



Stirling and Clackmannanshire City Region Deal – Programme Status Report

Meeting of Joint Committee 28 March 2023

Agenda Item: 6.1

Author

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1. Deal programme highlights

- Business cases update:
 - a. First iteration of National Aquaculture Technology and Innovation Hub (NATIH) Phase 1 (FBC) has been submitted to governments following internal reviews.
 - b. Third iteration of the Active Travel (Programme OBC) was approved by Joint Committee and outstanding issues being resolved before it is brought for review to Chief Officers Group (COG).
 - c. Fourth iteration of the Culture, Heritage and Tourism (Programme OBC) completed following feedback from governments and Joint Committee, and being submitted to COG and Joint Committee for further review.
- Project and programme reviews are ongoing, led by the RPMO in conjunction with partners to provide further understanding of the delivery plan and expected financial profile for 23/24.
- The Regional Economic Advisory Group (REAG) sub-group has met twice since the last Joint Committee meeting and approval of plan, and are working through their focus areas.
- Draft version of the website is now ready and will be reviewed by the partnership before finalisation.



2. Progress overview

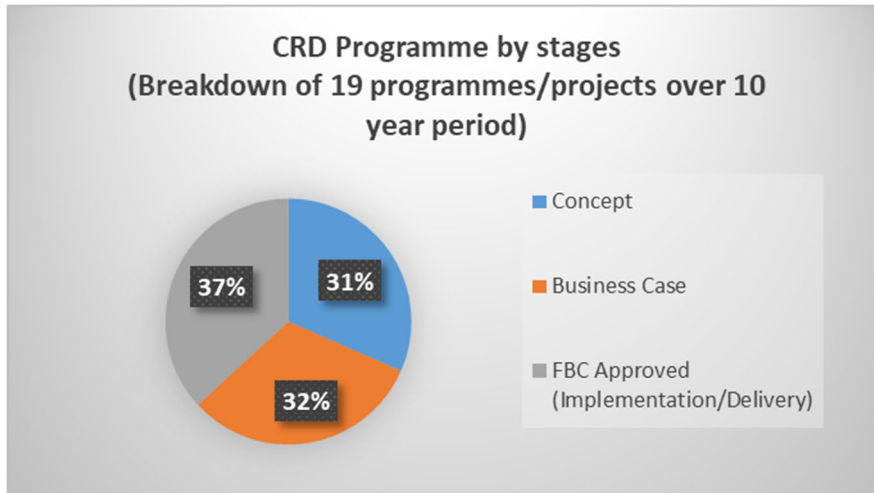


Figure 1 Programme/Project Stages

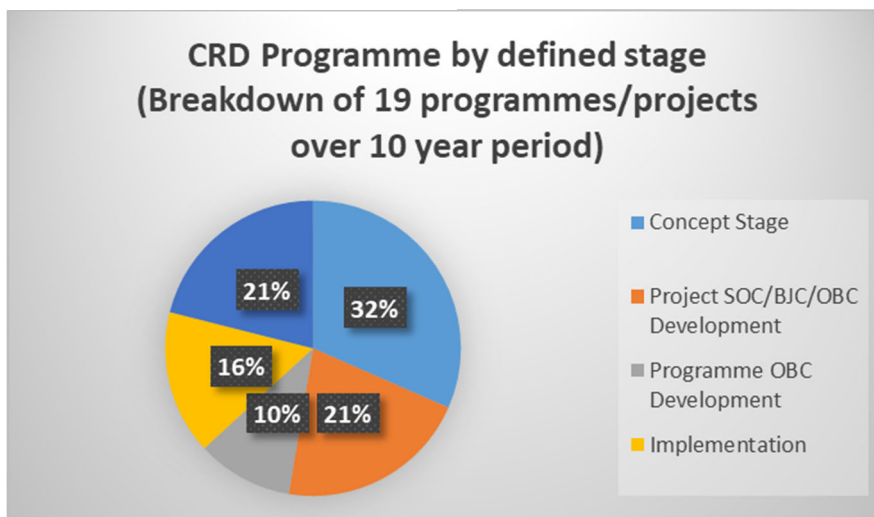


Figure 2 Programme/Project by defined stage

**variance in percentages due to statistical percentage calculations*

- 69% of the programme in development.
- Three capital projects (Scotland's International Environment Centre (SIEC) - Phase 1, Walk Cycle Live Stirling (WCLS) and Cowie – Regional Digital hub) in Implementation phase
- Two capital projects (Regional Energy Masterplan (REM) and Japanese Gardens) in delivery.
- Two revenue projects (Flexible Skills Programme and Inclusion Workers Investment Fund (IWIF)) in delivery.
- Two programmes (Active Travel and Culture, Heritage and Tourism) in business case development.
- Four projects in business case development.
- Six projects in concept stage.



3. Finance

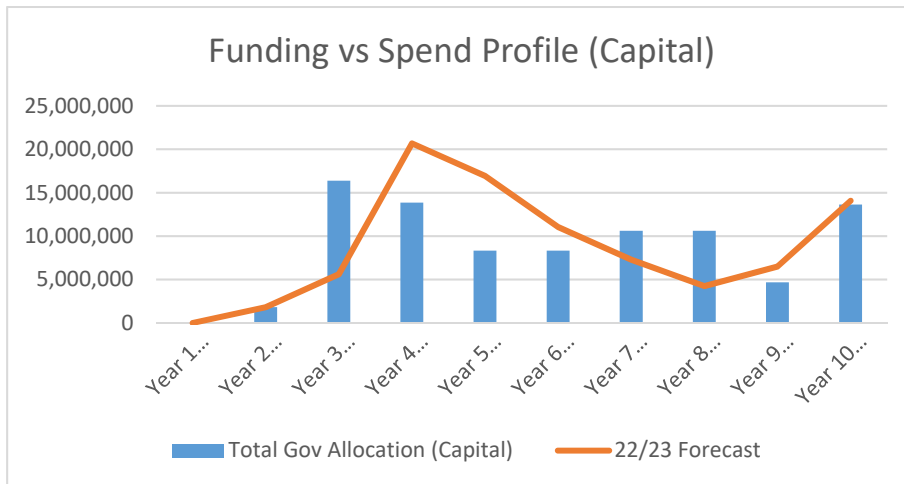


Figure 3 Capital funding vs forecast spend

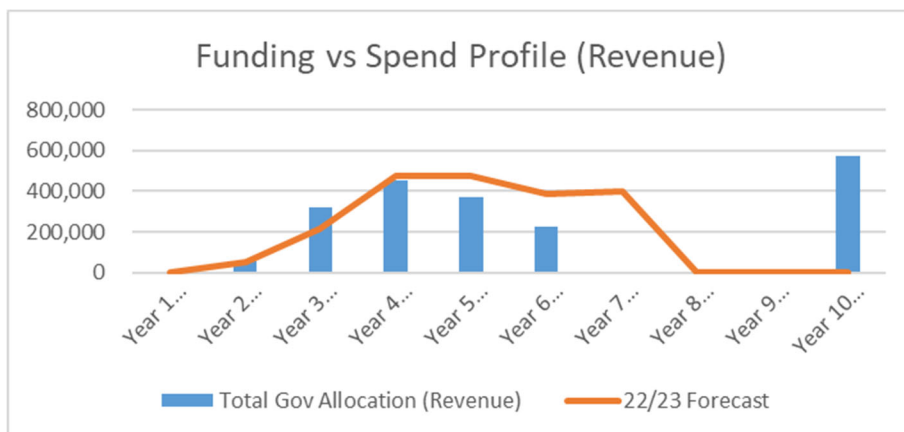


Figure 4 Revenue funding vs forecast spend

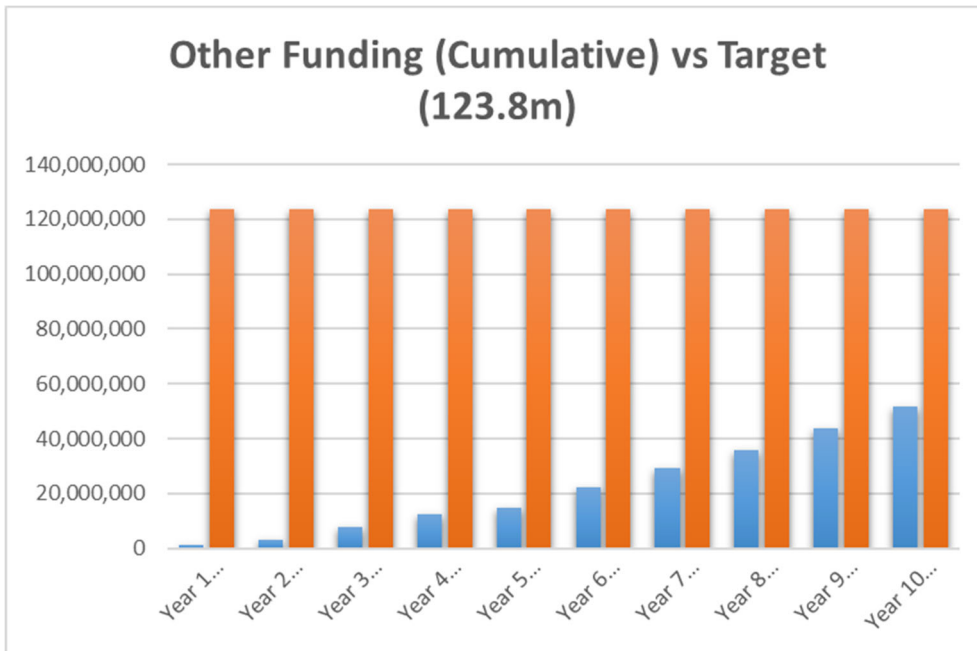


Figure 5 Investment Funding Gap

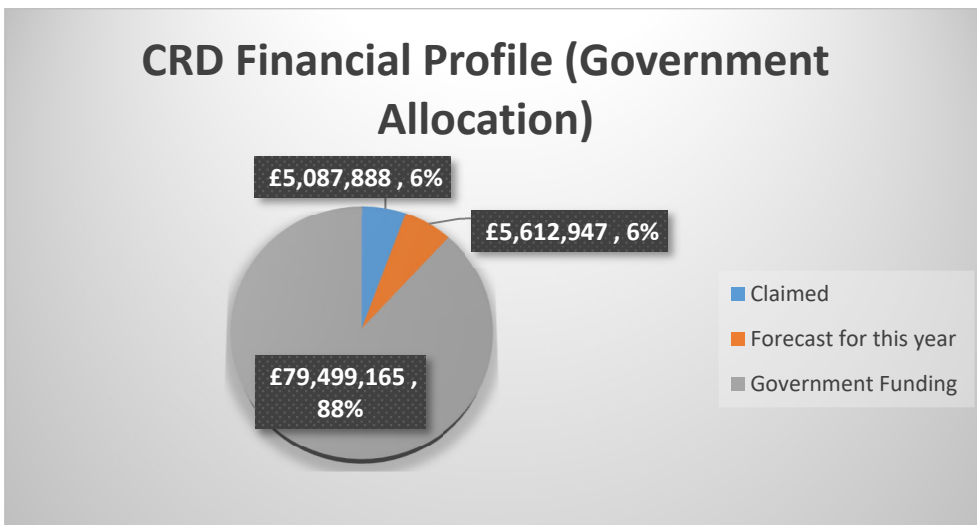


Figure 6 Full Deal Financial Allocation Vs Claims

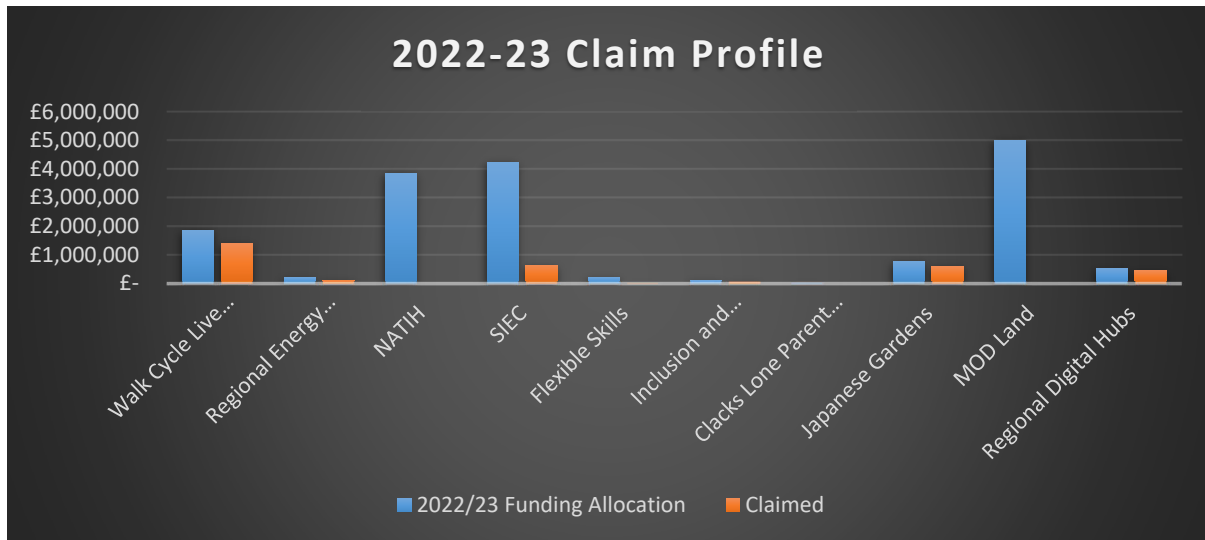


Figure 7 Financial Allocation vs claims for 2022-23

- Q1 total drawdown of £767,500
- Q2 total drawdown of £1,243,395 – biggest quarterly claim to date across most number of projects
- Q3 total drawdown of £1,210,386
- Q4 claim forecast as £2,391,666 (£5m MOD separate)

4. Risks

- **R1** - Project cost escalation due to construction inflation and supply chain pressures impacting project viability and delivery timescales
- **Action** – SROs and Management Group to provide early warning of delivery risks to RPMO, and look at options for accelerating other projects alongside responding to delivery risks. COG to provide steer on proposed options.
- **R2** - R1 impacting ability meet current financial profile and adding to potential cash flow pressures in future years
- **Action** – RPMO (following discussion and agreement at Management Group and COG) to provide governments early sight of potential impact on financial profile so as to seek support at re-adjusting this for an appropriate point.
- **R3** - Other funding streams required to sustain project viability and delivery not forthcoming
- **Action** - SROs and Management Group to provide early warning to RPMO and COG. The partnership to work collaboratively to look at alternative funding options.
- **R4** – Resource and capacity challenge across the partnership leading to project related delays



- **Action** - SROs and Management Group to provide early warning to RPMO and COG. The partnership to work collaboratively and agree prioritisation of projects and seek potential avenues for additional resource.
- **R5** - The range and scale of Deal signed benefits are not fully realised due to a range of factors.
- **Action** - The partnership, supported by the RPMO and in line with governance structures, to periodically review the Benefits Realisation Plan and agree measures to be put in place to address these challenges.

5. Regional Economic Advisory Group

- The newly formed advisory group met for the first time in February, and then again for a more detailed discussion on the 6th of March.
- The group will initially invest time in gaining a fuller understanding of the City Region Deal investment programme as well as other economic development opportunities in the region.
- It will also review the findings of the Regional Economic Strategy and develop a strategy for the coming year based on this background information
- Additional private sector input to both the advisory group and thematic boards will be considered based on focus areas and gaps within the group.

6. Benefits

- We recently supported a national workshop on Benefits Realisation and are now part of a newly set-up national sub-group considering approaches to benefits realisation across different regions.
- Work underway led by the University of Stirling Business School on the Monitoring and Evaluation framework.
- Some statistics around Deal benefits are as below:
 - **54** jobs across the region
 - **£16,030,000** secured match funding/leverage/private investment for region
 - **£40,830,000** targeted match funding/leverage/private investment for region

7. Change Control

- Change control request received from Stirling for funding allocation to be moved from Callander to Cowie. This has been through internal governance in Stirling and reviewed by RPMO. This will now be submitted to Governments for review concurrent to CRD governance process (COG and JC) as per change control process.
- Cowie Change control attached as Appendix 2.



Appendix

1. Propose dashboard with project level data and timelines for approvals.
2. Change Control Request for Regional Digital Hub - Cowie

Stirling & Clackmannanshire City Region Deal Progress Report - March 2023 Business Case Timeline

Key : OBC – Outline Business Case
(P)OBC – Programme Outline BC
FBC – Full Business Case
BJC – Business Justification Case
SOC – Strategic Outline Case
JC – Joint Committee

	2023											2024	
	March	April	May	June	July	August	September	October	November	December	January	February	March
Culture Heritage and Tourism Programme	(P)OBC												
National Aquaculture Technology & Innovation Hub (Phase 1)				FBC									
Regional Digital Hub - Clackmannanshire				OBC									
MOD Land at Forthside							SOC						
Regional Digital Hub - Clackmannanshire									FBC				
Regional Digital Hub - Callander											BJC		
Active Travel Project 1											OBC		
Active Travel Project 2											OBC		
Active Travel Project 3											OBC		

Stirling and Clackmannanshire's City Region Deal Change Control Request Form

Project	Cowie Regional Hub	Project Manager	Kelly Mathewson
Programme	Regional Digital Hubs	SRO	Steven MacDonald
Project Change Request (PCR) No.	<PMO SUPPLIED>	Lead Organisation	Stirling Council
Date Submitted to PMO	9/02/23, 28/02/23		

Change Description:

(A full description covering each element of change must be provided here and estimates where appropriate provided)

1. Background

The Cowie Digital hub is part of the City Region Deal's Regional Hub Programme. The hubs will provide high quality business space, which will allow growing digital companies in the region to stay local and create new and exciting opportunities across the area. Business and digital support and training will also be provided at the hubs.

Through the City Region Deal, Regional hubs in Cowie, Callander and Clacks were allocated a total of £2 million from the Scottish Government. In the Programme Outline Business Case this was allocated as follows:

Table 1: Current CRD allocation to Regional Digital hubs

Funding	Cowie	Callander	Alloa	Total
City Region Deal	£0.5	£0.84	£0.66	£2.00

2. The Cowie digital hub

The Cowie digital hub will be part of the newly constructed Cowie Community Hub which will also include flexible community space and the new library. The costs cited here are the project cost for the full community hub. The total budget allocated to the project was:

Table 2: Original budget

Funding	Budget
Stirling Council	£ 209,936
Regen Grant Funding	£ 983,600
Town Centre Fund	£ 368,797
City Region Deal Funding	£ 500,000
Total	£ 2,062,333

Construction on the Cowie hub is now complete with fit out due to begin imminently. However, additional costs have been incurred on the project which is now projecting an over spend of circa £173k.

The profile currently being worked to is:

Projected Total Spend

Overall Spend to Date	1,600,168.00
Projected Spend 2022/23	635,306.11
	2,235,474.11

Current spend to the 10th Feb is £2,110,110

3. The change requested

The proposed change is to modify the CRD allocation of the Stirling Council hubs. The request is to move £50k from the Callander hub allocation to the Cowie hub.

Table 2: Proposed CRD allocation to Regional Digital hubs

Funding	Cowie	Callander	Alloa	Total
City Region Deal	£0.55	£0.79	£0.66	£2.00

4. Reasons for change

The additional costs are due to a number of factors including enabling works, scope improvements, environmental site issues, and an uplift in some of the costs. The projected overspend is £173k. Discussions took place early in 2021 to request the move of £50k to the Cowie hub from the CRD allocation. However, this was only agreed at an internal Stirling Council level. Due to changes in structure and staff, the change request was never processed formally or escalated through CRD governance channels. The requirement for the Cowie hub is to have £550k allocated at project delivery level, but currently only £500k has been identified at CRD level.

The factors impacting the additional costs relate to enabling works, and works relating to the neighbouring property boundary; environmental site issues (asbestos/vermin); and scope improvements for the kitchen, toilets and meeting room. As part of the settlement the Council recognised that the Building Energy Management System, and the Smoke Curtain were significantly underpriced by the contractor, and agreed to uplifts.

5. Impact of change

The Stirling Council project delivery team worked on the understanding that £550k would be allocated through CRD. If this change request was not approved this budget would have to be sourced from another channel. Stirling Council will fund the over spend through core capital but an additional £50k makes this contribution larger and puts additional strain on the core capital budget.

6. Impact on Callander hub

The Callander project is currently in the scoping phase. The initial preferred way forward was for the Regional Digital Hub to be part of a new community hub to be situated at the former St.Kessogs church. However, this project has been priced well above the initial budget, at over £5 million.

An options analysis has therefore taken place to fully understand the potential locations for the Callander hub. Whilst the preferred option is likely to be on a smaller scale than the full St. Kessogs project, options will only be progressed which meet the objectives of the Regional hubs outlined in the Programme Business Case:

- To enable start-up, existing, and incoming businesses throughout Stirling & Clackmannanshire to have access to good quality, digitally enabled, flexible office space which is nearby their preferred location.
- To provide supportive and collaborative business environments that enable sustainable business development and nourish economic growth.
- To ensure that inclusive growth is delivered by optimising contributions to skills and inclusion by all business support interventions throughout the region.

The Critical Success Factors which will be used to fully assess the options are as stipulated in the Programme Business Case:

- How well does the option meet the business needs and demonstrate strategic fit?
- How well does the option optimise public value?
- How well does the option match with potential suppliers' ability to deliver the required services and is it attractive to suppliers?
- How well does the option fit with the funding available?
- How well does the option fit with the host organisation's ability to deliver?

The new options for the hub are not on the same scale as St. Kessogs and are not likely to include the community hub. This means the options are less expensive and highly likely to be delivered within the CRD budget. Though less expensive the investment will still provide high quality business space which will allow growing companies in the area to stay local to Callander. It will also play a vital role in ensuring the benefits from the city deal's digital projects will not be restricted to a single Digital District in Stirling but will be spread across a wider digital city region.

Should the project be priced above CRD funding, additional funding streams will be explored as part of the Business Case development. When all information is available and a preferred way forward selected, an Outline Business Case will be presented to Scottish Government and Joint Committee detailing any impact to the benefits stipulated in the Programme Business Case.

Reason for Change:

- Risk of not meeting original objectives has substantially increased
- Substantial change to costs
- Change to funding plan to reflect respective funding shares
- Change to delivery model
- Time period changed over which project will be delivered (Inc. change to finance profile)
- Project no longer considered viable or value for money
- Other – Please specify:

Impact of Change on project:

- (Consider project scope, finances, benefits, implementation plan)
- An increase to project scope (coverage – what and where) of work
 - A decrease to project scope (coverage – what and where) of work
 - Service solution adjustment (requirements – how/technical)

- Service delivery alteration (provider)
- An increase to project costs
- A decrease to project costs
- Delaying project implementation timescale
- Accelerating project implementation timescale
- Delaying project delivery/completion timescale
- Accelerating project delivery/completion timescale
- Additional funding committed by existing partner
- Reduced funding committed by existing partner
- Funding committed by a new partner
- New/change of project
- Other – Please specify:

Impact of change on Stirling and Clackmannanshire's City Region Deal:

(Consider overall targets and aims of Deal, benefits, implementation plan)

- An increase to Deal outputs
- A decrease to Deal outputs
- An increase to Deal costs
- A decrease to Deal costs (permanently hand back underspend)
- Change to Deal financial profile
- Original objectives now less relevant to supporting economic growth
- Original objectives now less relevant to supporting inclusive growth
- Other – Please specify:

Funding Gap

Impact if change not approved:

- Leverage will not be made available
- Existing Partner pulls out of project
- Change to delivery model
- Project no longer financially viable
- Project no longer viable due to change of local landscape
- Reduced scope will no longer deliver required outputs
- Other – Please specify:

Funding gap would exist. Likely to have to be funded via stretched core capital grant at the expense of another project.

Financial Profile


(Summarise any changes in the financial profile)

Finance Profile – Current

	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Capital			£500k							
Revenue										

Finance Profile – Proposed

	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Capital			£550k							
Revenue										

Partner CFO Comment:	
No additional comment.	
Chief Finance Officer Sign off:	Date
	8/2/2023

Outputs

[Summarize any changes to deliverables including detail on any change / impacts on community benefits as a result of this change]

No change to outputs

Output Profile – Current

	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30
No. Jobs										
GVA (£000)			500k							
Leverage (£000)										

Output Profile – proposed

	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30
No. Jobs										
GVA (£000)			550k							
Leverage (£000)										

Sign off

This Change Control Request is subject to the terms and conditions of the <project name> Implementation Plan. It is agreed that the complete agreement for these milestones consists of the original Implementation Plan, this CCR (and any other approved CCRs), and the Project Agreement.

Review Completed	Date	Responsible Person
Project Lead	24/02/23	Steven MacDonald
Finance	26/08/22	David MacKay
SRO	27/02/23	Brian Roberts
S95 Officer	8/02/23	Kirsty Stanners
RPMO		
Chief Officers Group		
Joint Committee		
Government		

Decision	
Project Change Request Approved?	Y / N
Approval subject to the following caveats or conditions:	
Additional comments:	
Sign off By:	Date of decision