

The background of the slide features the Falkirk Council Coat of Arms. It is a shield divided into four quarters. The top-left quarter shows a castle tower. The top-right quarter shows a stag's head with antlers. The bottom-left quarter shows a sailing ship on water. The bottom-right quarter shows a crowned eagle with spread wings. Above the shield is a crown with four fleurs-de-lis. A banner at the bottom of the shield contains the motto 'A'NE FOR A'.

Agenda Item 11

Falkirk Investment Zone Update

Falkirk Council

Title: Falkirk Investment Zone Update
Meeting: Executive
Date: 16 October 2018
Submitted By: Director of Development Services

1. Purpose of Report

- 1.1. This report provides an update on the work to introduce an Investment Zone initiative for the Falkirk area, being considered by the Scottish and UK governments. This report sets out the outputs of the work so far including details of the submission and feedback on the outline business case and the timeline and process for the next stages of the bid for this initiative.

2. Recommendation(s)

2.1. It is recommended that the Executive:

- 1) notes the progress of work on the Investment Zone initiative.**
- 2) agrees to commit additional funding of £50k, as set out in para 6.3 towards completion of an agreement for delivery of the Investment Zone.**
- 3) agrees that the contract awarded to the appointed consultants, Grant Thornton, be extended to enable completion of this work, including examination of anticipated contributions from the Council over the life of the initiative.**

3. Background

- 3.1. The Executive, on 21 February 2017 agreed that an outline bid submission for an Investment Zone initiative for Falkirk be made to UK and Scottish governments. The Investment Zone is a city deal/growth accelerator type initiative and leads on from the ambitions set out in
- the UK Government's Industrial Strategy
 - the Scottish Government's National Planning Framework 3 document,
 - Falkirk Economic Partnership's document, *Growth: Investment: Inclusion*, the economic strategy for Falkirk
 - Chemical Sciences Scotland's recent 'Grangemouth 2025 Vision' document

- 3.2 The Council submitted the Outline Business Case (OBC) confirming the Investment Zone proposals to both Scottish and UK Governments this year. A summary of the submission is attached (Appendix 1). The bid seeks £207m of funding for delivery of a package of works intended to promote economic opportunities in the Falkirk area.
- 3.3 The package 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.
- 3.4 A workshop, held in August 2018, attended by various stakeholders including representatives of Scottish and UK Government provided positive feedback and guidance on progress of the next stages including the detail to be incorporated within a full business case which is necessary for final agreement to the proposals.

4. Considerations

- 4.1 The Investment Zone aims to deliver transformational and inclusive growth locally, regionally and nationally. It proposes a series of measures to create a sustainable, long term investment area that creates a smarter, greener, resilient and a more inclusive place – ‘a dynamic and distinctive area at the heart of Central Scotland’. It will create jobs, increase innovation, exports and productivity and attract private investment.

OBC Submission

- 4.2 Taking strategic direction from the Falkirk Economic Partnership, a Steering Group was formed to oversee the Investment Zone OBC preparation. It included Falkirk Council; Scottish Enterprise; Scottish Futures Trust, Forth Valley College and Scottish Canals. A consultancy team, led by Grant Thornton were commissioned to prepare the OBC. The group developed the proposition to Government, engaged the wider business community through consultation events and submitted the application in May 2018.
- 4.3 The stakeholder workshop with Scottish Government/Scotland Office, business and representatives reviewed the OBC submission. It confirmed that the proposals are on the right track i.e. that they align well with other work taking place in Scotland relating to city deals and growth accelerators and are worth progressing to determine future funding support. The main issues arising from the workshop were as follows:
- the size of the bid (and extent of likely funding support forthcoming from UK as well as Scottish Government)
 - the need to identify contributions towards the package of works to be drawn from other partners, including the Council
 - the need to flesh out the detail of each of the projects with more work needed on feasibility and delivery arrangements.

- the need to underpin the Investment Zone package with a robust programme to promote inclusive growth.

Finalising the submission

- 4.4 In order to address the above points it is necessary to prepare further details on each element of the package. A series of project specific templates are to be prepared and work has commenced with Scottish Futures Trust to agree the work that is needed in order to finalise these templates and conclude Heads of Terms for agreement on the package. This in turn (with any further work as necessary) will lead to a formal agreement on funding support.
- 4.5 In order to comply with Treasury guidance for this type of initiative, the additional work required is beyond that originally envisaged. Instead of a single business case submission (outline, leading to final), the initiative requires business cases for each project. Additional costs (anticipated at up to £150k) will necessarily be incurred and approaches have been made to partners to contribute to these costs.
- 4.6 The additional requirements were not foreseen at the outset of this work. A change of contractor would incur significant inconvenience and delay in delivery of the initiative and therefore it is proposed that Grant Thornton be commissioned to continue their work to complete the work needed on the agreement. Grant Thornton's team has developed a close understanding of the project and is therefore best suited to progress and complete the scope of the full project. It is hoped that this will lead toward agreement on the Heads of Terms for the initiative being achieved early in 2019.

5. Consultation

- 5.1 Wide-ranging consultation with public and private sector stakeholders has taken place so far on the Investment Zone outline business case. As lead organisation the Council 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 in this work. Private sector consultation has also been significant and continues with direct engagement and wider consultation events taking place. Community engagement has also commenced, aligned with work being undertaken by the Community Planning Partnership's locality planning exercise.

6. Implications

Financial

- 6.1 The bid submission for the Investment Zone outline business case amounts to c£207m, with contributions to be sought from UK and Scottish Governments, partners agencies and the Council.

- 6.2 Determination of the make-up, timescales and targeting of requests for support will take place through the next stages of work, including dialogue with Scottish and UK Government representatives. There is likely to be a direct financial contribution required from the Council and, while the level of commitment has still to be determined, this will need to be considered as part of the Council's general services capital programme and medium term financial planning exercises.
- 6.3 Organisations within the Falkirk Economic Partnership have been approached, seeking contributions to the £150k budget necessary to conclude this next stage of work on the initiative. It is proposed that a contribution of £50k be made by the Council towards this work, to be sourced from within Development Services budgets.

Resources

- 6.4 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 Investment Zone and the means to achieve this is being pursued with partners.

Legal

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

Risk

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

Equalities

- 6.7 Equality and poverty impact assessments will be prepared in due course for each of the projects.

Sustainability/Environmental Impact

- 6.8 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 outline business case is an important step forward in realising the potential for economic growth in the Falkirk area. At its heart it conveys a vision to develop a sustainable, long term investment area that is a smarter, greener, resilient and a 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 finalise the package for delivery. The measures proposed in this report will enable this work to proceed to the next stage for agreement with UK and Scottish Governments and other partners as a basis for implementation.

pp Director of Development Services

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Date: 02 October 2018

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
- Falkirk-Grangemouth Investment Zone – Outline Business Case

Falkirk Investment Zone

Business Case Summary

Falkirk is submitting a case to the Scottish & UK Governments for investment in infrastructure & related actions to address regional needs and opportunities. The 'Investment Zone' will provide significant & additional economic growth and change. This is not about incremental actions but about setting a new course for sustainable, inclusive growth.

With strengths in chemical sciences, high value manufacturing and logistics, Falkirk (& Grangemouth in particular) has seen considerable recent investment. However it experiences significant constraints to attract investment to maximise its potential,.

Stimulated by the Wheel and the Kelpies, Falkirk's tourism profile has grown significantly. However the area lacks supporting visitor and cultural facilities, connecting infrastructure and accommodation for further growth. Access constraints and town centre decline have constrained investment and affected economic performance. The scope for Falkirk to realise its fullest potential is also inhibited by skills, attainment, wages and connections between places of opportunity and disadvantage.

The Investment Zone aims to boost Falkirk's competitiveness, nationally and internationally and to ensure the benefits of inclusive growth are shared among its residents.

With nationally important assets at the Grangemouth Port, refinery and chemicals complex, and developing tourism strengths, the Investment Zone will realise a genuine return for UK and Scottish Government investment. Falkirk's Tax Incremental Finance (TIF) initiative demonstrates the benefit that such investment brings and shows that **Falkirk can and will deliver.**

The Falkirk Investment Zone

The Investment Zone aims to deliver transformational and inclusive growth locally, regionally and nationally. It aims to create a sustainable, long term investment area that is a smarter, greener, resilient and more inclusive place – 'a dynamic and distinctive area at the heart of Central Scotland'. It will create jobs, increase innovation, exports and productivity and attract private investment.

Interventions

The interventions planned have been assessed in terms of the following:

Enable Growth, Investment & Innovation;	
Enhance Connections;	Promote Sustainable and Competitive Places;
Promote Community Inclusion	Contribute to a Low Carbon economy.

A core package of 9 interlinked projects has been planned and costed. These are underpinned by a comprehensive programme for inclusion, employability and skills development to ensure benefits reach across the whole community.

In sum the Investment Zone proposes a package of measures costing a total of £207m. The next stage of work will firm up this package for costing and delivery.

Business		Infrastructure		Place	
UK Innovation District: Chemicals & Manufacturing Excellence	£14m	M9 Junction 5 upgrade & Grangemouth road upgrades	£54m	Growth Vision	£10m
Strategic Business Locations	£23m	Greener Smarter Networks (inc. Sensor Shield/ District Heating)	£25m	Falkirk's town centres	£21m
Brownfield land Accelerator	£16m	Sustainable Transport inc. rail, (passengers & freight), park & ride	£21m	International Destination Tourism Kelpies /Helix 2	£12m
Inclusive Growth (engagement, employability and skills): £11.25m					

These interventions offer the platform to reinforce Falkirk's role as a vital driver of long term growth in the Scottish economy and a significant contributor to growth in key UK sectors:

- Falkirk's chemicals and manufacturing base will develop as an international proposition - a resilient and adaptable chemicals cluster, including innovation facilities and serviced sites.
- site constraints affecting development of supply chain and other investment will be addressed;
- infrastructure improvements will overcome access, and other site constraints
- road and access improvements will ease congestion and enable sectoral growth
- greener smarter networks will apply low carbon technology in energy distribution, environmental management and resilience
- town centres will evolve as cultural and civic hubs to build footfall and encourage visitors;
- tourism attractions will enhanced and better connected, enabling increased national and international visits:
- sustainable transport routes, including low carbon and active travel routes will link projects, optimising their benefits.

Delivery

The Investment Zone will enhance existing partnership capacities to ensure successful delivery and enable business, employment and visitor growth. It will engage businesses and communities to ensure that the benefits of growth are secured and shared locally through a combination of:

- accessible and in-work career development opportunities in key sectors;
- school and college based initiatives to promote digital and STEM activities;
- SMART utilities networks; transport & active travel networks linking business and communities through enhanced road and rail infrastructure and affording ready access to employment, visitor and cultural locations; and modernised public service points.

Economic Impacts

The actions promoted by the Investment Zone will generate economic benefits that are additional to those of the TIF. It is projected that:

- a further 5,400 jobs will be created in Falkirk and the wider area,
- increased economic activity (GVA) of £230 million for Scotland.

Falkirk Council and its partners welcome your interest in the Investment Zone.

For more details contact: Growth & Investment Unit, Falkirk Council at

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