



ACCELERATING GROWTH

EDINBURGH AND SOUTH EAST SCOTLAND
CITY REGION DEAL





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City Deals - Background



- The English 'City Deal' process was initiated in 2011 as bespoke agreements between government and city regions
- Process later extended to Scotland - when Glasgow became the first Scottish city to secure a City Deal in August 2014
- In all there have been 30 City Deals across the UK
- Aberdeen - just announced recently, Inverness also working on a City Deal

City Deals – Common Features



- Each City Deal is unique, but there are common features:
 - Agreed objectives to ensure balance across the region
 - Objectives that align local outcomes with the national interest
 - Meaningful local risk taking via additional investment – ‘Payment by Results’
 - Capital Investment at a scale that can make a real difference to a City Region’s growth path

Example – The Glasgow Deal



- August 2014 - Agreed in run-up to Referendum
- £1.13 Billion
 - £500M – UK Govt
 - £500M – Scottish Govt
 - £130M – Local Authorities
- Spend over 10 years, payments on results over 20 years
- Risk and Opportunity

Why we need the investment

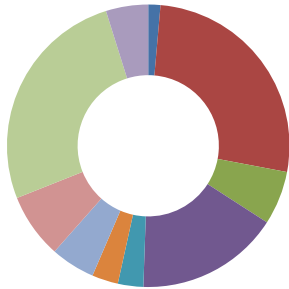


- Deep rooted inequality - Over 12% of the region's population in the bottom 20% deprived areas
- Productivity across the region shows marked variations, GVA per employee varying by £18,000
- Significant infrastructure constraints - meet Physical and Digital connectivity challenges
- Skills - Need to align and develop skills to meet the needs of business in the future
- Innovation - using our knowledge capital and skills base

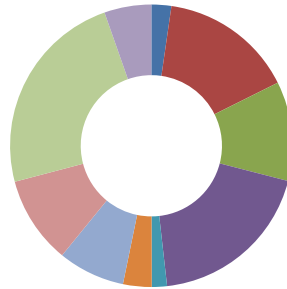
A £33 billion economy, benefitting from healthy GDP growth and a diverse range of strengths across a variety of sectors

Industry percentage share of total GVA 2012

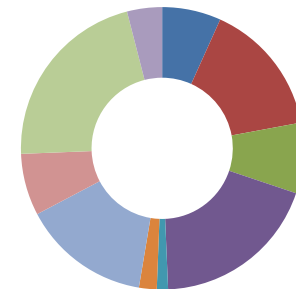
Clackmannanshire and Fife



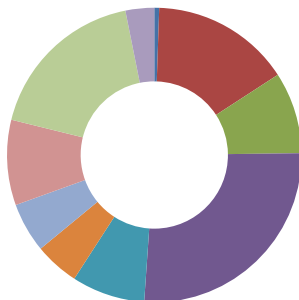
East Lothian and Midlothian



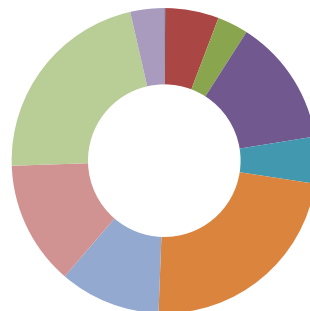
Scottish Borders



West Lothian



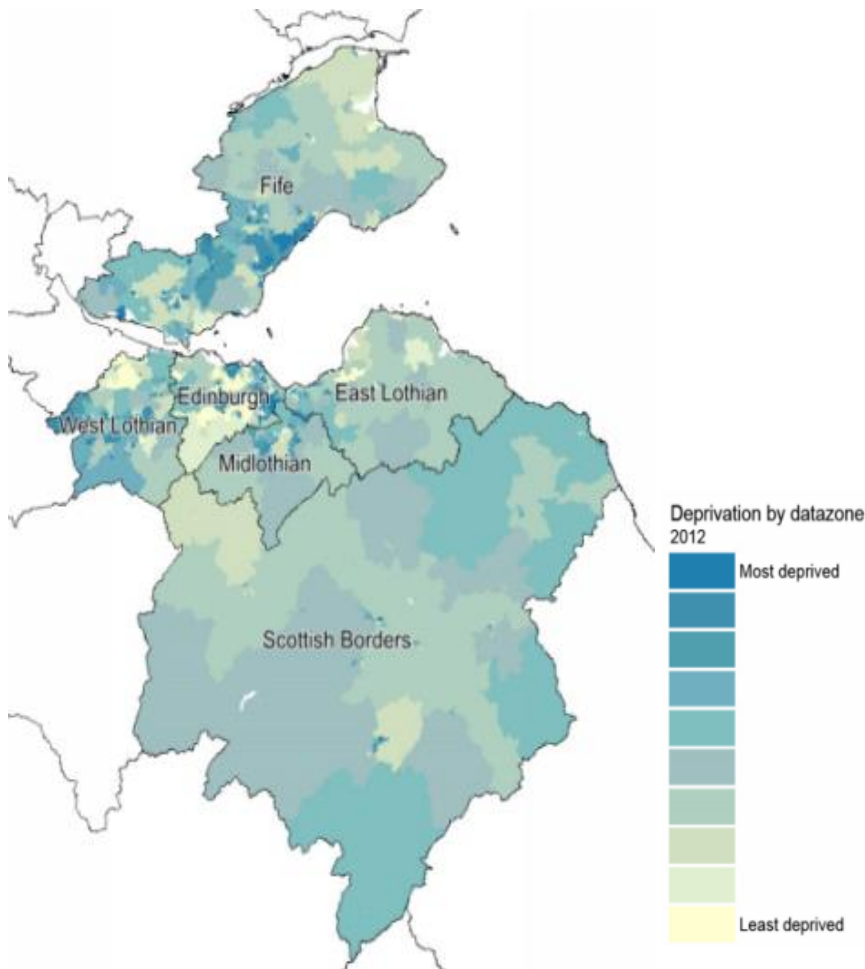
City of Edinburgh



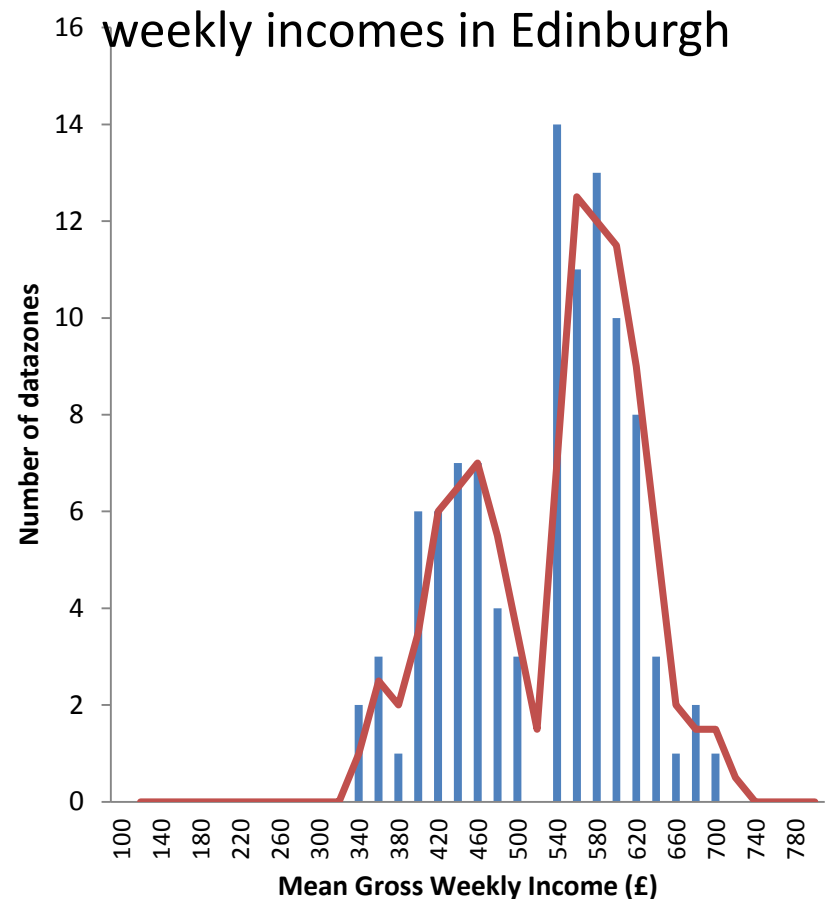
- Agriculture, forestry and fishing
- Production
- Construction
- Distribution; transport; accommodation and food
- Information and communication
- Financial and insurance activities
- Real estate activities
- Business service activities
- Public administration; education; health
- Other services and household activities

However, there are a significant number of deprived areas across the region resulting in “dual-peak” income distributions

Deprivation index

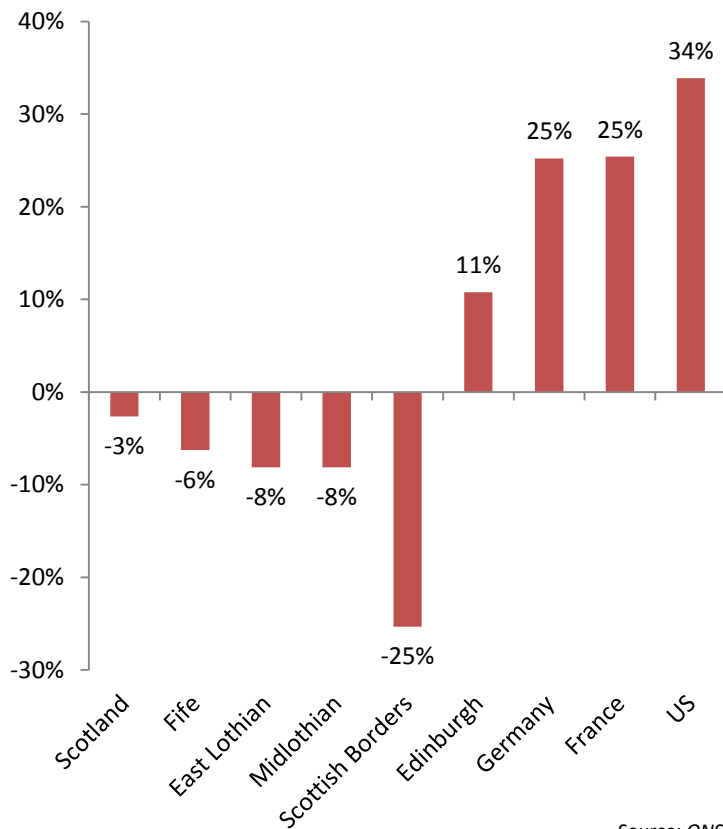


Frequency of mean gross



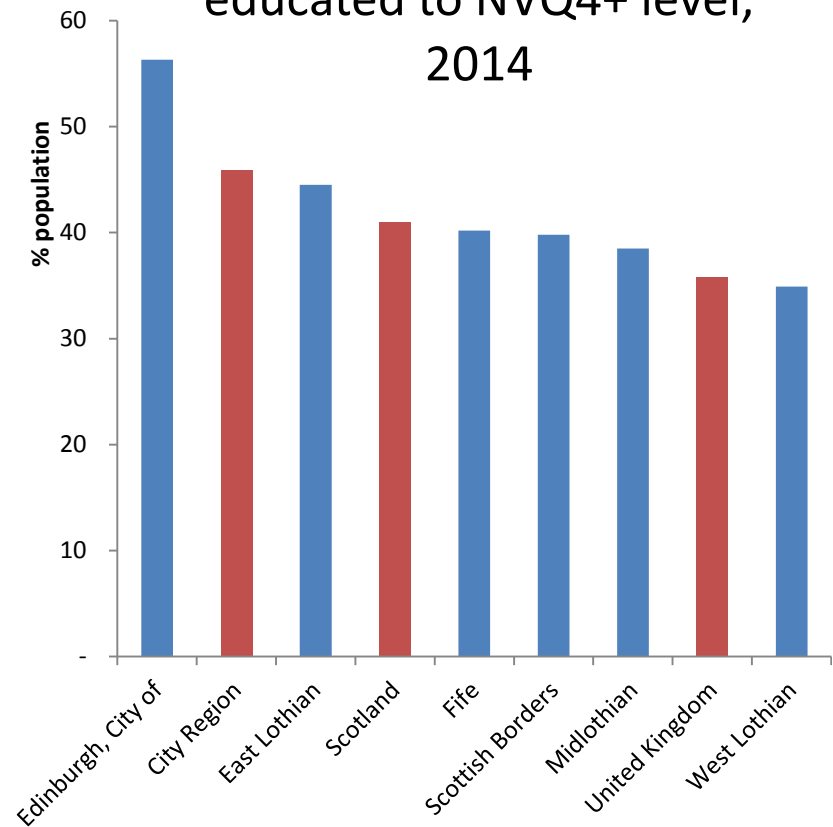
Part of the solution could be to better utilise the well educated population to address the productivity challenges the region faces . . .

Gap between UK GDP per hour worked



Source: ONS

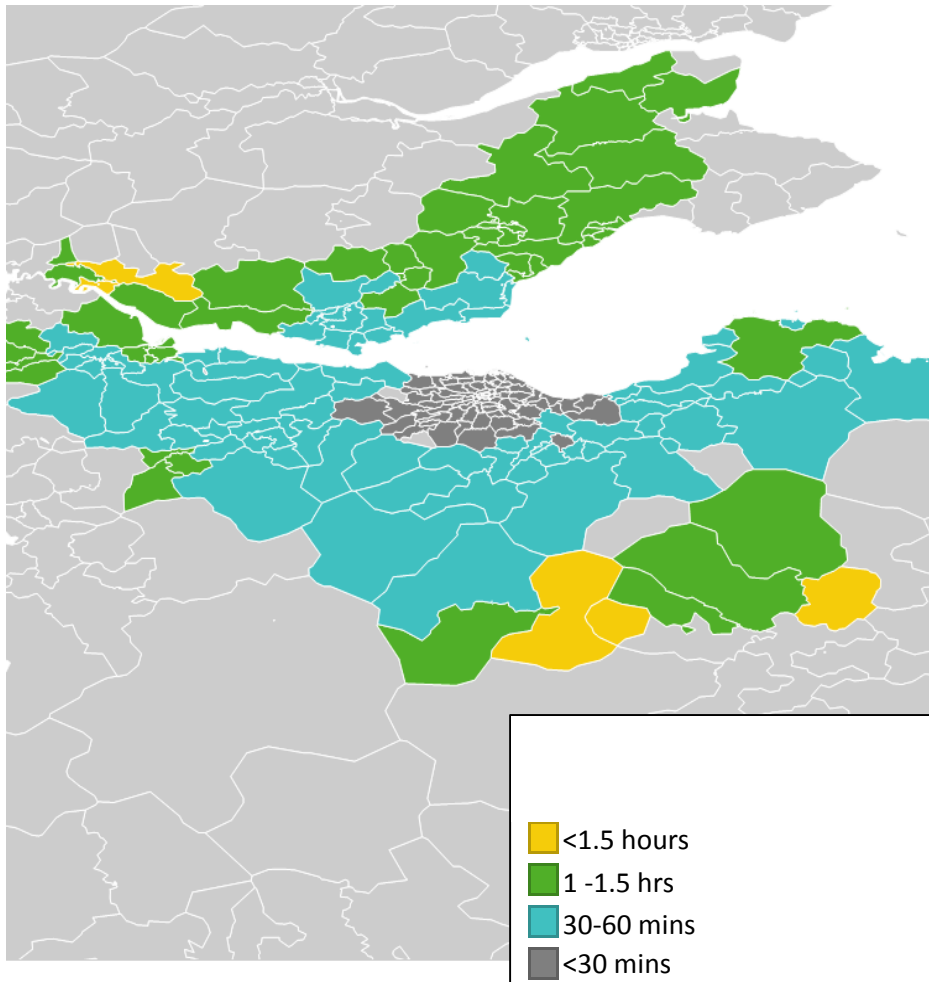
% of population (18 – 64) educated to NVQ4+ level, 2014



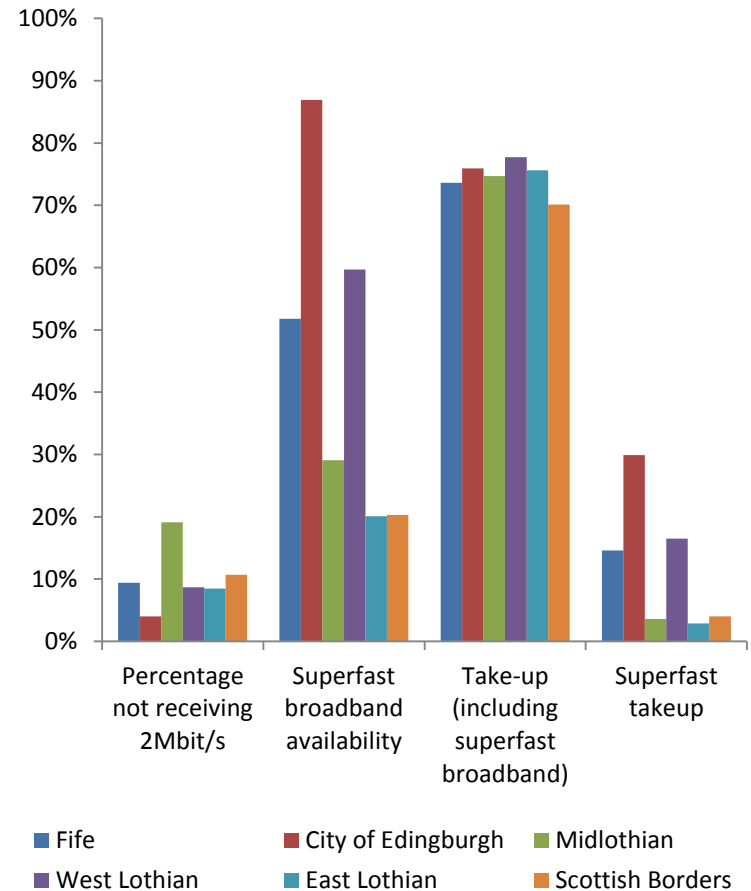
Source: Nomis, Annual population Survey

... and build on planned investments in physical and digital infrastructure to address connectivity

Travel times into Edinburgh city centre



Internet connectivity, 2013



Conclusions: the region requires a targeted series of interventions to build on the area's strengths and address barriers to development

- ▶ ESESCR boasts a diverse economy with strengths in a number of sectors, low unemployment and well educated population, and has been successful in attracting both foreign investment, and domestic and international tourists alike
- ▶ However, the region faces a number of challenges around income inequality, and constraints to further growth as a consequence of poor connectivity in some areas, with constraints on development in others
- ▶ A package of skills, transport and innovation projects should therefore seek to address:
 - Productivity and, in particular, the dual-peak income distribution
 - Inter-regional connectivity, to increase the flows of economic activity
 - The dual challenge of pressure on development space and housing in urban centres, while still meeting the needs of the rural population

Edinburgh and South East Scotland



- Six local authorities:
 - City of Edinburgh Council,
 - East Lothian Council,
 - Fife Council,
 - Midlothian Council,
 - Scottish Borders Council and
 - West Lothian Council
- Population of over 1.3 million people
- A GVA of just over £30 billion, or roughly 30% of the Scottish economy.



Our Vision

In a fast-changing world we will create a region where **investment, intellect** and **culture** will fuse to create new ways of doing things.

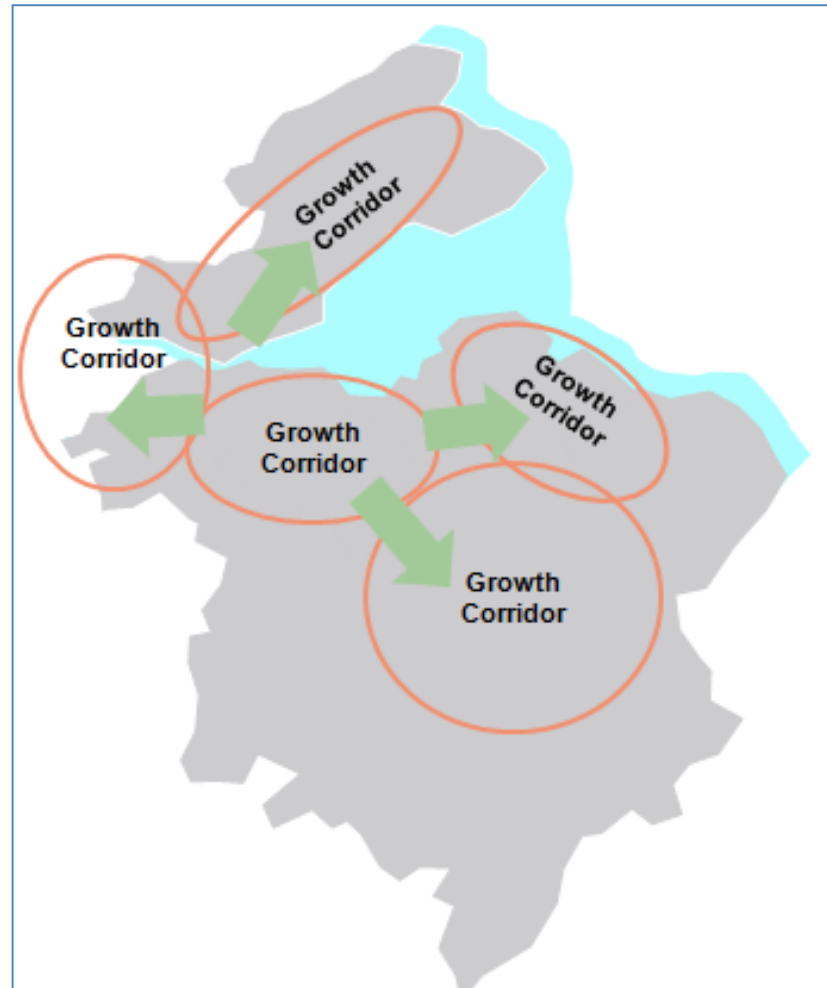
In the next 20 years the Edinburgh and South East Scotland City Region will become the **most connected, most creative, most inclusive** and **most entrepreneurial** place in Europe. We will build a network of businesses, universities, technical and creative skills attracted by a great lifestyle and cultural offer.



Current Progress

- A number of infrastructure projects have been modelled to show GVA and jobs impact
- Outline business cases under development
- New workstreams:
 - Skills/Innovation (led by East Lothian)
 - Digital subgroup (led by West Lothian)
 - Infrastructure (led by Fife)
 - Low carbon subgroup (led by CEC)
 - Housing (led by City of Edinburgh)
 - Regional Partnership Group (led by Mid)

Areas for Investment Focus



Need for discussion on aligning investment strategies and seeking co-investment opportunities

Conclusion

- A key opportunity for the City Region
- Input from businesses important as the process develops - 'Pledge support'
- Still to agree Terms of Reference for the negotiations
- Uncertainty around timing – Scottish Parliamentary Election, EU Referendum
- The negotiation will be the key – and the 'devil is in the detail'



Discussion

- Where are the **opportunities for investment** across the themes over the next 5/10 years?
- What are the existing **constraints**, and how might the Edinburgh and South East Scotland City Region Deal be able to address these?