



# **Agenda Item 11**

## **Falkirk-Grangemouth Investment Zone Update**

Falkirk Council

**Title:** Falkirk-Grangemouth Investment Zone Update  
**Meeting:** Executive  
**Date:** 13 March 2018  
**Submitted By:** Director of Development Services

**1. Purpose of Report**

1.1. The purpose of this report is to provide an update on the work to produce an outline business case (OBC) for an Investment Zone for the Falkirk-Grangemouth area for submission to Scottish and UK government. This report also sets out the outputs of the work so far and the timeline and process for the next stages of the Investment Zone bid.

**2. Recommendation(s)**

2.1. **It is recommended that the Executive: :-**

- 1) notes the progress of work to prepare an outline business case for the Investment Zone as summarised below**
- 2) agrees that the outline business case be forwarded to Scottish and UK Governments for consideration.**

**3. Background**

3.1. As agreed at the Executive on 21 February 2017, a Falkirk-Grangemouth Investment Zone bid is being prepared in order to deliver a city region/growth accelerator type deal for the Falkirk Council area. This work leads on from the ambitions set out in

- the UK Government's Industrial Strategy launched in November 2017
- the Scottish Government's National Planning Framework 3 document,
- Chemical Sciences Scotland's recent 'Grangemouth 2025 Vision' document.
- *Growth: Investment: Inclusion*, the economic strategy for Falkirk; and

3.2 The activity proposed is intended to build upon and be complementary to the existing Falkirk Tax Incremental Finance (TIF) programme. It will run in parallel to the TIF however the activity and outcomes are additional to those already identified.

## 4. Considerations

### 4.1. OBC Development Process

Taking strategic direction from the Falkirk Economic Partnership, a Steering Group has been formed to oversee the Investment Zone OBC preparation. It includes Falkirk Council; Scottish Enterprise; Scottish Futures Trust and Scottish Canals as well as the commissioned consultants. The group has developed and refined the proposition to Government, engaged the wider business community through consultation events and made contact with partner stakeholders.

### 4.2. The OBC development process has involved:

- a baseline review of economic activity and inclusion indicators for Falkirk
- a review of existing and emerging policy and initiatives.
- consultation with public and private sector stakeholders.
- collaborative development of a project long list generating 44 proposals
- shortlisting of projects down to 9 with the application of a set of key criteria, interlinkage and deliverability metrics

### 4.3. The key criteria for project selection were:

- a) *Enabling Growth & Investment*: Secures additional economic growth & activity across the Council area and Scotland. Generates significant new jobs, levers private sector investment and supports expansion of national and international markets and key sectors
- b) *Promoting Community Inclusion*: Supports inclusive growth, equality and improves community cohesion and resilience. Living standards and quality of life are improved.
- c) *Enhancing Connections*: Investment in infrastructure, networks and utilities improves connectivity leading to strategic employment & investment opportunities regionally, nationally & internationally.
- d) *Promoting Sustainable and Competitive Places*: Leads to strong, sustainable town centres and smart business environments which work for all sections of society.
- e) *Contributing to a Low Carbon economy*: Reduces carbon emissions and supports the shift towards a more sustainable, greener, lower carbon economy.

### 4.4. Projects

The OBC bid proposal comprises three main themes of *Business*, *Infrastructure* and *Place*, with nine interlinked projects. Alongside these, a comprehensive inclusive growth, employability and skills development programme will focus on ensuring that the opportunities emerging from implementation are embedded in the local community.

- a) ***Innovation District for Chemicals & Manufacturing Excellence*** Falkirk-Grangemouth is a centre of excellence in chemical sciences. It hosts the largest cluster of advanced chemical sciences manufacturing companies in Scotland and has established itself as a leading location for inward

investment and allied company investment in related energy, bio-sciences and logistics.

Strong partnerships exist across industry and with Further and Higher Education. Funding support under the Investment Zone will look to advance and internationalise a specialist hub in Chemicals Manufacturing. The creation of an Innovation District will help the area to demonstrate strong links to the UK Industrial Strategy and ambitions for growth in key emerging areas such as low carbon, nano and bio-manufacturing. The Innovation District would operate as a 'shared knowledge' resource supporting research and development, incubator and 'proof of concept' manufacturing development alongside more established chemical sector resources.

**b) Brownfield Land Accelerator**

The Brownfield Land Accelerator will advance the development of strategic sites that are known to have significant brownfield land constraints making sites undevelopable for economic purposes.

Support funding will assist the remediation of sites and fund works associated with mineral/soil stability; sub-ground/above ground structures; re-profiling; decontamination and utilities. A number of larger historic or orphaned brownfield sites exist with clear economic potential.

**c) M9 Junction 5 and Grangemouth Road Networks**

This element will deliver a modern transport network supporting the integrated chemicals, port and settlement cluster of Falkirk-Grangemouth, creating a major industrial access at Junction 5 with associated distributor connections linking the major industrial sites and port. The proposed scoping for this activity would involve a full strategic and detailed Transport Impact Assessment.

**d) International Tourism Destination**

This project seeks to build on and extend the value and profile secured through the HELIX /Kelpies and the Falkirk Wheel along the canal axis attracting significantly higher numbers of international visitors; repositioning the area to host longer stays; and extending the tourism season with a more integrated event and activity programme. This work to internationalise Falkirk as a 'destination' will secure added value nationally, regionally and locally developing the existing brand and leveraging international interest in the heritage and cultural assets of the Falkirk area.

**e) Falkirk's Future Town Centres**

Town Centres have a key role in creating connected points of innovation and are critical contributors to economic growth. Falkirk and Grangemouth Town Centres have experienced long-term changes in retailing and need to be revitalised as the heart of enterprise, culture and community life. The project aims to assist renewal of the infrastructure, transport interchanges and core facilities as well as renewal of the role that Falkirk's town centres play making them fit for a modern economy.

f) **Greener Smarter Networks**

This programme aims to integrate new digital connectivity and innovative technologies into the management of our places. Low carbon and 'SMART' resilience networks can help with the renewal of infrastructure delivering industry and community benefits through shared utilities, services and information.

Improved analytic systems will aid understanding of our environment and provide proactive management of local services and increased resilience. This project includes proposals relating to the delivery of District Heating Networks which match up heat and power supply to demand providing opportunities for industry whilst addressing domestic energy efficiency and fuel poverty. Industrial co-utility networks will provide services for heat/power/speciality chemicals/waste water connecting operators, servicing site operations and helping to attract new investors

g) **Growth Vision**

The Investment Zone promotes a new model for economic development. Based on internationalisation, innovation, investment and inclusion, it seeks to drive new levels of activity, opening new markets and creating a step-change in economic activity. This element of the deal aims to deliver the leadership, coordination and resources required to facilitate the development of Falkirk as a central economic hub for Scotland, driving investment into our key industries and communities and developing new sectors to broaden and deepen inclusive economic growth.

h) **Strategic Business Locations**

The Falkirk area has a major opportunity to further develop as a national and international production centre. This includes land which can accommodate high value chemical science colocation, and extend the scope and sustainability of advanced manufacturing and other operations in the area. The project will advance the development of sites located close to major transportation corridors or co-located with existing industrial sites and services. The sites offer a long-term will support a combination of innovation/industry and business park style settings.

i) **Sustainable Transport and Travel**

This project aims to attract investment in public transport provision and extend travel choices for people and goods including enhancement to existing rail connections. It will encourage modal shift and reduce traffic movement in areas with limited capacity through enhanced infrastructure. It seeks to reduce unnecessary car/personal vehicle use releasing capacity and delivering wider benefits in terms of place, environment, and economic efficiency.

#### 4.5 **Inclusive Growth**

It is important that the Investment Zone package is underpinned by a robust programme to promote inclusive growth. This will involve enhancing employability, developing skills and engaging local communities in each of the 9 projects to ensure access to opportunities. This work will embed and

approach which aims to deliver 'more & better' jobs. Community involvement in place initiatives will be central with a consistent approach to encourage participation, engagement, volunteering, civic engagement & ownership. Physical links will be promoted between communities and civic, business, leisure, education & health locations to ensure easy access and improved living & working environments.

- 4.6 The OBC includes an economic impact assessment showing the effects of project interventions. The assumptions were agreed with Steering Group members and validated by Scottish Enterprise. Sensitivities and appropriate discounting factors have been employed consistent with HM Treasury Green Book guidance.

## **5. Consultation**

- 5.1 Wide-ranging consultation with public and private sector stakeholders has taken place so far but only forms the first part of this activity. Amongst other, Falkirk Council, as lead organisation has engaged Scottish Enterprise, Scottish Canals, the Scottish and UK Governments, Forth Valley College, Chemical Sciences Scotland, Visit Scotland, Skills Development Scotland and other national agencies. Private sector consultation has also been significant and continues with direct engagement and wider consultation events. A full consultation schedule is included in the draft report.

## **6. Implications**

### **Financial**

- 6.1 The anticipated bid for the Investment Zone amounts to c£150m. Determination of the make-up, timescales and targeting of requests for support will take place through dialogue with Scottish and UK Government representatives. There are no direct financial implications for the Council at this point in time as the next stage of work is covered within the existing approval.

### **Resources**

- 6.2 There are no immediate resource issues arising from this stage of work on the business case, however it is anticipated that additional support will be required to project manage the delivery of the business case and the means to achieve this is being pursued with partners.

### **Legal**

- 6.3 There are no additional legal implications arising from the recommendations at this stage of the process.

## **Risk**

- 6.4 A full risk register has been completed and included in the OBC.

## **Equalities**

- 6.5 Equality and poverty impact assessments will be prepared for each of the projects.

## **Sustainability/Environmental Impact**

- 6.6 The OBC aims to help delivery of a lower carbon economy in the Falkirk area. Where necessary, sustainability and environmental assessments will be carried out on the individual projects.

## **7. Conclusions**

- 7.1 The Investment Zone OBC is an important step forward in outlining the potential for economic growth in the Falkirk-Grangemouth area. At its heart it conveys a vision to develop a sustainable, long term investment area that is a smarter, greener, resilient and more inclusive place. The programme supporting this vision will deliver significant infrastructure improvements to support increasing levels of investment in Falkirk's economy. The projects identified and the underpinning programme of inclusive growth, are intended to help realise this ambition.
- 7.2 The delivery of the Investment Zone will rely upon further engagement with partners and wider stakeholders to firm up the package for delivery. A programme of communication will commence on approval of the OBC. Thereafter it is anticipated that a detailed examination of each of the proposals and follow-up negotiation will be conducted with UK and Scottish Governments with a view to finalising the programme for delivery.

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## **Appendices**

None.

### **List of Background Papers:**

The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act 1973:

- Grangemouth Vision 2025 – Chemical Sciences Scotland
- Falkirk Economic Strategy 2015-2025