

Edinburgh and South East Scotland City Region Deal Joint Committee

2 pm, Tuesday 3 September 2019

Edinburgh and South East Scotland Regional Growth Framework

Item number

Executive Summary

This report outlines a project brief to guide the production of a Regional Growth Framework.

This project brief aims to capture and define the core project objectives, scope, anticipated benefits, resource requirements and timescales to deliver a Regional Growth Framework which enables the region to manage its growth and deliver inclusive growth that benefits local communities across South East of Scotland.

The Regional Growth Framework is not in itself a Spatial Strategy but the two are inextricably linked. A Spatial Strategy will align to the Growth Framework and will follow on and flow from its production.

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City Region Deal Checklist

Criteria	Details/Link to Document
Contribution to City Region Deal commitments and Inclusive Growth Framework	A Regional Growth Framework will align and support existing City Region Deal to deliver 21,000 jobs and over 45,000 homes across seven strategic sites. Delivering inclusive growth is central to the City Region Deal and a future Regional Growth Framework. The Deal alone will not address longstanding, deep-rooted issues facing the region and is therefore essential that a joined up regional policy approach is developed.
Alignment, integration with, or dependence on, other City Region Deal activities	A Regional Growth Framework would aim to deliver greater alignment across all City Region Deal activities with a focus on economic development, housing, planning and transport under a set of simpler governance arrangements to deliver a streamlined approach to regional planning, housing, transport and economic development to manage growth and maximise regional inclusive growth outcomes.
Scale and regional distribution of expected outcomes, benefits, and leverage, from activity	The scale and distribution of benefits will be fully determined with the production of a fully developed regional Growth Framework. However, the project brief aims to set out potential regional outcomes including: <ul style="list-style-type: none"> • Effective response to changing demographics and implications for future economic needs • Inclusive economic growth and high-quality jobs • Sustainability • More affordable homes • Enhanced connectivity • Coordinated infrastructure delivery
Compliance with financial requirements and agreed expenditure profile	A Regional Growth Framework would be compliant with the financial requirements of the City Region Deal. Any expenditure will be agreed between local, regional and national partners.
Equalities Impact	A fully Equalities Impact Assessment will be undertaken if a Regional Growth Framework is developed.
Anticipated significant risks and mitigation measures	Risk - Resource – to develop a Regional Growth Framework resources are required from across City Region Deal partners. Mitigation - Resource Commitment – partner commitment to provide sufficient resource to deliver the Growth Framework. An indicative resource and reporting structure is outlined in Appendix 1.
Alignment and fit with City Region Deal governance arrangement	A Regional Growth Framework fully aligns with the existing City Region Deal governance arrangements.
PMO check	Complete
Government approval	Government comments and feedback has been incorporated into this project brief.
Partner sign-off	Approved by the City Region Deal Directors' Group on 1 August 2019
Advisory Board sign off	Approved by the City Region Deal Directors' Group on 1 August 2019
Executive Board sign off	Approved by the City Region Deal Executive Board on 22 August 2019
PMO Recommendation	That Joint Committee approves the recommendations in this report.

Regional Growth Framework

1. Recommendations

Joint Committee is asked to approve:

- 1.1 The project brief and for officers to commence the production of a Regional Growth Framework; and
- 1.2 The governance and reporting structure outlined in Appendix 1.

2. Background

- 2.1 Throughout the process of negotiating and implementing the Edinburgh and South East Scotland (ESES) City Region Deal (2015 to 2018), partners considered the need for a new framework for sustainable and inclusive economic growth in the city region.
- 2.2 In 2017, as part of a review of Enterprise and Skills, the Scottish Government published a report on [Regional Partnerships](#), encouraging new models of regional collaboration. In the same year the UK Government published its [Industrial Strategy](#) to boost productivity, create good jobs and increase earning power with investment in skills, industries and infrastructure. Both of these key policy documents align closely to the City Region Deal objectives and ambition for the Growth Framework.
- 2.3 The City Region Deal was agreed in August 2018, and since that time the City Region and its partners have successfully worked together within a governance framework which has demonstrated successful cohesive regional partnership working, both between regional partners, and as an entity with Government, across a broad range of projects and policy areas. In the period which followed, the Joint Committee has approved eight business cases and seven project propositions, collectively worth £704 million or 53% of the 15-year programme.
- 2.4 Due to the success of the City Region Deal collaboration combined with uncertainty over planning and transport at national and regional scales, on 31 May 2019, the City Region Deal Leaders recommended that officers develop a proposition outlining a regional framework for growth.
- 2.5 This paper outlines a project brief to enable the development a Regional Growth Framework.

3. Main report

Purpose

- 3.1 The interdependence between local partners has never been greater with increased mobility of workers and people choosing to live, work and invest in locations across the region irrespective of local authority boundaries. It has never been more important for the region to take a holistic, joined-up approach across transport, planning, housing and economic development.
- 3.2 A Regional Growth Framework would aim to deliver greater alignment across economic development, housing, planning and transport under a set of simpler governance arrangements to deliver a streamlined approach to regional planning, housing, transport and economic development to manage growth and maximise regional inclusive growth outcomes.
- 3.3 The Framework would provide the region with control over the future growth of the city region and ensure it is being properly planned for the benefit of all. It can enable the region to speak with one voice and make a strong case for resources and investment. It can deliver the coordinated, strategic improvements needed to help the region respond to key national policy changes and the Global Climate Emergency to ensure that future investment supports inclusive and sustainable growth in our communities.
- 3.4 A Framework of this nature while designed and led by local authorities, goes beyond those activities and areas of focus within their direct responsibility, and recognises the need for shared ownership and delivery via an effective regional partnership model, encompassing public sector, national agencies, private sector, and third sector contributors.

Context

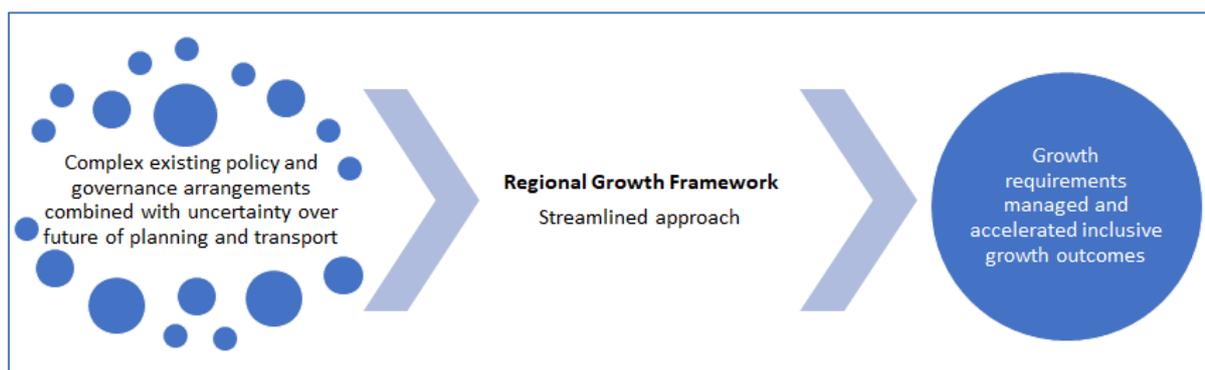
- 3.5 With a population of approximately 1.4 million people and contributing approximately £36 billion per year to the Scottish and UK economies, the city region has a strong and successful economy on which to build.
- 3.6 Drawing upon data provided by Scottish Enterprise which looks at the comparative performance and trends of Regions at a national level, the ESES city region performs at the top end across a range of indicators. For example, the region has the greatest rates of education and productivity; highest employment growth rates for men and women; the greatest growth in start-ups and mid-sized companies of any region in Scotland.
- 3.7 However, prosperity and success are not universal across the city region: both the Scottish Borders and Fife sit across more than one region with Tayside (Fife) experiencing medium growth and the South (Scottish Borders) experiencing low growth when considering comparable economic performance. Across the region, nearly a fifth of children are living in poverty; there is a lack affordable housing; and too many people are unable to move on from low wage and low skill jobs.

- 3.8 The City Region Deal aims to address these issues; it will accelerate growth, create new economic opportunities and meaningful new jobs that will help to reduce inequalities. It will invest £1.3bn and deliver 21,000 jobs and has the potential to deliver over 45,000 homes across seven strategic sites. Regional partners are working with UK and Scottish Governments on a Monitoring and Evaluation Framework that will track the progress and impact of City Region Deal projects by the end of 2019.
- 3.9 Inclusive growth is at the heart of the City Region Deal. However, the Deal projects alone cannot address longstanding, deep-rooted issues facing the region.
- 3.10 A Regional Growth Framework will clearly outline how we can join up our efforts to collectively accelerate inclusive growth, deliver new homes within vibrant communities, create new economic opportunities, and create high-quality jobs that will help to reduce inequalities.

Why now?

- 3.11 At a time of political uncertainty and national planning and transport undergoing significant period of change, combined with the rejection of the region's strategic development plan, the time is now to collectively provide direction and confidence for our communities and businesses.

Figure 1 – Moving from existing approach to a Regional Growth Framework



- 3.12 A successful growth framework enabling partners to work at scale can enhance regional economic resilience in the face of current and future uncertainty and challenges.

Strategic Overview and Core Objectives

- 3.13 At a strategic level the Regional Growth Framework would deliver a streamlined and more 'joined up' approach to regional economic growth, planning, transport, infrastructure, and housing under a collective vision and set of reformed, as appropriate, governance arrangements. Importantly, it provides a framework which supports the needs of individuals and businesses across the region, recognising the needs of communities and ensuring that future investments are targeted to increase social and economic inclusion for all.
- 3.14 The Regional Growth Framework will directly inform the production of a future Regional Spatial Strategy.

3.15 An initial list of core objectives and work requirements is listed below, these will need to be reviewed and revised subject to a future project team being established.

- **Produce a Regional Growth Framework**
 - Articulating regional economic development, planning, transport, infrastructure, and housing strategy that is evidence based, ambitious, costed and deliverable.
- **Develop a strategic vision**
 - Delivering an ambitious economic vision for regional growth supported by a robust set of underlying principles, priorities and objectives with consideration of geographies and cross-boundary relationships.
- **Align to national policy landscape**
 - Respond and align to the fluid national policy landscape and react to any changes in delivery timelines.
 - It must be designed in a manner which recognises the pace of global change, the future needs of the regional economy, the need to foster sustainability, and the need to foster inclusion.
 - A Regional Growth Framework should enable the region to actively engage, collaborate and inform the Scottish Government work on NPF4, STPR2, Climate Change and ensure that the region's economic, planning, infrastructure, transport and housing priorities are reflected nationally.
- **Review existing plans and evidence gathering**
 - Capture existing work currently being undertaken. There is a significant body of work and evidence that has already been produced and requires greater alignment. This will include capturing ongoing work and work undertaken by SESplan, SEStran and the thematic policy areas of the Deal including, housing, transport, skills and innovation. Map existing evidence, data, plans and strategies across policy areas, and establish what the region has collectively and what needs to be gathered/collated/developed including any technical work. Where areas and themes are lacking an evidence base, technical work and policy topic papers will be considered.
 - There is considerable overlap with the emerging regional housing work programme which includes workstreams with a focus on housing delivery; infrastructure and land; strategic sites; innovation and skills.
 - Collaborative working with academic partners will establish if there are potentially joint areas of work, research, development and innovation that can be undertaken to support the region's growth requirements.
 - Draw upon predicated areas of global, national or regional change to establish a direction for the region which is fit for the future.

- **Identify high-level costs and potential funding models**

- Consider the costs of delivering the strategic interventions across housing, infrastructure, transport, planning and economic development to support the region’s growth requirements.
- Work collaboratively with Government, agencies and infrastructure providers to explore funding models and delivery vehicles. This can help to ensure that activity included within the Growth Framework is deliverable.

- **Stakeholder engagement**

- Regular consultation with Government, agencies, SEStran, SESplan and City Region Deal groups and Boards.
- Active engagement with the Regional Enterprise Council, utilising their collective knowledge, challenge, and wider networks to ensure that the needs of private and third sector bodies are recognised and addressed by the Growth Framework.

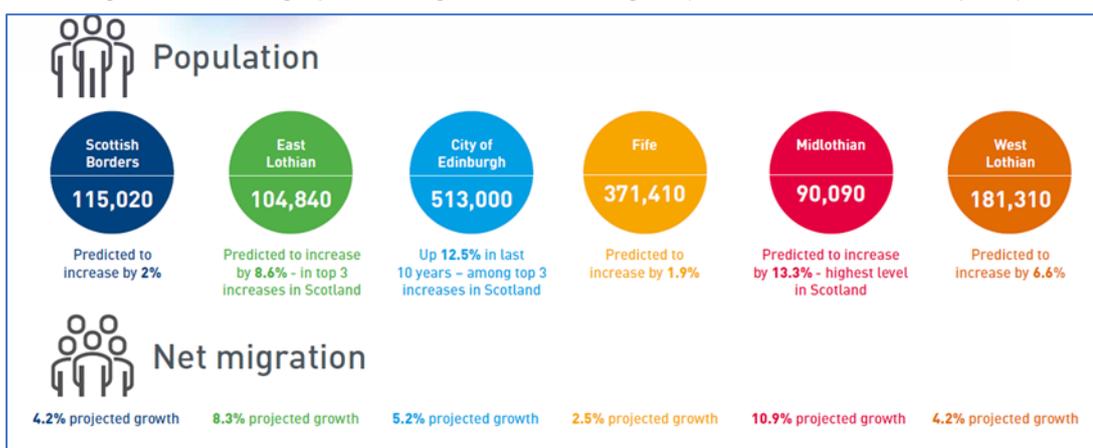
Scope

3.16 A joined up, ambitious long-term strategy can ensure that the region manages growth to maximise existing assets and create conditions to attract investment and target areas of disadvantage and inequality. It may consider the following:

- **Changing Demographics and Implications for Future Economic Needs**

- Each area within the Region predicts population growth; however, the levels of growth vary (see Figure 2).
- Understanding these changes and the implications on local communities will be essential to effectively plan and deliver the infrastructure, homes, jobs and services that will be required to support growing and changing needs.

Figure 2 – Demographic change across the region (Source: Scottish Enterprise)



- **Inclusive Economic Growth and High-Quality Jobs**

- Build vibrant economic communities across the region, spreading increased wealth and wellbeing by investing in infrastructure, assets and companies as a means of creating good jobs with value in thriving places where people want to live and work.

- Grow the region's reputation and reach in strategically important markets by bringing together assets, networks, campaigns and products
- Outlining the conditions for growth and where growth is projected to happen by building on our local and regional assets.
- Supporting our **town centres** and existing **key sectors** including retail, health care, hospitality and more.
- Attracting, creating and protecting **quality jobs** and talent.
- Consider the **distribution of key sectors and jobs** to avoid duplication across region, maximising local strengths and benefit for local communities.
- Driving research and **innovation** investment. Consider where cross boundary working on our collective assets can build on existing strengths and maximise impact for the city region.
- Creation of a regional investment prospectus, stimulating **capital investment** in the region's economy to attract new sectors in digital and tech to invest in the region.
- Investing in business growth and **resilience**. Align to the IRES programme and help to deliver the **21,000 jobs** outlined in the Deal, helping our most disadvantaged communities have the skills and ability to access these opportunities.
- Growing **export** value and the number of exporters. Consider economic opportunities at a regional scale e.g. future warehouse, distribution, industrial and retail uses, and how those end organisations maximise their global reach.
- **Maximising community benefits** from the Deal and future collaboration projects by developing a regional approach to community benefits and aligning economic opportunities with areas of disadvantage areas.
- **Joining up areas of opportunity** to transport, housing and skills provision to maximise economic return.
- **Sustainability**
 - A sustainable approach to managing growth will be a core aspect of the Framework.
 - Ensure whole of life considerations are applied throughout all areas of the Framework.
 - Consider how the Growth Framework can lead the way in Scotland's response to the Global Climate Emergency, ensuring a positive contribution to Scottish Government's Climate Change Bill and target date of 2045 for reaching net-zero emissions.
 - Consider how it can align to local sustainability, energy and low carbon plans and strategies.

- Consider vacant and derelict land use as an alternative to greenbelt development to minimise future environmental costs and impacts.
- Work collaboratively with local, regional and national partners, including academic partners, to consider sustainability impacts and interventions required to deliver a regional growth framework that delivers sustainable economic growth.
- **More Affordable Homes**
 - Accelerate the delivery and increase the supply of affordable homes across the region to deliver vibrant and sustainable communities.
 - Align to the regional housing programme and Transport Appraisal Board to facilitate the delivery of the seven strategic sites identified in the City Region Deal to deliver over 45,000 new homes across the region.
 - Incorporate the joined-up, place based approach outlined in the regional housing programme which takes a holistic approach across, infrastructure, land, finance, innovation and skills to accelerate affordable housing delivery with the ambition to incorporate innovation in construction processes.
 - Detail the scale and pipeline of housing development across the region and explore investment opportunities for construction innovation such as factories for offsite manufacturing, aligned to the **UK Government's Industrial Strategy**.
 - Integrate the regional housing pregame work on a 20-year housing delivery plan which is seeking to align to the **National Housing 2040 vision** set for spring 2020.
 - Housing need and demand is complex and relates to historical policy decisions, demographic change and projected economic growth. Housing supply is critical to provide homes in the right location to attract skilled workers and enable people to access future job opportunities. Therefore, it is essential that the Growth Framework considers the amount and type of housing that is required to meet the needs of people across the region.
 - We know that current delivery rates are insufficiently meeting demand particularly for affordable housing. Consider the existing Housing Need and Demand Assessment 2 (HNDA2) and determine if it needs reviewing and updating. Identifying the high-level costs associated with meeting need and demand.
 - Collaborate with academic partners, NHS, health and social care services, housing associations and more, to deliver the homes needed now and, in the future, to respond to an ageing population and the requirements of people with varying and complex health needs.
 - Align national and regional work on strategic transport and infrastructure e.g. STPR2 and NPF4 and outline the strategic interventions required to accelerate delivery of new homes.

- **Enhanced Connectivity**

- Consider the key strategic transport interventions that are required to accelerate housing development and economic development opportunities.
- Consider if technical modelling is required to understand the impact of growth and potential mitigations.
- Demonstrate key commuter flows across the regions key transport corridors.
- Align to work of the Transport Appraisal Board and consider a regional transport work programme.
- Work closely with SEStran to shape transport elements of the growth framework and avoid duplication of work.
- Work will closely align to the STPR2 and NPF4 process and work programmes.
- Work collaboratively with regional partners, infrastructure and utility providers to plan for the delivery of enhanced digital connectivity across the region.

- **Coordinated Infrastructure Delivery**

- Work collaboratively with partners and infrastructure and utility providers to understand capacity and condition of local, regional and national assets.
- Work collaboratively to understand partners' and providers' strategies and investment plans to coordinate efforts and minimise disruptions.
- Consider the key strategic infrastructure interventions that are required to accelerate housing development and economic development opportunities
- Consider future infrastructure funding and delivery models.
- Align to Regional Housing Programme and specifically the 'infrastructure and land' workstream.
- Work will closely align to the STPR2 and NPF4 process and work programmes.

- **Governance**

- Develop options for governance arrangements in the interim aligned to the existing City Region Deal governance arrangements which recognises the decision-making processes of the wider partnership.
- Develop future options for an established set of governance arrangements recognising elected members key role in decision making.
- Consider the status that the Regional Growth Framework and any subsequent strategy would hold.

Alignment and Dependencies

3.17 The Growth Framework and future Regional Spatial Strategy will be inextricably linked. A Spatial Strategy will align to the Growth Framework and will follow on and flow from the production of a Growth Framework.

- 3.18 Work currently being undertaken in thematic areas of the Deal and particularly the IRES Programme; Transport Appraisal Board (TAB) and the Regional Housing Programme should inform the development of the Growth Framework.
- 3.19 The Growth Framework does not replace the local plan process. Detailed policies that reflect local circumstances and needs will continue to be developed and delivered at the local level. It will, however, be important to maximise connections between and among local community planning partnership activities to ensure, where possible, collective involvement with the high level aims set within the Framework.
- 3.20 Health and Social care; wellbeing is an important factor in achieving inclusive growth across any region as is the provision of services and places which support health and happiness. The underlying principles of wider benefit will be embedded through the Framework, but future care provision will not be specifically addressed within this model.
- 3.21 The Growth Framework will not include the development of a further regional layer of government.

Anticipated benefits

- **Joined up policy domains**, particularly across spatial planning, housing, infrastructure and economic development;
- Joined up **economic planning** to create high-quality accessible jobs across the region, helping people to reach their full potential, benefitting our most disadvantaged communities;
- Cohesive framework that **identifies unique selling points** to promote the region to leverage **further investment** and create **jobs, SME and supply chain opportunities**;
- Joined up **infrastructure planning alignment** of strategic and investment plans in collaboration with infrastructure providers leading to focused, accelerated and **co-ordinated delivery** and potential efficiency savings;
- Identification of **cross boundary opportunities** and challenges, and **shared solutions**;
- Accelerated housing delivery creating new **sustainable communities**;
- Significant **progress towards delivering 45,000 new homes** across the **seven strategic sites**;
- Maximised **regional inclusive growth** outcomes, including for those individuals with protected characteristics;
- Deepen regional level understanding of the relationship between **housing markets, labour markets, and travel to work, study and retail areas**, particularly given new and planned infrastructure investments;
- Clearly articulated **economic development priorities** at the regional level;

- More effective links between strategy and policy with **investment and deliverability**;
- Deliver **fairer distribution of the benefits of growth** and be more inclusive for all communities;
- **Accelerated delivery of greater outcomes** than could be achieved individually; and
- **Reduced cost** to deliver these outcomes.

Proposed Timeline

3.22 It is proposed that the project commences in September initially running for 10 months up to June 2020. This timeline would ensure that the Regional Growth Framework is able to influence and inform key national policy developments as outlined in Table 1:

Table 1 – National policy development status and timeline

Policy Area	Status and Upcoming Change
Transport	<p>Transport Bill - completed Stage 2 on 26 June 2019. Stage 3 to follow.</p> <p>STPR2 - Review being undertaken.</p> <ul style="list-style-type: none"> • Evidence gathering through 2019 • Detailed Appraisal Spring 2020 • Reporting anticipated 2020 <p>SEStran - Currently writing the brief to appoint consultants to consider stage 1 with MIR and scoping, for new strategy. Indicative dates for draft strategy are late 2021, final by 2022.</p>
Planning	<p>The Planning Bill passed Stage 3 on 20 June. LAs now required to produce regional spatial strategies.</p> <p>NPF4 published in draft by Summer 2020.</p>
Housing	<p>National Housing 2040 vision. Spring 2020 – Final vision and route map.</p>

Key Constraints

3.23 **Timescales** – the 10-month timetable for delivery is ambitious but may be required if the document is going to be able to shape and influence emerging national planning and transport policy.

Next Steps

- 3.24 Subject to approval of the recommendations outlined in this report, a project team will be established, akin to that structure outlined in **Appendix 1**, and work will begin on the production of a Regional Growth Framework.

4. Financial impact

- 4.1 There is currently no dedicated resource or budget allocated to develop and deliver the Growth Framework.
- 4.2 A proposed resource and governance structure for delivery of the Regional Growth Framework is outlined in Appendix 1.
- 4.3 Regional partners, Government and agencies will work collaboratively to co-produce the Regional Growth Framework

5. Equalities impact

- 5.1 This report outlines a project brief; the production of a Regional Growth Framework would undertake a full equalities impact assessment. However, it is envisioned that the Growth Framework would help to:
- Manage and distribute growth to maximise regional inclusive growth outcomes;
 - Deliver the 21,000 jobs outlined in the Deal, helping our most disadvantaged communities have the skills and ability to access these opportunities;
 - Maximise community benefits from the Deal and align economic opportunities with areas of disadvantage areas;
 - Make significant progress towards delivering 45,000 new homes; and
 - Deliver fairer distribution of the benefits of growth and be more inclusive for all communities

6. Background reading/external references

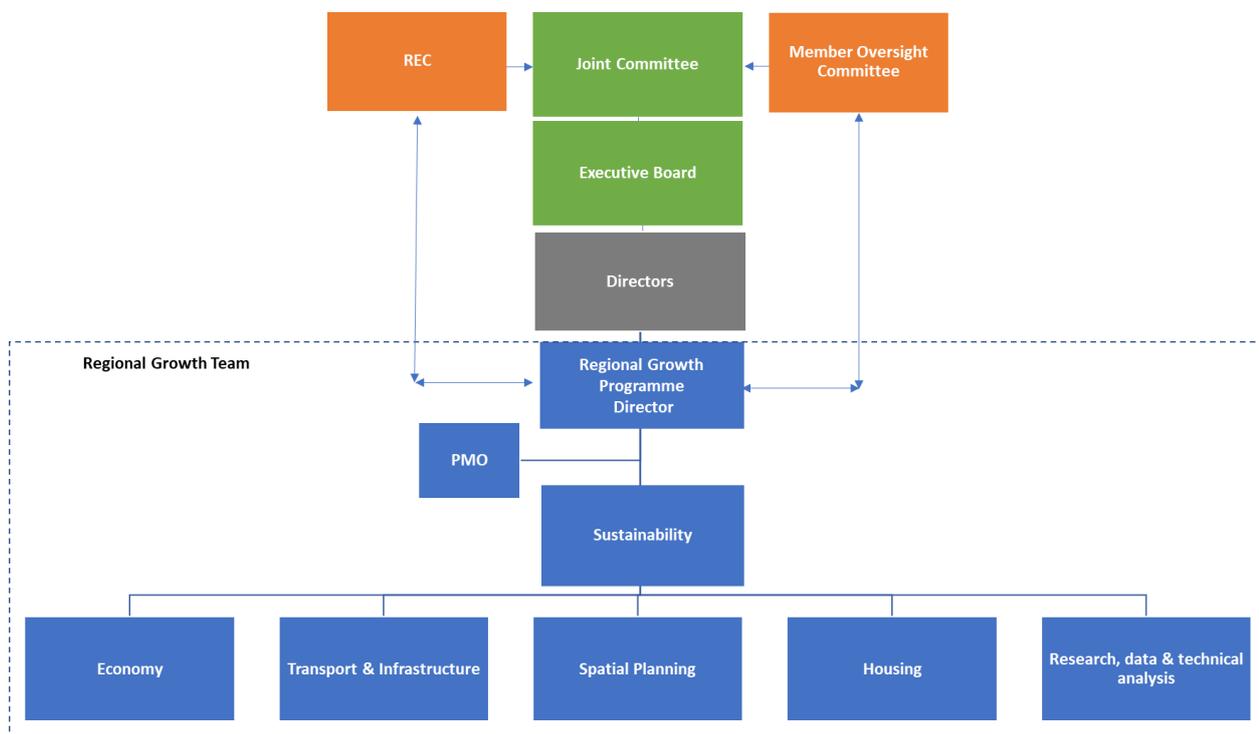
- 6.1 None.

7. Appendices

- 7.1 Appendix: A Proposed Governance Structure for Delivery

Appendix - A Proposed Governance Structure for Delivery

An indicative regional growth project team and reporting structure is outlined below. At this early stage of project development, this is intended to be illustrative.



It is anticipated that a dedicated project team is required to work on the development of a Regional Growth Framework. As outlined above, a dedicated Programme Director would lead the project and report up through the existing City Region Deal Governance structure.

The **Regional Enterprise Council** represents private and third sector interests and will provide advice and guidance to the Joint Committee members to help shape the development of the Regional Growth Framework.

An Elected Member Oversight Committee will be established consisting of two elected members with relevant portfolio areas (planning, transport, housing and economy) from each local authority area. This Committee will oversee and advise the Joint Committee and guide the development of the Regional Growth Framework.

The Scottish Government, UK Government and key agencies are all represented on various City Region Deal groups, boards and thematic areas. It is recommended that this continues with regular engagement on the Growth Framework sought to shape the Framework jointly alongside the Directors Group.