone bid

- 3.1 The City Council submitted a competitive Expression of Interest to Historic England's High Street Heritage Action Zone Fund on the 12 July 2019. The proposal focussed on Botchergate and included projects to renovate the Dias building and improve Christchurch Gardens. The City Council received confirmation that the application has been unsuccessful in September 2019. The feedback from Historic England was that 200 applications for the funding has been received and the field was hugely competitive.

4. CONCLUSIONS AND RECOMMENDATIONS

- 4.1 That Members of the Economic Growth Scrutiny Panel note the activity and progress made with regards to the Borderlands Inclusive Growth Deal and key projects.

5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 5.1 The Borderlands Inclusive Growth Deal and the key projects contribute to all five of the Carlisle Plan priorities:
- P1: Supporting business growth and skills development to improve opportunities and economic prospects for the people of Carlisle.
 - P2: Further develop sports, arts and cultural facilities to support the health and well-being of our residents.

- P3: Improving the quality of our local environment and green spaces so that everyone can enjoy living, working and visiting Carlisle.
- P4: Address current and future housing needs to protect and improve residents' quality of life.
- P5: Promoting Carlisle regionally, nationally and internationally as a place with much to offer - full of opportunities and potential.

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Appendices attached to report: Borderlands Newsletter February 2020

Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:

- None

CORPORATE IMPLICATIONS:

LEGAL

Borderlands sets the scene for a number of specific projects all of which will have a relevant business case, procurement and detailed agreements. The Council has the power to acquire and dispose of land subject to appropriate safeguards regarding best consideration/disposal at less than best consideration. In addition, s1 of the Localism Act 2011 provides the Council with the general power of competence.

FINANCE

Borderlands:

Revenue funding has been provided in the 2020/21 budget process to support the Borderlands Growth Deal in terms of providing financial support to the Project Management Office, on a recurring basis, and a one off sum of £50,000. These budget allocations will assist in developing the Growth Deal to a Full Deal, including, but not restricted to, undertaking evidence based work and studies, and producing detailed business cases. No capital funding has been allocated within the MTFP therefore any capital considerations, including the option of gifting certain land/property assets, will be subject to Executive and/or

Council approved following consideration and support of these individual business cases for the specific projects.

Towns Fund

The Council has received £173,029 to support the development of a business case to access a potential £25million capital pot as part of the £3.6billion Towns Fund initiative.

Future High Street Fund

The Council has received £150,000 to support the development of a business case to access a potential £25million capital pot for investment on the High Street, as part of the £1billion Future High Street Fund.

In terms of any co-funding or match funding requirements from the Council for both of these initiatives, this has not yet been quantified, and would require further reports to the Executive, and potentially full Council, if any financial support could not be accommodated within existing resources utilising the Council's virement regulations.

EQUALITY

None

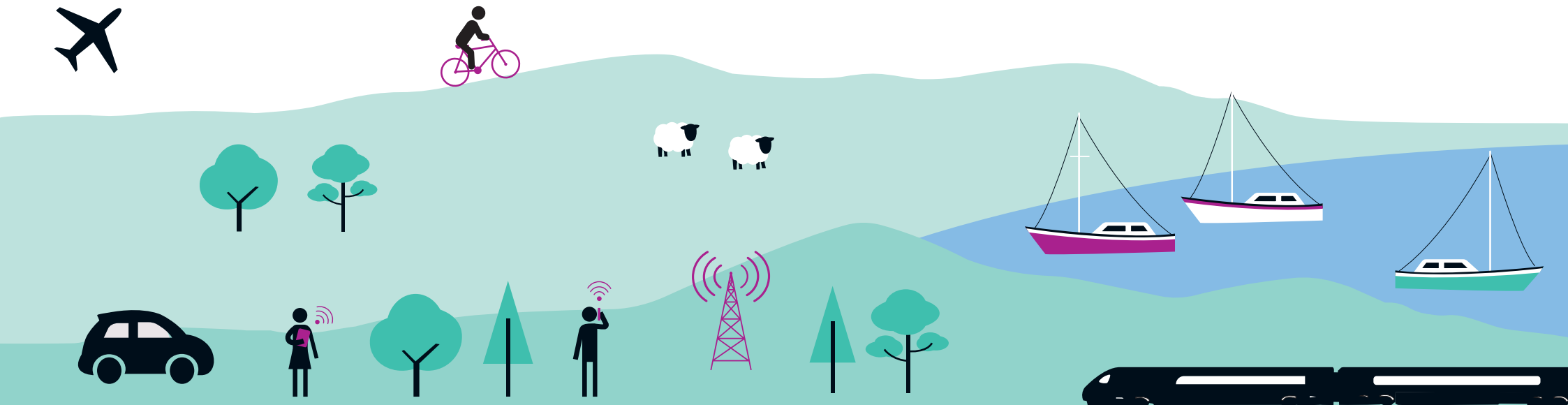
INFORMATION GOVERNANCE

There are no information governance implications with this report



Borderlands Inclusive Growth Deal

Progress Update - February 2020



Introduction

Back in July 2019, the Leaders of the Borderlands Councils and UK and Scottish Government Ministers signed a Heads of Terms agreement setting out the framework, projects and programmes that are included in the Borderlands Inclusive Growth Deal.

This announcement was the result of collaborative cross-border working between the Borderlands Councils and has secured a £394.5million investment package for the benefit of our region. This is made up of UK and Scottish Governments' investment combined with financial support from the Borderlands partners.

Since then we've been continuing the work of the partnership and engaging with the UK and Scottish Governments to develop project business cases and move towards agreement on the Final Deal package.



Second sell-out Borderlands Conference a big success

Delivery of schemes under the Borderlands Inclusive Growth Deal will start this year - delegates at the second Borderlands Conference in November 2019 were told.

More than 300 people came to Slaley Hall in Northumberland for a showcase on the steps the partnership has taken so far and take part in a series of workshops on future plans.

Director at the Northern Powerhouse Henri Murison gave a keynote address and stressed how the cross-border deal would allow local authorities to work together to lever funding which would benefit all their communities.

Chief Executive of Dumfries and Galloway Council Gavin Stevenson told the conference how detailed work is now taking place on business cases, which would then need to be approved by government before money is released for projects - with delivery scheduled to start in 2020.

Specific funding has already been confirmed for some projects, including £8million for a Dairy Innovation Centre in Dumfries and Galloway, £10million to support natural capital innovation across the Borderlands region, £19million for the Mountain

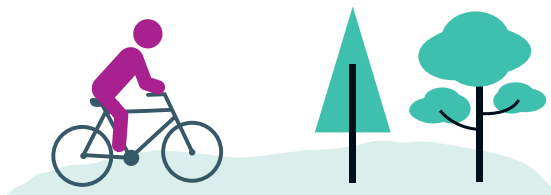
Biking Innovation Centre at Glentress in the Borders, £15million for Carlisle Station in Cumbria, £5million for Alnwick Garden in Northumberland. A feasibility study into the extension of the Borders Railway from Carlisle to Tweedbank will also be funded to the tune of £10million.

The Deal will also mean an investment of £31million in green energy projects and £7million to develop key skills needs to boost the visitor economy in the South of Scotland.



Ideas Shared at Conference Workshops

The second Borderlands Conference played host to a series of workshops covering place and destination, energy, digital, business infrastructure and natural capital which provided a great opportunity to share ideas and help shape the final deal. Here's what came out of the various workstreams.



Place and Destination

The workshop included discussion of how the Deal will deliver for places across the region. The towns across the Borderlands are vital to the economic success, resilience and social sustainability of the region. The Place programme will target investment to create and sustain economically vibrant towns and town centres and take a place-based, systemic, collective and community led approach - aimed at future proofing our region's towns. Selected towns will also produce Town Investment Plans to drive forward their investments, facilitating maximised devolution with this capital investment.

Delegates examined how the Deal will build upon the strength of Borderlands as a destination. They heard that priorities are to grow international visitors to the region while managing pressure on the most visited areas and promoting a cohesive offer to drive economic growth. Seven priority projects have been identified: Lillidorei at Alnwick Garden; Hadrian's Wall and the Wider Roman Frontier; The River Tweed Route; Berwick Theatre and Conference Centre; See More Lake District; The Star of Caledonia, and Stranraer Marina. Alongside this, investment to enhance existing network of long-distance cycling and walking routes will link up the rural and urban areas of Borderlands and connect these priority projects. The next steps for the Destination programme are to develop Strategic Outline Business Cases (SOBCs) to submit to the government this Spring.



Energy

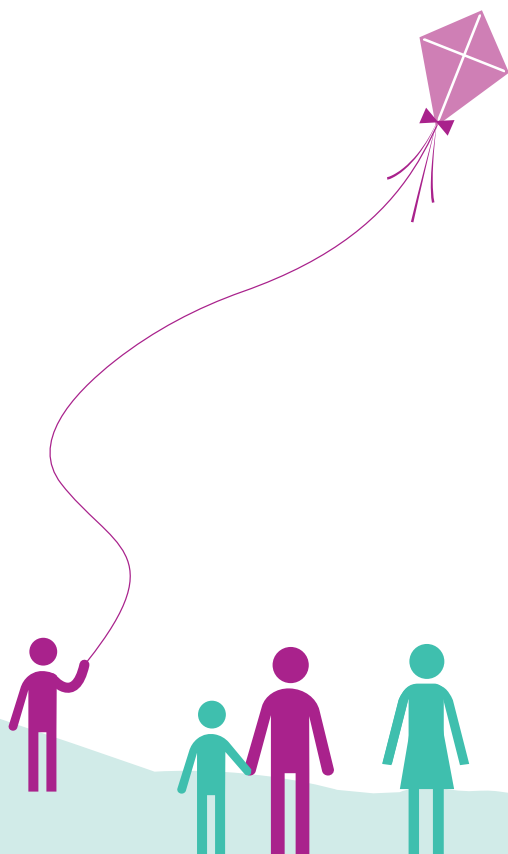
Delegates were told that since the Heads of Terms agreement, the partners have been working towards commissioning the Borderlands Energy Masterplan. A project board has been established with representation from both UK and Scottish Governments, LEPS, Scottish Enterprise and the partner Councils.

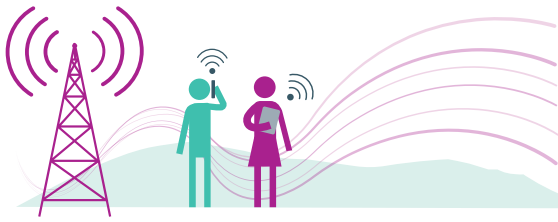
The board is seeking to broaden its membership with private sector and community participation.

The Masterplan will establish the framework for more detailed local area energy plans (LAEP) which will provide a clear understanding of the energy generation and consumption opportunities in the Borderlands.

These local energy plans will set out the opportunities for green energy production, efficient energy use and projects that will contribute to delivering the net zero target.

The Masterplan will also establish the framework for the investment programme which is identified in Heads of Terms.





Digital

At the workshop attendees heard about the two phases of activity that are currently being progressed. The first phase includes a 'top-up' voucher scheme for Cumbria and Northumberland that is aligned to the Government's Rural Gigabit Connectivity voucher scheme and specifically designed to help fund the infrastructure costs for full fibre connectivity for businesses and communities in our more remote superfast 'not-spot' locations. It's hoped this scheme will be ready to start from April 2020.

The second phase is focused on improving mobile infrastructure to improve 4G coverage across the Borderlands region.

The development of this business case will need to be aligned with the Government's Shared Rural Network that is currently under negotiation with the four mobile network operators. We recognise the importance of mobile and full fibre connectivity to the future prosperity of the region and we will continue to engage with Government and other partners to make the case for these essential infrastructure improvements in the Borderlands.



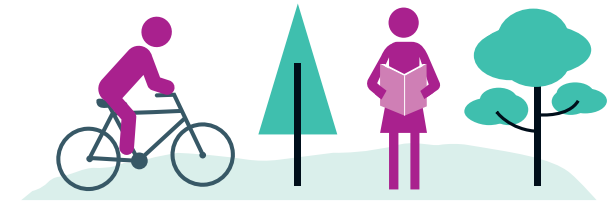
Business Infrastructure

The Business Infrastructure Programme recognises there's not enough business space to meet the needs of expanding local business or inward investment.

At the workshop attendees heard it's not possible to meet policy drivers of both UK and Scottish Governments with a single solution, so two business cases are being developed.

In Scotland, the focus will be on sites and premises which will be supported by the South of Scotland Economic Partnership's planned Property Study.

In England, Cumbria and Northumberland Councils are working with the Local Enterprise Partnerships to ensure sites and premises are aligned to the Local Industrial Strategies. There is a lot of demand for this type of investment across the region and the Partnership is keen to spread the investment as widely as possible.



Natural Capital

Delegates heard about the ambition to establish the whole of the Borderlands as a Natural Capital Innovation Zone (NCIZ), complemented by the provision of two Innovation Centres, one focused on Forestry and the other on Dairy. The NCIZ will provide a vehicle, at a whole landscape level, to develop integrated, place-based and locally-led pathfinders that will showcase the full value of our countryside.

The UK and Scottish Governments have pledged a combination of £10million (evenly split on both sides of the Border) to facilitate this approach and work has now started on developing a detailed proposition.

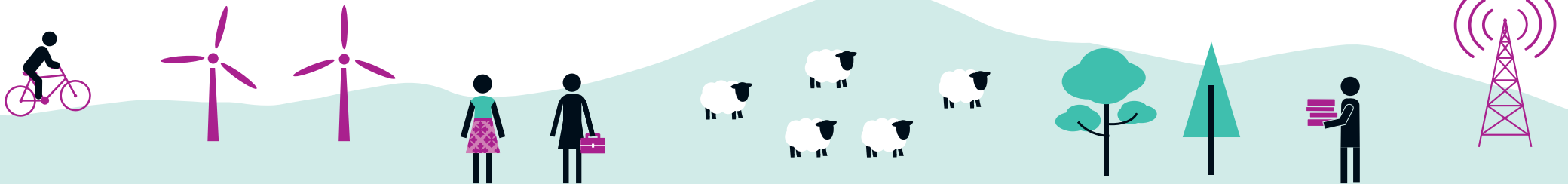
The proposal for a Dairy Innovation Centre is being developed by Scotland's Rural College (SRUC) focused on developing sustainable dairy farming practices that remain financially viable. Over the common months, a similar approach will be pursued for the forestry sector.



Collaboration Agreement signed

The five Borderlands Council Leaders signed a Collaboration Agreement at the end of January 2020. This provides the governance framework to enable all the councils to work together to deliver the Deal. It also contains the detail to allow the Deal to be managed, monitored and reported back to the Scottish City Region and Growth Deal Delivery Board.

As part of the agreed governance framework, a private sector Economic Forum is being established. Recruitment of members to the Forum will take place soon, creating an opportunity for the private sector to participate in the collaborative work of the Partnership and act as champions for investment into the Borderlands region.



Next Steps

A great deal of work is going on behind the scenes to ensure all aspects of the Deal run smoothly. The Programme Management Office (PMO) will be formally established from April 2020. This will provide support to the differing tiers within the governance framework and ensure that projects and programmes are delivered on time and on budget.

The PMO will also monitor and evaluate performance and provide reports to the Partnership Board and onwards to both Scottish and UK governments.

Its initial staff will consist of a Senior PMO Manager, two Senior Project officers and an Admin Assistant and recruitment to these posts is currently being finalised.

We'll announce the new team in our next newsletter. In the meantime, for updates, please visit **www.Borderlandsgrowth.com**



The Borderlands Inclusive Growth Deal is being delivered by the following partners:

