

The Highland Council

15 December, 2016

Agenda Item	14
Report No	HC/54/16

Inverness City and Highland Region Deal (Governance Arrangements)

Report by Director of Development and Infrastructure

Summary

The purpose of this report is to provide an update on the City-Region Deal governance arrangements and in particular the request by the UK and Scottish Governments that all funding is routed through the Highland Council.

1. Introduction

- 1.1 The City-Region Deal provides a significant funding package which invests up to £315m into the regional economy. As part of this funding package, the Scottish Government will commit up to £135m and the UK Government will commit up to £53m. This includes £3m advance funding for City Wi-Fi and environmental improvements around Inverness Castle.
- 1.2 Collectively, this funding package will be provided over a 10 year period, subject to detailed business cases, statutory processes and implementation plans.
- 1.3 In line with the governance arrangements for the other City Region Deals the UK and Scottish Governments have requested that the funding for the City-Region Deal is routed through the Highland Council.

2 Governance Arrangements

- 2.1 Ensuring strong and effective governance arrangements for the City-Region Deal provides assurance to both the UK and Scottish Governments that there is transparency in decision making and project delivery.
- 2.2 In relation to local governance, Members will be aware that a Programme Board has been established through which the lead officer/organisation for each specific project reports. The Programme Board comprises the lead officers for each project, a representative from the Council's Finance Service and representatives from the business community. It also includes appropriate representation from the Scottish and UK Governments and is chaired by the Director of Development and Infrastructure

- 2.3 The Programme Board reports to the Planning, Development and Infrastructure Committee and includes the following roles:
- ensuring delivery of business cases and the implementation plan;
 - ensuring effective co-ordination between partners;
 - ensuring the ongoing overall alignment of the individual projects within the programme;
 - resolving strategic and operational issues between projects;
 - monitoring project status and ensure project delivery; and
 - manage risks and financial commitments.
- 2.4 The Planning, Development and Infrastructure Committee undertakes the following roles:
- ensuring compliance with the Heads of Terms Agreement;
 - approving final project funding allocations;
 - scrutinising and monitoring progress as well as programme spend;
 - approving Council led projects; and
 - approving match funding contributions for Council led projects.
- 2.5 A Member City-Region Deal Scrutiny Board has also been established comprising Group Leaders to review and monitor the City–Region Deal and associated detailed documentation prior to reports being submitted to the Planning, Development and Infrastructure Committee.

3. Requested Changes to Governance

- 3.1 The UK and Scottish Governments have requested that all funding is routed through the Highland Council. This would require the Council to hold the money and pay for claims against expenditure by partners, in effect becoming the accountable body for the delivery of the Programme.
- 3.2 There is an administrative overhead associated with these tasks but it can be manageable with assistance from the Finance Service. Any risks on projects would remain with the relevant partners. This includes cost over-runs which would remain the responsibility of the lead body for the projects (listed in appendix 1)

4. Deal Document

- 4.1 Alongside the activities set out in Paragraphs 2.3 and 2.4 above, the request for funding to be routed through the Highland Council will be written into the Deal Document.
- 4.2 This document supersedes the Heads of Terms document and is formally required to formalise the City–Region Deal. The target signing date is 30 January 2017 and in order to meet this timescale it is recommended that the Council agrees to act as the accountable body on the basis that the detailed

governance arrangements will be presented to the Planning, Development and Infrastructure Committee on 25 January, 2017.

- 4.3 It should also be noted that for individual project funding to be drawn down, full business cases need to be approved by both the UK and Scottish Governments.

5. Implications

5.1 Legal

Specific issues arising from the organisation being the accountable organisation will be included in governance arrangements and presented to Planning, Development and infrastructure committee 25 January 2017 for approval

5.2 Risk

The role of accountable organisation places a range of additional responsibilities on Highland Council that will have to be managed and resourced adequately. Further work is required to understand how this will work in practice. Through agreeing the governance arrangements with the Scottish and UK Government the Council will ensure that there is no financial liability accruing to the Council as the result of actions, such as a project overspend, incurred by a partner organisation responsible for specific project delivery.

5.3 Resource

As stated in the report there is some additional work as a consequence of the Council being the accountable organisation. Please see the section on risk above

5.4 Equality

No issues relating to equality arise out of this report

5.5 Rural

No issues relating to rurality arise out of this report

5.6 Climate Change/CARBON CLEVER

No issues relating to climate change arise out of this report

5.7 Gaelic

No issues relating to gaelic arise out of this report

Recommendations

Members are asked to:

- note that the production of the City-Region Deal document for signing is progressing;
- agree principle to the request that the Council will be the accountable organisation for the City-Region Deal; and
- agree that final governance arrangements should be presented to the Planning, Development and Infrastructure Committee on 25 January, 2017 for approval .

Designation: Director of Development and Infrastructure

Date: 29 November 2016

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APPENDIX 1 List of City Region Deal Funded Projects with lead organisation

i	Digital (Pan highland)	
	Deal Funding	*£20 m UK Government
	Project Lead	HIE
ii	Science Skills Academy	
	Deal Funding	£3 m Scottish Government
	Project Lead	Andrew Johnston
iii	Northern Innovation Hub (Pan Highland)	
	Deal Funding	*£11 m UK Government
	Project Lead	HIE
iv	Innovative Assisted Living Scheme (Pan Highland)	
	Deal Funding	*£3 m Scottish Government
	Project Lead	THC
v	School of Healthcare and Life Sciences (Pan Highland)	
	Deal Funding	*£9 m UK Government
	Project Lead	UHI
vi	Road Infrastructure (Kessock Bridge Fly Over and East Link)	
	Deal Funding	*£ 107 M Scottish Government
	Project Lead	Transport Scotland
vii	Land Infrastructure (Longman)	
	Deal Funding	*£20 m UK Government
	Project Lead	THC
viii	Affordable Housing (Pan Highland)	
	Deal Funding	*£5 m Scottish Government
	Project Lead	THC
ix	Castle	
	Deal Funding	*£15 m Scottish Government
	Project Lead	HLH

***Figures are yet to be finalised and are therefore indicative.**

