
Report To:	Environment & Regeneration Committee	Date:	28th April 2016
Report By:	Corporate Director Environment, Regeneration & Resources	Report No:	ENV/012/16/AF/BH
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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 since the last report in January.

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 Officers are now progressing discussions with Scottish Power Generation and with Peel Ports on Inverkip and Ocean Terminal respectively. Both projects will progress to tender. Discussions so far have hinged on the internal approval processes within the Scottish Power Group. Similarly, with Peel Ports, extensive discussions and negotiations have been ongoing in order to satisfy state aid obligations and Peel's internal approval process. 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 late 2016/early 2017 with the Ocean Terminal to follow in the Autumn of 2017, subject to agreement with Scottish Power Generation Ltd and Peel.
- 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 of 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. ICDDT are engaged as Inverclyde City Deal Employability partner

and have secured 55 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 and 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.	£3.2m*	late 2016/early 2017 Completion late 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.	£14.2m*	Start Oct 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.	£9.4m*	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. Discussions are ongoing with Scottish Power and Peel regarding the procurement aspects of these projects, and details of the development agreements are going through challenging negotiations to allow our partners to satisfy their internal approval processes whilst addressing risks associated with the projects. Approvals are

required within the Scottish Power Group and ultimately with their Spanish parent company Iberdrola. Similarly, with Peel Ports, extensive discussions and negotiations have been ongoing in order to satisfy state aid obligations and Peel's internal approval process. When tendered rates for each project are received, officers will progress the relevant approvals with the Clyde Valley Cabinet Office. It is expected, subject to our partners achieving all internal approvals, that works will start on Inverkip in the late 2016/early 2017 with the Ocean Terminal to follow in the Autumn of 2017.

- 5.3 Scottish Power Generation will be required to undertake initial enablement works at Inverkip at its own cost and contribute towards the cost of the Project. 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 the details of which will be reported to Members.
- 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 55 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, officers consider it appropriate that the contracts for design and then works are put in place by Scottish Power Generation and Peel Ports respectively. 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. Members should note that state aid rules pertaining to ports and port infrastructure are very strict and it is very challenging to develop a joint venture which does not involve any grant assistance.

7.0 FINANCE

- 7.1 The Council has allocated £400,000 annually to be channelled through an earmarked reserve from 2017/18 to meet the financing costs and the Council's contribution to the Project Management Office. Updates on the state of the City Deal Funding Model are reported as part of the Finance Strategy.

8.0 IMPLICATIONS

8.1 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
Regeneration	City Deal	2017/18	400		

8.2 Legal

The Head of Legal and Property Services has been consulted on this report.

8.3 Human Resources

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

8.4 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.

8.5 Repopulation

These City Deal projects would assist in regenerating the local and City Region economies and make Inverclyde a more attractive place to relocate to work and live.

9.0 CONSULTATIONS

9.1 Scottish Power and Peel have been engaged with on an ongoing basis.

10.0 BACKGROUND PAPERS

10.1 There are no background papers for this report.