

**NORTH LANARKSHIRE COUNCIL
REPORT**

To: POLICY AND RESOURCES (REGENERATION & INFRASTRUCTURE) SUB COMMITTEE		Subject: Glasgow City Region City Deal Programme Update
From: HEAD OF ENTERPRISE & PLACE		
Date: 23 rd February 2017	Ref: SL/KB	

1. Purpose of Report

1.1 The purpose of this report is to provide the Policy and Resources (Regeneration & Infrastructure) Sub Committee with an update on progress within the Glasgow City Region (GCR) City Deal programme since the last report presented to the Committee on the 8th of September 2016.

2. GCR Programme Update

2.1 Independent advisors SWQ have been appointed following a recent competitive tendering exercise as lead consultants for National Evaluation Panel. This panel will provide a further layer of scrutiny and benchmarking to the GCR City Deal alongside nine other English City Growth and Devolution deals. Economist David Waite took up post on the 21st of November as an independent economic resource for the GCR and will work alongside the newly established Local Commission for Economic Growth and the National Evaluation Panel.

2.2 The GCR Economic Delivery Group together with Metrodynamics has developed a new Regional Economic Strategy which will be launched following the GCR Cabinet on the 14th of February 2016. This new strategy and associated action plan for the period 2017-2035 brings together a single vision for growth and prosperity for the region. It calls for action to increase co-ordination, capacity, pace, scale and certainty in the delivery of a new economic agenda for the city region. Eleven key actions have been identified that support the aims of the Regional Economic Strategy and these are detailed in **Appendix 1**.

2.3 Following on from the GCR Enterprise Review that was carried in summer, an action plan has been further developed to aid the creation of a co-ordinated City Region offer to business and four action areas identified:

Action area 1: Commitment to, definition and communication of a single enterprise offer for the city region

Action area 2: Development of a Glasgow City Region Business Gateway service

Action area 3: Development and promotion of an enterprise asset map/directory

Action area 4: A region wide business development initiative to engage and connect further with resources and activities in the higher education/further education sector

- 2.4 Both the Enterprise Review and Regional Economic Strategy highlight the opportunity to develop a new City Region Intelligence/Research Hub. Proposals are in their infancy but the rationale for such a Hub are clear knowledge gaps at the city-region level and a lack of capacity to drive actions within member authorities. This would bring a number of existing resources and functions together in a single collective and is considered essential to provide interconnected city region intelligence going forward to serve all of the portfolios identified in Section 2.2. A full business case for the Intelligence Hub is being prepared and will be considered by Cabinet in April for initial implementation late summer 2017.
- 2.5 Transport Scotland and SPT have now finalised the development of new Strathclyde Regional Transport Model. The initial Strategic Assessment Framework identified the need for further cumulative assessments to cover the interaction between all of the proposed City Region transport projects. This work will now be undertaken utilising the new model by summer 2017.

3. Labour Market and Innovation Strands

- 3.1 The Working Matters project delivered by Routes to Work continues to make good progress, having received 270 referrals with 150 agreeing to engage in the project since its inception in late August 2015. Eighteen participants within North Lanarkshire have now successfully entered employment following participation in the project. Referral numbers from Department of Work and Pensions (DWP) have been lower than anticipated for this pilot employability project and options to address this are being examined by Job Centre Plus.
- 3.2 MediCity Scotland activity is progressing with increased outputs now being reported in the period to 31 September 2016. There have been 7 wider workshops/events delivered to the med-tech community in topical areas. There have been 3 dedicated "Develop" (business acceleration) programmes delivered with 21 companies receiving intensive support through the project. Early results from these activities and support include 3 new med-tech products being developed and put forward for product CE markings, £300K of private sector investment in supported companies has been recorded and 10 jobs created in high growth start-ups.

4. Infrastructure Programme Update

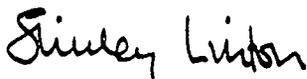
- 4.1 Much of the focus over recent months for the internal City Deal team has been towards the Gartcosh Business Park to Glenboig Link Road subproject. Full Business Case approval and a further £4.72m of project funding was granted at the October and December GCR Cabinets. Work to upgrade existing Auldyards Road commenced in December 2016 and subject to finalisation of land acquisition and security arrangements, work to construct the new component of the link road will start in March 2017.
- 4.2 The wider Regional Freight Study and specific North Lanarkshire freight hub annex is nearing completion. This study will help inform the viability of the Gartsherrie Link Road proposal and also provide valuable direction on how the Council can capitalise on its excellent freight transport position to address future market growth and support the local and regional economy.
- 4.3 Work is also ongoing in the development of an outline business case for the Holytown Link Road proposal. Independent traffic modelling, noise, air quality and biodiversity appraisals have been commissioned to address community concerns raised through the pre-application notice.
- 4.4 The joint Council and Scotrail/Abellio masterplan study for Motherwell Train Station and adjacent town centre car parks is also nearing completion. The masterplan together with previous internal work will form the evidence to support the future outline business case for the additional park and ride provision and Muir Street extension.

5. Financial Update

- 5.1 As part of the £1.13bn City Deal Infrastructure Fund, £172.463m of funding relates to North Lanarkshire projects, with £23.596m of this total to be funded by the Council. The Council estimates it will spend up to £2.53m on infrastructure projects in 2016/17 an anticipated underspend of £0.492 against the re-profiled budget of October 2016, mainly as a result of slippage on the Gartcosh Business Park to Glenboig Link Road due to delays in awarding the contract. The Council has submitted two quarterly claims to the Programme Management Office to date totalling £0.777m.
- 5.2 With regards to the Working Matters scheme, the Council has been allocated £0.459m of funding from the total £4.5m City Deal programme, with member councils asked to provide match funding to support the project. In 2015/16 £0.090m was expended on the project, via Routes to Work with £0.058m of this total claimed against the GCR grant. At this stage of the financial year it is projected that a further £0.317m will be spent, with £0.245m eligible for DWP grant funding.
- 5.3 For the innovation strand of City Deal, the Council is supporting the MediCity project with revenue funding from Council reserves of £0.439m over two years from autumn 2015, following which Scottish Enterprise will provide grant assistance of £0.673m. MediCity has been paid £126,723 of eligible grant funding up to the 30th June 2016. The claim to 30th September 2016 is currently undergoing an independent audit in line with the funding agreement.

6. Recommendations

- 7.1 It is recommended that Committee
- (i) Note the content of the report and GCR City Deal Programme update; and
 - (ii) Note the launch of the Glasgow City Region Regional Economic Strategy 2017-2035.



Shirley Linton
Head of Enterprise & Place

Appendix 1

Draft GCR Regional Economic Strategy - Key Objectives

1) Attract and retain talent and enterprises relocating to GCR

In order for GCR to maintain its place as Scotland's biggest economy and to increase growth rates the GCR needs more highly skilled residents and productive businesses. Our working age population is not growing and the population as a whole is growing less than the Scottish average.

2) Improve economic outcomes for all through addressing long standing barriers in the labour market such as skills and health, both for those who are currently out of work and those on low incomes.

We want a city region which enables our residents to have the opportunity to benefit from economic success. A disproportionate number of GCR residents have few, low or no skills and are not benefiting from GCR growth. Unless we take action here the levels of inequality (employment, income, health, education) will not reduce. The city region is committed to supporting those out of work who are economically inactive or unemployed and those in low income jobs to ensure that success benefits all members of society. Linked to this is the need for all GCR residents have access to good quality Careers Information, Advice and Guidance that is based on Labour Market Information to help them make the appropriate qualification choices.

3) Create a skills and employment system that meets the current and future needs of GCR businesses and supports our residents to access jobs and progression opportunities.

The challenge is to ensure that the skills system is effective in supporting people and businesses to reach their full potential, including those who are currently in work to progress. This requires a responsive and flexible city region skills system that works with employers to design courses that deliver employer ready residents.

4) Grow the presence of Scotland's Growth Sectors in the city region so that we increase the total number of GCR's businesses and employees who work in these sectors.

The Scottish Government has identified six sectors where Scotland has a distinct comparative advantage and that tend to be more productive and innovative than others. Whilst GCR will not be in a leader in all six areas, it does make sense for GCR to have a focus on growing these sectors alongside those with the potential for greater growth and higher productivity.

5) Significantly improve the productivity of GCR's diverse business base through increased investment, innovation and exporting.

GCR boasts an incredibly diverse business base, home to some world-leading businesses. This is the core strength of the GCR economy. We want to support all businesses to succeed, increasing their competitiveness through increased productivity and fostering innovation.

6) Increase the number of sustainable and high growth start-ups surviving beyond five years.

Almost 7,000 new businesses start in GCR each year. But many of these do not survive beyond five years. Whilst GCR sees a number of university spinouts, the number could be increased, with more start-ups in the private sector.

7) Grow GCR supply chain activity whose growth underpins the success of GCR sectors.

GCR benefits from a diverse post-industrial business base which is not dominated by any one sector. What is clear is that GCR businesses have a key role in supply chains that could be nurtured to grow, but this role is not fully understood or articulated.

8) Building on the City Deal bring forward in parallel strategic programmes, projects, and associated investment that maximise the value of the Deal.

In 2014 GCR secured a city deal which covers infrastructure investment, life sciences, business support and employment and skills. City Deal is at the heart of this strategy, and the city region must look at how to maximise benefit from it.

9) Maximise the potential of the key GCR economic assets.

GCR has superb assets with which to drive growth and develop a more innovative, creative economy. Our people are the regions greatest asset. Other examples include the Queen Elizabeth

University Hospital Campus, which has now seen investment in Stratified Medicines and the International Financial Services district. Glasgow Airport is also a key asset which can be better supported to drive growth. This includes increasing business and leisure passenger numbers, but also by creating a connected, creative and versatile business environment in its environs.

10) Actively promote GCR globally, with a focus on international investment opportunities.

GCR has taken an important step to demonstrate its potential by working together as a city region. This should be used to drive international investment by articulating a specific city region investment proposition and promoting the unique strengths and assets of the single economic area at events such as MIPIM.

11) Increase in the number of housing and commercial completions and decrease the amount of derelict and vacant land.

If GCR is to grow and attract talent and businesses, there needs to be a marked increase in the number of housing completions and modern premises. Whilst there is no shortage of land, there are significant challenges in bridging the delivery gap, including the decline in delivery in urban brown field sites.