

The image features the Falkirk Council Coat of Arms as a background. It consists of a shield divided into four quadrants. The top-left quadrant shows a castle tower, the top-right a stag's head with antlers, the bottom-left a three-masted sailing ship on waves, and the bottom-right a bird with spread wings. Above the shield is a crown with four floral motifs. A banner at the bottom contains the motto 'AINE FOR A'.

**Agenda Item 5**

**Falkirk Growth Deal**

Falkirk Council

**Title:** Falkirk Growth Deal  
**Meeting:** Executive  
**Date:** 05 March 2024  
**Submitted By:** Director of Place Services

**1. Purpose of Report**

- 1.1 The purpose of this report is to seek approval to submit the Falkirk Growth Deal Full Deal Document to the UK and Scottish Governments for approval and subsequent signing. It is also to provide progress on the development of Outline Business Cases (OBC) for the 10 Falkirk Growth Deal Projects and the Greener Grangemouth Programme.
- 1.2 The recommendations of this report assist the delivery of the 2022/27 Council Plan strategic priorities of supporting stronger and healthier communities and supporting a thriving economy and green transition.

**2. Recommendations**

**2.1 It is recommended that Council Executive:**

- (1) **Approves the Full Deal Document for submission to UK and Scottish Government; and**
- (2) **Notes the ambition to gain approval from the UK and Scottish Governments and have the full deal signed by all required parties by end of June 2024;**

**3. Impact on Climate Change Targets**

- 3.1 The contents of this report do not have a direct impact on the Council's Climate Emergency targets. Future reports will come to the Council Executive on individual Growth Deal projects where the scope and scale of the proposed projects may have substantial positive and negative impacts during both construction and post-construction periods.
- 3.2 Detailed consideration of climate impacts (particularly carbon emissions) form an integral part of the Council's and project delivery partners obligations as part of the business case development requirements necessary to secure projects and be considered for approval to proceed. These requirements are comprehensive, and the findings of appraisals will be reported on as part of the key stage reviews as projects progress.

## **4. Background**

- 4.1 In June 2020, the UK and Scottish Governments announced their support for the Council's submission for a Falkirk Growth Deal and allocated £90m of funds towards the delivery. This comprised £40m from UK Government and £40m from the Scottish Government. In addition, the Scottish Government announced an allocation of £10m towards the delivery of Greener Grangemouth. The programme is to be matched with the Council's £45m commitment to the Arts centre development and £5.8m of investment from Scottish Canals, creating a combined investment package of approx. £140.8m.
- 4.2 In August 2022, Council approved the programme governance. This governance was revised and approved by the Council Executive on June 2023.
- 4.3 In the development of the Outline Business Cases key partner Alexander Dennis Ltd withdrew from the partnership to deliver the Public Transport Net Zero Tech Centre project. This project has been replaced by the Transport Renewables and Career Exploration Hub (TRACE) project with a new key partner, Forth Ports.
- 4.4 In terms of context it is helpful to note that the Council's Investment Programmes Management Unit (IPMU) leads on the development of the Falkirk Growth Deal, the Forth Green Freeport, the Tax Incremental Finance (TIF) and Levelling Up Fund (LUF) programmes. This centralisation means that these programmes are all strategically aligned.

## **5. Considerations**

- 5.1 The Falkirk Growth Deal Programme Board has been meeting bi-monthly since September 2022 and the Projects Board meet monthly, to provide governance, scrutiny and leadership for the advancement of the Falkirk Growth Deal programme and the Greener Grangemouth programme.
- 5.2 Strong progress has been made, with eight project OBCs submitted. The Greener Grangemouth Programme OBC and the replacement project (TRACE) Strategic Outline Case (SoC) have also been submitted. It is anticipated that the first project will be ready to commence delivery by Summer 2024, subject to Full Deal and Full Business Case sign off. The table below shows the current status for all projects and programmes together with UK and Scottish Governments financial commitments.

Investment Theme	Project Grouping	Project	Total Falkirk Growth Deal Investment	UK Government Contribution	Scottish Government Contribution	Current Position
Creating Great Places		Falkirk Arts Centre	£6.0m	£3.0m	£3.0m	Outline Business Case (OBC) submitted
		Scotland's Canal Centre	£4.0m	-	£4.0m	Outline Business Case (OBC) submitted
		Scotland's Art Park	£3.0m	-	£3.0m	Outline Business Case (OBC) submitted
	Falkirk Sustainable Transport Network	Rail Station Interchange Hub	£9.0m			Combined Outline Business Case (OBC) submitted
Green, Cycle and Pedestrian Routeway		£12.0m	-	£21.0m		
Innovative Industry		Skills Transition Centre	£4.0m	-	£4.0m	Outline Business Case (OBC) submitted
		Strategic Sites	£10.0m	£10.0m	-	Outline Business Case (OBC) submitted
	Grangemouth Sustainable Manufacturing Campus	BAPP	£10.0m	£9m	£1m	
		CDU	£10.0m	£9	£1	Combined Outline Business Case (OBC) submitted
		TRACE*1	£10.0m	£9.0m	£1.0m	Strategic Outline Case (SOC) submitted
Funding for Grangemouth		Greener Grangemouth	£2.0m	-	£12.0m*2	Outline Business Case (OBC) submitted
Full Deal Document						Planned submission March 2024
<b>Total</b>			<b>£80m</b>	<b>£40m</b>	<b>£50m</b>	
<p>1. TRACE - Transport, Renewables and Career Exploration Hub (SOC)</p> <p>2. Additional £10m capital provided out-with the programme by Scottish Government</p>						

- 5.4 The programme of investment will deliver significant economic benefit for Falkirk area communities and businesses. The Growth Deal represents an opportunity to build on the area's economic strengths to support innovation and growth while also investing in our places, people and cultural and tourism assets. The investment provided through the Growth Deal prioritises projects that accelerate sustainable and inclusive economic growth for individuals, businesses and communities.

The Falkirk Growth Deal is predicted to deliver £628m in economic benefit to Falkirk (£404m of net present social value) at a benefit cost ratio of 2.8 over a 30-year appraisal period. These figures increase to £690m (£467m of net present social value) and a benefit cost ratio of 3.1 at the Scotland level. This includes a wide range of benefits including employment creation, labour supply benefits, land value uplift, enhancement to transport provision, visitor expenditure and upskilling.

- 5.5 The Falkirk Growth Deal will deliver an employment impact of 357 gross direct operational jobs (*267 net jobs*) across the Falkirk Council area by 2032. The Growth Deal will generate approximately £107m of discounted gross value added with the construction phase generating a further 1,395 net additional jobs annually and a net gross value added of £95m.
- 5.6 The Full Deal Document (appendix A) sets out in detail how Falkirk Council will implement and manage the Falkirk Growth Deal. This forms part of a suite of documentation designed to provide assurance to funders, stakeholders and communities that partners are committed to ensuring investment is coordinated across the area. It details the processes and procedures that are in place to support delivery and ensures that the benefits to be derived from the Falkirk Growth Deal are maximised.
- 5.7 This Full Deal Document specifically relates to the Growth Deal projects contained within the Heads of Terms, signed by both the UK and Scottish Governments and Falkirk Council on 21 December 2021. The partnership structure and governance arrangements, approved by Executive August 2022, allow us to effectively respond to challenges and deliver for our area. This document builds on the Heads of Terms agreement to set out more detail on how we will deliver our shared ambition for inclusive growth.
- 5.8 The Growth Deal has been developed as a cohesive and integrated investment package to ensure there is a balance between high profile place-based projects and investment programmes that respond to the unique needs of the Falkirk area. Our approach provides a consolidation of one transformational programme and 10 projects under two strategic themes, bolstered by a portfolio of investment that allows for appropriate response and flexibility to available opportunities.

## **6. Consultation**

- 6.1 The Council, as lead organisation in progressing the Growth Deal, has and continues to engage both public and private sector stakeholders in developing

the proposals. These stakeholders include Scottish Enterprise, Scottish Canals, the Scottish and UK Governments, Forth Valley College and Forth Ports. It is expected that as the Growth Deal progresses significantly more engagement will take place at both programme and project level. The scale, complexity and participatory nature of the Growth Deal means that communications, engagement and consultation represent a significant area of activity.

- 6.2 Pro-active, comprehensive, and participatory community and business engagement will be required for the successful delivery of the programme and the projects proposed. A communication strategy has been developed and this is updated as business cases are developed and resources come forward. Early-stage work will be required to involve each community and this will be connected with the Council's work on empowering communities. In the case of Grangemouth, this will be led by the Greener Grangemouth Programme Manager and a dedicated programme of community and business engagement activity will be progressed to enable an integrated approach across services and partners.

## **7. Implications**

### **Financial**

- 7.1 The recommendations of this report do not have a direct financial impact on the Council.
- 7.2 Upon conclusion of the formal Growth Deal agreement the Council will receive a total of £90m from the UK and Scottish Governments over a 10-year period phasing and profiling of the project income and expenditures are outlined in appendix 2. In line with the Council's accounting policies when expenditure is recognised but the grant has not been received or paid the difference will be accrued as a debtor. This accounting treatment has been discussed with the Scottish Government and agreed with the Council's external auditors.

### **Legal**

- 7.3 There are no additional legal implications arising from the recommendations at this stage of the process. There is legal support in concluding the business cases for delivery of projects at subsequent stages.
- 7.4 It is acknowledged that whilst the full deal document gives a framework for delivery of the proposals it does not legally secure the funding itself which requires the development, assessment, submission and subsequent approval of full business cases by both the UK and Scottish Government for all individual projects within the programme. It is recognised that the detailed content of the projects change as the programme develops and regular updates on the programme, including any amendments proposed, will be brought to the Council's Executive for approval following consultation with the relevant stakeholders and review by the Growth Deal Programme Board.

## **Risk**

- 7.5 There is a risk that the Full Deal document is not accepted by the UK and Scottish Governments. This is mitigated by regular engagement with both governments which has enabled an iterative process to develop the document.

There is a risk that projects within the Deal do not progress at the speed desired or at all. This is mitigated through a robust programme and project implementation plan in accordance with the Treasury Green Book.

There is a risk that the benefits outlined from the Growth Deal investment prove to be too optimistic and are not fully realised. The Growth Deal has developed a Benefits Realisation Plan with partners and stakeholders. This covers the benefits and the monitoring and evaluation of these. Optimism bias has been incorporated into all Economic and Social Impact studies.

There is a risk that the IPMU do not have the capacity to oversee all the competing major projects that they are currently responsible for. The IPMU has recruited a number of professional staff and based on project demands will continue to secure adequate staff resources and external support is deployed. The integration of all Investment programmes ensures that we can grow the necessary expertise in-house.

## **Equalities**

- 7.6 The Council is required to have regard to the Equality Act 2010 and the public sector equality duty (PSED). The PSED places a statutory duty on the Council in the exercise of its functions to have due regard to the need to: (1) eliminate discrimination (2) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and (3) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

- 7.7 An initial Equality and Poverty Impact Assessment has confirmed that there are no identified PSED requirements or impacts on any groups with protected characteristics identified because of the proposals contained in the report.

- 7.8 The Falkirk Growth Deal focuses on the delivery of inclusive and sustainable economic growth for the Falkirk area. Equality and Poverty Impact Screening Assessments will be undertaken for each of the projects as part of the business case development process.

## **8. Conclusions**

- 8.1 The agreement on Heads of Terms for the Growth Deal was an important step for the Council in realising its ambitions for sustainable and inclusive economic growth in the area.
- 8.2 Substantial progress has been made on the Project OBCs and the Full Deal document is now ready for approval and submission to the UK and Scottish Governments.

8.3 The signing of the Full Deal heralds the commencement of the delivery stage of the Growth Deal and unlocks the funding.

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**Director of Place Services**

**Date**                      **26 February 2024**

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**Appendices: -**

1. Falkirk Growth Deal – Full Deal Document (for approval by UK/Scot Gov)
2. Falkirk Growth Deal – Financial Profile

**List of Background Papers:**

Growth Deal progress report 23<sup>rd</sup> August 2021  
Growth Deal progress report 13<sup>th</sup> June 2023