
Report To:	Environment & Regeneration Committee	Date:	14th January 2016
Report By:	Corporate Director Environment, Regeneration & Resources	Report No:	RC/16/01/08/SJ/BH
Contact Officer:	Stuart Jamieson	Contact No:	01475 712402
Subject:	City Deal Update		

1.0 PURPOSE

- 1.1 The purpose of this report is to update Members on the recent activity and progress in relation to City Deal.

2.0 SUMMARY

- 2.1 The Clyde Valley Councils which together cover the 'City Region' of Glasgow have collectively pursued a bid to the UK Government to establish a City Deal Agreement, similar to those established in England, with a view to bringing forward a major investment programme to stimulate economic growth for the benefit of residents and businesses in the Glasgow City Region.
- 2.2 The Policy and Resources Committee approved delegated authority to the Corporate Director Environment, Regeneration and Resources to work with the other Councils in the Clyde Valley to develop the Governance model and set up the Programme Management Office (PMO) to begin the implementation of the City Deal Agreement. Officers are now engaged in the collaborative work of the PMO and Riverside Inverclyde are engaged to assist with the implementation of Inverclyde's City Deal Projects.
- 2.3 In relation to Inverclyde's projects there were originally eight projects submitted for consideration for inclusion within the Infrastructure Fund Programme and 3 have been successful i.e. Inverkip, Ocean Terminal and Inchgreen. Strategic Business Cases for both Inverkip and Ocean Terminal were approved by the City Deal Cabinet at its meeting in October. Officers are now progressing discussions with Scottish Power Generation and with Peel Ports on Inverkip and Ocean Terminal respectively, to progress the tenders for design consultancy and then works for each project. When tendered rates for each project are received, officers will progress the relevant approvals with the Clyde Valley Cabinet Office. It is expected that works will start on Inverkip in the Autumn of 2016 with the Ocean Terminal to follow in the Spring of 2017.
- 2.4 The Inverkip project will open up the former power station site for housing. The business case, developed by partners Inverclyde Council and Scottish Power Generation, highlights that the project addresses the restricted network and junction capacity on the A78 trunk road at four locations in and around Inverkip. This will release investment and help secure the development for the brownfield former power station site to deliver new homes and commercial space. The ocean terminal project aims to create a dedicated quay for cruise traffic enabling a significant increase on vessel and passenger numbers.
- 2.5 The City Deal is expected to give Glasgow and Clyde Valley a permanent uplift in its GVA of £2.2billion per annum (4.4%); generate 15,000 construction jobs during the construction period and 28,000 permanent additional jobs once construction is complete; and will unlock £3.3billion

of private sector investment. ICDT are engaged as Inverclyde City Deal Employability partner and 51 clients are now engaged out of the target of 100.

3.0 RECOMMENDATIONS

3.1 That the Committee note the activity and progress being made on the City Deals projects.

Aubrey Fawcett
Corporate Director Environment, Regeneration & Resources

4.0 BACKGROUND

- 4.1 The Committee will recall that in December 2013, approval was given to continue to participate in developing an economically focused Infrastructure Fund bid with the other Authorities in the Clyde Valley area. This was a direct response to the City Deals which had been agreed for the English Core Cities, and which were at the time being developed by a further twenty urban areas across England.
- 4.2 The Clyde Valley Councils which together cover the 'City Region' of Glasgow have collectively pursued a bid to the UK Government to establish a City Deal Agreement, similar to those established in England, with a view to bringing forward a major investment programme to stimulate economic growth for the benefit of residents and businesses in the Glasgow City Region.
- 4.3 The Policy and Resources Committee approved delegated authority to the Corporate Director Environment, Regeneration and Resources to work with the other Councils in the Clyde Valley to develop the Governance model and set up the Programme Management Office (PMO) to begin the implementation of the City Deal Agreement.

5.0 PROJECTS UPDATE

- 5.1 There were originally eight projects submitted for consideration for inclusion within the Infrastructure Fund Programme and 3 have been successful i.e. Inverkip, Ocean Terminal and Inchgreen. The details of the projects are as follows:

Project	Activity	Programme Costs	Indicative Timescales
Inverkip Power Station Development	Provision of road infrastructure works at Inverkip Village on the A78 to enable redevelopment of former power station to progress.	£3.25m*	Start Nov 2016 Completion Oct 2017
Ocean Terminal	Clyde International Cruise Liner Facility – Ocean Terminal: Extend/new pier, access improvements and improved tourist facilities. This project requires a joint venture with Peel Ports, which requires to be state aid compliant.	£14.27m*	Start May 2017 Completion Oct 2018
Inchgreen	Formation of West of Scotland Hub for Renewables – works to pier and access including site remediation. This project requires a joint venture with Peel Ports, which requires to be state aid compliant.	£9.47m*	Start Jan 2021 Completion Oct 2022
Total		£26.8m	

*Please note that costings above include an element of optimisation bias which has been included by the consultants who developed the bid document

- 5.2 The Strategic Business Cases for both Inverkip and Ocean Terminal were approved by the City Deal Cabinet at its meeting in October. Officers are now progressing discussions with Scottish Power Generation and with Peel Ports on Inverkip and Ocean Terminal respectively, to progress the tenders for design consultancy and then works for each project. It is expected

that works will start on Inverkip in the Autumn of 2016 with the Ocean Terminal to follow in the Spring of 2017.

- 5.3 Scottish Power Generation will deliver the infrastructure projects funded by the Council through a grant arrangement, a funding agreement will require them to remove/modify existing elements of the site whilst delivering housing and commercial space over a 10-15 year period. The Development Partners will be obliged to meet the terms and conditions established by the Glasgow and Clyde Valley City Deal Infrastructure Programme Monitoring Office. As such officers are arranging a funding agreement and Head of Terms with Scottish Power Generation.
- 5.4 A joint venture, which is State Aid compliant, will be developed with Peel Ports to facilitate the extension of the quay wall, visitor centre and access improvements with appropriate profit sharing in place.
- 5.5 The City Deal employment initiative for Employment Support Allowance clients is progressing well. The three year programme for one hundred clients per year has commenced with over fifty clients already engaged and has had one positive job outcome.

6.0 PROCUREMENT

- 6.1 Due to the ownership of land and assets involved in the Container Terminal and Inverkip projects, it is important that the contracts for design and then works are put in place by Scottish Power Generation and Peel Ports respectively. Both partners are in the process of procuring the services of design consultants and will then proceed to tender for the works element of each of the projects. All tenders will be compliant with European Procurement Regulations, the procurement governance arrangements agreed with the City Deal PMO and the Council's Contract Standing Orders where appropriate.
- 6.2 The nature of the partnership with Peel Ports requires to be state aid compliant. As such, Legal and Financial expertise has been secured to give specific advice on these matters and to assist in the formation of the relevant agreements that will be put in place with Peel Ports.

7.0 IMPLICATIONS

7.1 Finance

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
N/A					

7.2 Legal

There are no specific legal implications arising from this report.

7.3 Human Resources

There are no specific human resources implications arising from this report.

7.4 Equalities

Has an Equality Impact Assessment been carried out?

Yes See attached appendix

No

This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

7.5 Repopulation

There are no repopulation issues arising from this report.

8.0 BACKGROUND PAPERS

8.1 There are no background papers for this report.