

PERTH AND KINROSS COUNCIL

27 APRIL 2022

UPDATE ON TAY CITIES REGION DEAL AND FIRST ANNUAL REPORT

Report by Head of Planning and Development (Report No. 22/104)

1. PURPOSE

This report provides an update on progress with the Tay Cities Region Deal, with a specific focus on projects benefitting the Perth and Kinross area. It highlights the key updates from the Deal's first Annual Report published in February 2022

2. RECOMMENDATIONS

2.1 It is recommended that the Council:

- (i) note the substantial progress that has been made in the first year of the Deal, and the receipt of c.£11M of grant funding to date.
- (ii) requests a further report be brought to Council following the publication of the second Tay Cities Region Deal Annual Report.

3. BACKGROUND

- 3.1 A private report was approved by the Executive Sub-Committee of the Strategic Policy and Resources Committee on 23 October 2020 which outlined the background to the Tay Cities Deal and sought agreement to sign the Deal (Report No. 20/203 refers). The Tay Cities Region Deal was signed on 17 December 2020 by the Tay Cities Partnership and both Governments. The Deal is a combined investment of £300m from the Scottish and UK Governments over the coming 10 years to deliver benefits over the next 15 years. The Tay Cities Deal will support business growth, develop innovative technologies, enhance productivity, develop skills, and create jobs. The investment is expected to leverage a further £400m and secure more than 6,000 jobs.
- 3.2 A Joint Committee was established to oversee the development and implementation of the Tay Cities Region Deal and other matters relating to regional economic development. Three Perth and Kinross elected members currently serve on the Joint Committee (Councillors Lyle, Laing and Stewart). In addition, Councillor Parrott is a non-voting co-opted member representing Tactran.
- 3.3 The Tay Cities Deal Programme Management Office has just published its first Annual Report covering the period from 17 December 2020 to 30 September 2021. A full copy of the report can be viewed at

[Tay Cities Region Deal Annual Performance Report-approved JC 110322.pdf](#)
[\(taycities.co.uk\)](#) (and is included as Appendix 2 to the report).

- 3.4 The Deal aligns with the Regional Economic Strategy themes of:
- Inclusive Tay - Empower and promote inclusion – by ensuring that local people have the skills they need to succeed in the modern workplace and that growth is inclusive, with government investment of up to £30m.
 - Innovative Tay - Innovate and internationalise – by developing globally recognised clusters of academic and business excellence, with government investment of up to £237.9m.
 - Connected Tay - Connect – by improving physical and digital infrastructure, with government investment of up to £32m.
- 3.5 The Tay Cities Region Deal is comprised of several local, regional, and national partners. These include:
- Local Authorities – Angus Council, Dundee City Council, Fife Council and Perth & Kinross Council
 - Higher Education and Further Education sector
 - The business sector
 - Regional third sector interface bodies
 - Scottish Enterprise
 - Skills Development Scotland
 - Tactran
 - VisitScotland
 - Scottish and UK Governments
- 3.6 Four Perth and Kinross Council led projects are included within the Deal. These are:
- Perth Cultural Transformation/Perth City Hall (£10M)
 - Low Carbon Transport & Active Travel Hub (£3.5M)
 - Perth Bus & Rail Interchange (£15M)
 - Perth & Kinross & Angus Rural Digital Projects (£2M)
- 3.7 A further nine projects are based in Perth and Kinross or have elements based with Perth and Kinross: -
- Aviation Academy (£8.1M) – led by Perth College UHI & partners
 - Integrated Regional Barley Hub (£35M) – led by James Hutton Institute
 - Advanced Plant Growth Centre (£27M) – led by James Hutton Institute
 - Project Beacon (£5.2M) – led by Ecoideam Ltd
 - Perth Innovation Highway (£5M) – led by John Dewar Lamberkin Trust
 - Pitlochry Festival Theatre (£10M) – led by Pitlochry Festival Theatre
 - Innerpeffray Library (100K) – led by Innerpeffray Library
 - Crieff International Highland Centre (£1M) – led by the Crieff Highland Gathering
 - Aero Space Kinross (£1.6M) – led by ASSET (Aero Space Scientific Educational Trust)

There are also two thematic programmes within the Deal - a Regional Skills and Investment Programme and a Regional Cultural and Tourism Investment Programme, which are summarised below.

- 3.8 The Regional Skills and Employability Development Programme (£20M) has its own Outline Business Case for the programme including four Phase 1 projects and will be overseen by a Programme Manager (to be employed by Perth & Kinross Council on behalf of the partnership). It was approved in March 2022. The detailed Business Cases for the four projects in Phase 1 will come forward for approval during the remainder of 2022. The projects will deliver regionally, with the opportunity for businesses and residents from Perth and Kinross to participate in, and benefit from, all of them.
- 3.9 The Outline Business Case for the Regional Culture & Tourism Investment Programme (£27M) has been approved by the Governments and the Tay Cities Region Joint Committee. One of its projects is the Tay Adventures, a linked series of ten projects including proposals for pontoons along the river Tay, and for developments at Willowgate near Perth. The Business Case for this project will be developed during 2022/23 for delivery later in the Deal. The programme is oversubscribed, so all projects are required to provide match funding to secure Cities Region Deal investment.

4. UPDATE ON PROGRESS - PERTH AND KINROSS APPROVED PROJECTS

4.1 INTERNATIONAL BARLEY HUB AND ADVANCED PLANT GROWTH CENTRE

- 4.1.1 The International Barley Hub (IBH) has been developed in parallel with the proposal for the Advanced Plant Growth Centre and, at the request of the Approval Authorities, these have been maintained as separate business case documents, although they ultimately result in the same physical infrastructure investment.
- 4.1.2 The IBH will establish a world-leading research facility for barley science, bringing together industry, dedicated facilities, and world class scientists. It will:
- expand the scale and excellence of barley research and innovation, operating across a broad spectrum of disciplines.
 - provide state of the art research equipment on site and at industry partners premises.
 - have the capability to support work from the molecular, to the field level.
 - increase the translation and application of this research around the globe.
 - support a “Barley Cluster” of related processing, innovation, and product interests; and
 - develop a supporting skills and knowledge programme.
- 4.1.3 The Advanced Plant Growth Centre (APGC) will be at the heart of plant and crop research and innovation in the Tay Cities region. It will develop the underpinning science and translate that science into industry, which will in turn increase the commercial, economic, and environmental benefits of agriculture and the food and drink sector. The APGC will integrate:

- a plant characterisation facility, which uses imaging to quickly understand how crops respond and perform in different environments.
- post-harvest storage facilities.
- vertical growth facilities; and
- next-generation controlled environments which can simulate any current or future environment anywhere in the world to test the effect on crops.

4.1.4 To date, the Project has achieved the following:

- secured the land transfer required to progress the development
- full planning permission has been granted for the first phase of the development – poly tunnel relocation, new entrance road, Farm Hub and Barley Field Research Centre.
- the construction has been completed for the poly tunnels and new entrance road, with groundworks now underway for the other aspects.
- Secured an accelerated drawdown of £10.048M in addition to that already planned for years 1 & 2,

4.2 PERTH CULTURAL TRANSFORMATION

4.2.1 The investment will bring Perth City Hall, a Grade B listed building in the original medieval heart of the city, back to life. It will repurpose a deteriorating heritage asset, currently on the Buildings at Risk Register, into a new museum attraction of international significance. Perth City Hall will showcase Perth's ancient roots through museum collections which have National Recognition Status. City Hall will become a major cultural venue, a significant addition to the world class offer of the Tay Cities region, and a source of civic and community pride, as it was when first built over a hundred years ago. City Hall will also tell the story of the Stone of Scone, also known as the Stone of Destiny, quarried in Perthshire, and used to crown every Scottish monarch at Moot Hill in Scone.

4.2.2 The Project received Full Business Case approval from the Joint Committee on 19 March 2021. To date, the project has achieved the following:

- archaeology completed in the main hall
- Considerable progress with internal and external works including public realm enhancements
- offered and accepted accelerated funding of £3.673M in years 1 and 2 and has now fully claimed its grant award of £10M.

4.3 RURAL ANGUS & PERTH & KINROSS HIGHSPEED BROADBAND

4.3.1 The UK Government committed up to £2 million to developing the Rural Angus and Rural Perth and Kinross High Speed Broadband projects. These projects will enhance digital connectivity in rural areas across the region and will be enhanced by match funding from the UK Government's Local Full Fibre Network programme. Up to £1 million is committed to the Rural Angus project, which will focus on creating a solution to provide remote and rural properties

with full fibre and high-quality wireless connectivity. Up to £1 million is committed to the Rural Perth and Kinross project, which will re-use and extend existing fibre broadband between Perth city centre and edge of city development. The remaining funding will connect over one hundred rural sites, including rural schools, libraries, and museums to gigabit capable connectivity.

4.3.2 The Project received Full Business Case approval from the Joint Committee on 18 June 2021. To date, the projects has achieved the following:

- 34 premises in Perth connected to full fibre by Neos Networks by the end of July 2021, two months ahead of schedule
- 155 premises in rural Angus (52) and rural Perth & Kinross (103) connected to full fibre by BT by mid-November 2021
- The Perth & Kinross element of the project has drawn down 99.8% of the funding due, and only has <£2K left to claim in 2022/23

5. CURRENT PROGRESS WITH OTHER PERTH AND KINROSS PROJECTS

5.1 Several other named projects in the Deal are under development and are at various stages in project scoping and Business Case development. Some are not scheduled for financial draw down until the later years of the Deal. The table below outlines the projects and provides a brief update on progress.

Project Name/ Description	Year/s (Year 1 2021/22)	Current Status/progress
Low Carbon Transport & Active Travel Hubs	Phase 1 - Yrs. 2/3/4 Phase 2 8/9/10	FBC developed for the project programme and Phase 1 investment, due to go to Joint Committee June 2022 if comments from Scottish Government are resolved.
Aviation Academy	Years 3-7	The development of the Business Case has been ongoing, changes in the management of the Dundee site have caused some delays. Project seeking approval for a 2-phase approach to Business Case & development to allow Perth site to proceed.
Perth Innovation Highway	Years 3-10	Business Case in development. Project will not now draw down until year 5.
Pitlochry Festival Theatre	Years 6-10	Phase 1 complete, TCD Business Case in development – OBC approved by the Management Group on March 22, to allow FBC to then be progressed & finalised. Significant private match funded secured.
Project Beacon	Years 7/8	OBC in progress, planning permission now in place.

Perth Bus & Rail interchange	Years 7-10	PKC working with Network Rail and other partners to develop the scope of the project. Inception meeting held to commence work on masterplan to define design and development framework.
Aero Space Kinross	Years 9/10	Support provided to ASK to develop a new tourism & economic impact study and audience research analysis. Project not due for TCD drawdown/delivery until Years 9/10 (2028-30). Business Case in development; project owner keen to progress & request early draw down.
Crieff International Highland Centre	Year 10	Project not due for TCD drawdown & delivery until Yr. 10 (2029/30), £600K match funding secured, Feasibility Study to complete by end March 22; and Business Case to be developed 22/23.
Innerpeffray Library	Year 10	Project not due for TCD drawdown & delivery until Yr. 10 (2029/30), work is progressing on scoping the works required and developing the project. Business Case.

6. SIDE DEAL AGREEMENT – FUNDING FOR CROSS TAY LINK ROAD

- 6.1 An additional £50M “side deal” investment was announced on 7 January 2019 by the Scottish Government. £40M will be invested in the new Cross Tay Link Road, which will link the A9 over the River Tay to the A93 and A94 north of Scone, reducing congestion in Perth and opening up sites for housing and economic development. The remaining £10 million will fund an industrial investment programme to support manufacturing in Perth and Kinross, Angus and Dundee. The grant agreement for the Cross Tay Road Link project has been finalised with Transport Scotland, and the first £5M tranche of grant is currently being drawn down.

7. CONCLUSIONS

- 7.1 The Tay Cities Region Deal provides a significant investment in projects across the Tay Cities Region, including projects within the Perth and Kinross area. The implementation of the Deal and the rolling out of the investment over the ten-year timeframe will make a significant contribution to our future economic growth. The Deal is now operational, and projects are starting to draw down the funding. Good progress has been made, however many projects still require to develop and gain approval for their Business Cases.

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Approved

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Barbara Renton	Executive Director (Communities)	13 April 2022

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ANNEX

1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	YES
Corporate Plan	YES
Resource Implications	
Financial	YES
Workforce	NO
Asset Management (land, property, IST)	YES
Assessments	
Equality Impact Assessment	YES
Strategic Environmental Assessment	YES
Sustainability (community, economic, environmental)	YES
Legal and Governance	YES
Risk	YES
Consultation	
Internal	YES
External	YES
Communication	
Communications Plan	YES

1. Strategic Implications

Community Plan/Single Outcome Agreement

- 1.1 The proposals within the report will support the delivery of the Perth and Kinross Community Plan in terms of the following priorities: -
- (iii) Promoting a prosperous, inclusive and sustainable economy
 - (v) Creating a safe and sustainable place for future generations

Corporate Plan

- 1.2 The proposals within the report will support the delivery of the following Council's Corporate Plan priorities: -
- (iii) Promoting a prosperous, inclusive and sustainable economy.
 - (v) Creating a safe and sustainable place for future generations.

2. Resource Implications

Financial

- 2.1 The Tay Cities Deal has secured significant funding for Perth and Kinross capital projects and for other projects to be developed within the area.

Workforce

- 2.2 The recommendations in this report do not have any direct implications for the Council's workforce. However, a number of Council staff are members of the

various TCD governance groups and are working to take forward both the Council led projects and to support other local organisations to develop their Business Cases to gain full approval and to draw down funding.

Asset Management (land, property, IT)

- 2.3 The TCD funding will and has been used to fund the development of Council assets.

3. Assessments

Equality Impact Assessment

- 3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.
- 3.2 The proposals have been considered under the Corporate Equalities Impact Assessment process (EqIA) with the following outcome:
- (i) Assessed as not relevant for the purposes of EqIA

Strategic Environmental Assessment

- 3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.
- 3.4 The proposals have been considered under the Act and no further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

Sustainability

- 3.5 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. Under the Climate Change (Scotland) Act 2009 the Council also has a duty relating to climate change and, in exercising its functions must act:
- in the way best calculated for delivery of the Act's emissions reduction targets.
 - in the way best calculated to deliver any statutory adaptation programmes; and,
 - in a way that it considers most sustainable.
- 3.6 The proposals have been assessed against the Council's Principles for Sustainable Development and it is considered that all the proposals outlined would support the achievement of sustainable development.

Legal and Governance

- 3.7 The Head of Legal and Governance has been consulted on the report and has indicated agreement with the proposals.

Risk

- 3.8 The key risks associated with the proposals presented in the report relate to our, and our delivery partners, abilities to implement approved projects successfully and to deliver the required outcomes for our economy.

4. Consultation

Internal

- 4.1 The Executive Director (Communities), the Chief Operating Officer, the Head of Finance, and the Head of Legal and Governance have been consulted in the preparation of this report.

External

- 4.2 The Tay Cities Region Deal partners have all been consulted in the preparation on the Annual Progress Report referred to within this report, and it was approved by the Tay Cities Management Group and by the Joint Committee.

5 Communication

- 5.1 The Tay Cities Region Deal have a Communications Group who meet regularly and have developed a Communications protocol and plan for the Tay Cities Deal, its projects and the Annual Progress Report.

2. BACKGROUND PAPERS

- 2.1 [Tay Cities Deal Annual Report](#)

- 2.2 Report No. 20/203 (seeking approval to sign the Deal)

- 2.3 Report No. 17/264 (seeking approval to establish the Joint Committee)