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Bob Doris MSP
Convener
Local Government and Communities Committee
Scottish Parliament
Edinburgh
EH99 1SP

LocalGovernmentandCommunities@parliament.scot

7th June 2018

Dear Mr Doris,

I am writing to advise that I have agreed a City Region Deal for Stirling & Clackmannanshire with UK Government and with the Regional Partners. A formal Heads of Terms has been signed and we are now progressing to develop the full deal.

I attach a PDF copy of the Heads of Terms which is also available on the Scottish Government website at <https://beta.gov.scot/news/90-2-million-city-region-deal-for-stirling-and-clackmannanshire>

I have written in similar terms to the Convener of the Economy, Jobs and Fair Work Committee, given its portfolio interest in City Region Deals, and I have also placed a copy of this letter in SPICe.

KEITH BROWN



Stirling & Clackmannanshire City Region Deal

Heads of Terms Agreement

31 May 2018



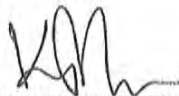
**Clackmannanshire
Council**



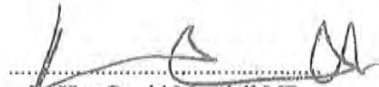
**UNIVERSITY of
STIRLING**



Our signing of this document confirms our joint commitment to achieve full implementation of the Stirling and Clackmannanshire City Region Deal.



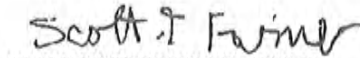
Mr Keith Brown MSP
Cabinet Secretary for Economy, Jobs and Fair Work
Scottish Government



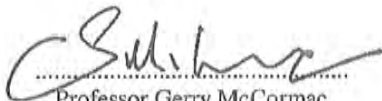
Rt Hon David Mundell MP
Secretary of State for Scotland
UK Government



Cllr Ellen Forson
Leader of Clackmannanshire Council



Cllr Scott Farmer
Leader of Stirling Council



Professor Gerry McCormac
Principal and Vice-Chancellor, Stirling University



Neil McLean
Stirling City Commission

EXECUTIVE SUMMARY

1. The Stirling and Clackmannanshire City Region lies at the heart of Scotland, with its geographical location linking the Edinburgh and Glasgow City Regions to those of the Tay Cities, Aberdeen and Inverness.
2. Its regional economy is home to 140,000 people and it has key strengths in the tourism, digital and innovation sectors, complementing the adjacent area and the neighbouring City Regions. The Stirling and Clackmannanshire City Region has played a key role in Scotland's rich history and through this Deal we are enabling it to make a positive contribution to Scotland's future prosperity.
3. City Region Deals establish new collaborative regional partnerships, focused on long-term strategic approaches to improving regional economies. The two Local Authorities which constitute this city region have joined together with the local university, regional college and the business community. They have worked together to develop a coherent package of proposals that they consider will deliver a transformative step change to the region's economy, including a significant improvement to its inclusivity by valuing the productive capacity of all of its places and people.
4. The partners have developed their vision for the region by deploying an Inclusive Growth Diagnostic to identify the interventions that are required to make their City Region robust and resilient - a low carbon and digitally driven contributor to the Scottish and wider UK economies. Their vision is of a highly desirable place to live, work and visit: an attractive place in which to invest financial, human and social capital.
5. This Deal will provide the platform for the Stirling and Clackmannanshire City Region to thrive in new and emerging sectors with a highly-skilled, flexible workforce prepared for the changing demands of emerging industries, supported by outstanding infrastructure, making it an attractive and very well connected place in which to trade and do business.
6. The region's Entrepreneurial Ecosystem is one in which home grown talent is taking root, developing the area's key sectors to deliver inclusive growth and tackling the economic and social inequalities that exist between the most and least advantaged communities.
7. This Heads of Terms agreement sets out the scope of a City Region Deal that has the power to transform the economy, bringing sustained economic growth and positive social impact to all of its communities. This Deal represents fresh investment in the regional economy and will be jointly funded by the Scottish Government and the UK Government with each Government offering £45.1 million, subject to final approval of robust business cases, resulting in a total contribution from Government of up to £90.2 million. The UK Government funding will take the form of capital support and will be flat-profiled over the duration of the Deal (15 years).

8. Regional partners will match this investment with up to £123.8 million This will result in a Deal worth in excess of £214 million over a period of 10 to 15 years. This investment will help regional partners build on their existing strengths and ensure the region is able to deliver on its vision.
9. The Deal will deliver significant numbers of new jobs in key growth sectors and upskill people across the city region to take advantage of new opportunities.
10. City Region partners believe that over the next 10 to 15 years, these interventions will unlock private investment worth in excess of £640 million, delivering over 5,000 new jobs across a wide range of sectors in the City Region.

THE COMMITMENTS

Innovation

11. The region has particular expertise in Aquaculture and Environmental management and the Deal will deliver new investment and facilities to build up new industries and support sustainable growth in these areas.

Key commitments include:

12. The new Scotland's International Environment Centre will provide an integrated approach to cutting-edge research, innovation, skills development, inclusion and sustainable growth that tackles global environmental challenges. It will be supported with investment from both Governments with Scottish Government investing up to £17 million and UK Government investing up to £5 million and will comprise three core elements:
 - A Research and Policy Centre in Stirling;
 - Skills and Training Facilities in Alloa; and
 - An Environmental Business Incubator in Alloa.
13. The core partners in the project are Stirling University, Forth Valley College, and Clackmannanshire Council who will together contribute up to £8.8 million to the delivery of this key project.
14. In addition, Clackmannanshire Council will work with the regional partners and the RSPB to explore opportunities and possible synergies for a new wetlands centre on the River Forth.
15. A new Aquaculture Hub for Innovation that will be unique in Scotland and the UK, will operate four aquatic research facilities which between them will provide the full range of marine environmental conditions. The hub will create research and development opportunities that will secure jobs and an economic contribution in the process. The UK Government will invest up to £17 million to build the facility. Regional partners will match this with £15 million.
16. The new facility will work closely with the existing Scottish Aquaculture Innovation Centre, part of the national network of Innovation Centres supported by the Scottish Government.

Digital

17. The Digital District is a programme of investment in infrastructure and skills to transform and benefit urban, rural and disadvantaged areas of the region. Within 10 years, the Stirling and Clackmannanshire city region aims to be known as one of the UK's leading areas for digital technology and as a centre of excellence for digital skills and education.

Key commitments include:

18. The Scottish Government will invest up to £2 million to deliver a new Digital Hub which will build upon the recent successes in this sector and enable further growth of local digital companies. New high quality business space will allow growing companies in the digital sector to stay local and create new and exciting opportunities across the region.

19. The Scottish Government will invest up to a further £2 million to ensure the roll out of training and business development in the digital sector through a programme of digital hubs across the region including rural areas. Sites for the new digital hubs include Callander, Eastern Stirling and Alloa. These hubs will ensure that economic growth is spread to all parts of the region and will tackle digital exclusion and inequality.

Culture and Tourism

20. In recognition of the very significant opportunities to strengthen the regional economy's offering, investment in culture, heritage and tourism will form a key part of the deal.

Key commitments include:

21. Regional partners will work together with the private sector and national agencies to develop a programme of investments based around the potential for projects to grow the regional economy and deliver inclusive growth.

22. Subject to approval of a programme business case, the Scottish Government will make available up to £15 million of capital grant investment to develop and augment key economic assets in culture, heritage and tourism.

23. Separately, and subject to approval of a business case that demonstrates long term financial sustainability, recognising that there can be no expectation of public support for ongoing running costs, the UK Government will invest up to £10 million to support the development of a new international visitor centre in Stirling. The Scottish Tartan Centre will provide a historical narrative encapsulating key developments in the history and evolution of tartan along with related themes that will engage with a diverse audience. The development will contribute to an improved offer for visitors to the region.

Skills and Inclusion

24. Inclusive Growth lies at the heart of City Region Deals and this Deal will drive future inclusive economic growth and tackle inequality through growing local talent, creating new connections with the world and providing new opportunities and routes into employment for people across the region.
25. A new skills and inclusion programme will ensure that businesses and communities throughout the entire region are given the opportunity to engage with and benefit from the opportunities arising from the investments delivered through this Deal.

Key commitments include:

26. The Scottish Government will be supporting this through investment of up to £1.9 million funding for a Regional Skills & Inclusion Programme which will help harness the opportunities offered by the City Region Deal in order to promote equality, address inequality and maximise the economic benefits it offers to the residents of the city region. In doing so employers providing fair work opportunities will have access to a well prepared and well skilled pool of labour. The programme will comprise two distinct but complementary projects.
- Flexible Skills & Employability Delivery will link people across the region to the job opportunities provided by the City Region Deal in sectors such as digital, energy, tourism and construction. It will provide tailored employability and skills support from pre-entry to in-work progression.
 - Complementing this, an Inclusion Workers & Investment Fund will offer intensive support to targeted individuals and families on a long term, holistic basis to help them develop wider skills for life and move into economic participation.
27. The UK Government will build on the work of Clackmannanshire Local Outcome Improvement Plan by investing up to £100k to assist lone parents achieve their potential. This targeted programme will include motivation/confidence building, aspirational workshops and provide outreach support, childcare and digital training. Delivery will focus on Alloa South and Alloa East areas of the region.

Infrastructure

28. The UK Government will use the opportunity represented by the Defence Estate Optimisation Programme to release land at Forthside for development, working with Stirling Council to align the site with their housing and business plans exploring joint ventures and other development vehicles. The UK Government will contribute the value of the land transferred to the Deal, reflected today in the Heads of Terms as £5 million new funding from the UK Government. This is indicative and the ultimate contribution will depend on the land's final market value and nature of the final business plans.

29. The Scottish Government supports the ambition of Stirling Council to work with other public sector partners to establish a Public Sector Hub at Stirling Harbour. This aims to build better alignment and collaboration across sectors and between organisations and to revitalise this area of the city, which has excellent public transport infrastructure.

Transport, connectivity and low carbon

30. Improving and investing in the region's transport infrastructure is a key and integral part of the Deal and will support the city region partners to deliver their vision of inclusive economic growth.
31. The River Forth is an important, yet underutilised, asset to the city region. The Deal will help reunite the region with the River, creating opportunities in travel, leisure, physical activity, sport and tourism, which will benefit the city region through social innovation, health and well-being, pathways to employment and the diversification of tourism.

Key commitments include:

32. Scottish Government will invest up to £7 million in new and improved Active Travel routes through the City Region Deal. Transport Scotland will work with the partners to identify investments to improve regional connectivity between Stirling City and Alloa, and outlying settlements, as well as improvements to the active travel network around Forthside. This will be matched by up to £7 million from local partners.
33. The partners have ambitions for wider transport interventions and investments and the Scottish Government will commit to establishing a regional Transport Working Group, similar to those being taken forward through the City Region Deals for both Aberdeen and Edinburgh and the South East Scotland.
34. This Group would look at the potential benefits, affordability and deliverability of the strategic transport schemes as well as the more local interventions. Transport Scotland will work as part of the group and this will enable the regional engagement to inform national transport appraisal considerations including the on-going Strategic Transport Projects Review.
35. Building on the current work to develop Local Heat and Energy Efficiency Strategies, the Scottish Government will support the low carbon ambitions of city region partners through support of up to £200k to develop a comprehensive regional energy masterplan which will support the local identification of priority projects and the region's key areas for development.

Clackmannanshire

36. In order to help achieve an investment balance across the region, the UK Government will invest a further £8 million (capital) in projects in Clackmannanshire to be developed collaboratively with Clackmannanshire Council and other local partners as part of the Deal.

GOVERNANCE AND ASSURANCE

37. Strong and effective leadership and governance is paramount to both successful implementation and in providing assurance to governments, local authorities and wider regional partners. To date, the city region deal has been developed through joint working by the region's local authorities and the partners have worked closely with local people, national agencies, all types of business, the Third sector, the University and College and the Stirling City Commission to develop proposals and a governance approach which will deliver transformative inclusive economic growth.

Key commitments include:

38. Local partners will demonstrate the value for money case for each project and programme before funding is made available. As such, all commitments in this document are subject to the approval of final business cases from the relevant Government, or from both Governments in the case of jointly funded projects.

39. Partners will establish and refine a new model of regional partnership governance that will meet with the expectations set out in the Regional Partnerships work stream of phase 2 of Scotland's Enterprise and Skills Review. As part of the Scottish Government's award of significant new investment in the regional economy, Ministers expect the new regional governance arrangements to include a role for effective engagement with Scottish Enterprise, Skills Development Scotland, the tertiary education and third sectors and incorporate senior business and industry leadership.

40. Local partners will work with both the Scottish and UK Government to develop a final City Region Deal document, a detailed implementation plan, a financial plan that takes account of affordability over the 10 year lifespan of the deal, together with monitoring and evaluation frameworks and associated business cases for all projects and/or programmes receiving funding from the UK and/or Scottish Governments.

41. The Scottish Government is developing an Inclusive Growth monitoring framework which will incorporate indicators to measure progress towards the five high level inclusive growth outcomes (Productivity, Participation, Population, People, and Place) and will expect the City Deal evaluation and monitoring reports to align with this.

42. Local partners will work with both the Scottish and UK Government to agree a communications strategy and an operating protocol. Both documents will set out how communications about the city deal and its associated activities are taken forward, in a way that meet the needs of the regional partners as well as the Scottish and UK Governments.

ENDS