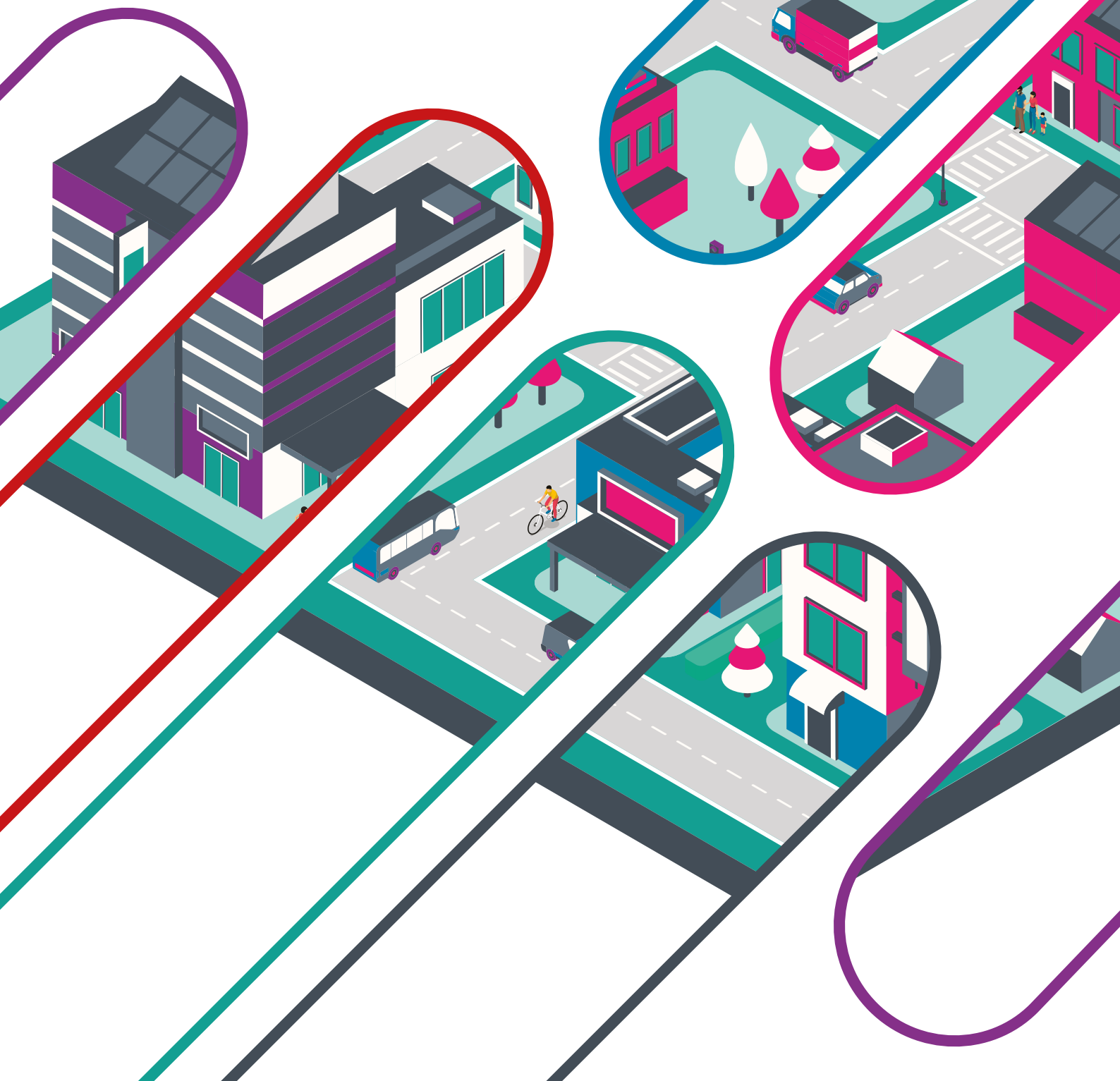




# CITY REGION DEAL

Edinburgh  
& South East  
Scotland

## Strategic Sites Programme October 2024





# Contents

1. Forewords	4
2. Introduction	6
3. Our Seven Strategic Sites	10
4. Rationale for Investment	14
5. Strategic Sites Programme	20
6. Strategic Sites Task Force	25
7. When is Action Required?	34
8. Contacts and Further Information	44



## 1. Forewords

**Cllr Lawrence Fitzpatrick**  
Joint Committee Convener,  
West Lothian Council

Regional Partners want to work collaboratively with the Scottish and UK Governments to deliver South East Scotland's strategic housing sites, recognising their importance to our shared economic ambitions. Regional Partners welcome that this work is set out in the Scottish Government's Programme for Government and note that it also aligns with UK Government ambitions to boost housing and infrastructure delivery too.

The sites can help to address the national housing emergency, deliver over 41,000 homes of all types, sizes and tenures, including around 10,000 affordable homes including new social housing, and create 8,000 jobs and £30bn Gross Value Added (GVA). Delivery of the strategic sites will help to improve equality and the health and wellbeing of citizens, alleviate child poverty, and contribute to the productivity of the UK and national economy. An infrastructure first approach to their planning and delivery will provide economies of scale, and the clarity and certainty needed to enable effective transformation of public services and assets. This will allow us to respond to the climate and nature emergencies, and to enable a just transition to net zero.

Targeted capital and revenue support from government is needed to help enable the strategic sites, to overcome market failure, and to deliver public goods and services; this will not substitute innovative or normal private investment, including developer contributions.



**Cllr Lawrence Fitzpatrick**

Rather, it will unlock a strategic delivery pipeline and be a catalyst for at least £4.1 billion private and institutional investment and wider public benefits. To achieve this, strategic alignment, coordinated action, place-based service and infrastructure solutions, and capital and revenue funding, is required. To find acceptable solutions, partnership working with the private and other sectors will also be necessary. Overall, the sites must be viable, deliverable, affordable, acceptable, and sustainable to come forward.

Regional Partners want to work with the Scottish and UK Governments to deliver this Programme. We propose governments create a 'Strategic Sites Task Force' to oversee the activity. The Task Force could be advised by a 'Strategic Sites Delivery Group' that would identify the targeted place-based infrastructure and capital and revenue support needed for each site. Each site is different, and an agreed 'toolbox' of solutions is needed to allow each to progress in an appropriate way and timescale. The Task Force would seek to confirm the necessary capital and revenue solutions to provide capacity for growth via business case development and government decisions.

Collaborative working within and beyond the City Region Deal, fresh thinking, creative ideas and innovative solutions will be required in business case development. The Place Principle will need to be followed and delivered through alignment of capital and revenue funding. Local Authorities will be gateway sponsors for businesses cases and initiate the governance pathway for submission to governments to take decisions on them.

We want our region to be a great place to live, work and play. We want to deliver communities where people want to live as well as prosperity and sustainably for the whole of the UK, nationally, regionally and locally. To maximise collective impact for people, places and the planet we must think and plan for the long term, and work in partnership and in an aligned, integrated and place-based way. This will be the hallmark of how successful places can be created in future.



**Garry Clark**  
Chair, Regional Enterprise Council

**"The Regional Enterprise Council are very supportive of the Strategic Sites Programme. The Edinburgh and South East Scotland area is the fastest growing in Scotland and one of the fastest growing in the UK. Delivering the strategic sites and increasing the supply of new homes across all tenures, including affordable housing, is critical to the region's, as well as wider national and the United Kingdom's, future economic success. Regional Partners, and the wider public, private and third sectors urgently need the support of both governments to achieve this."**

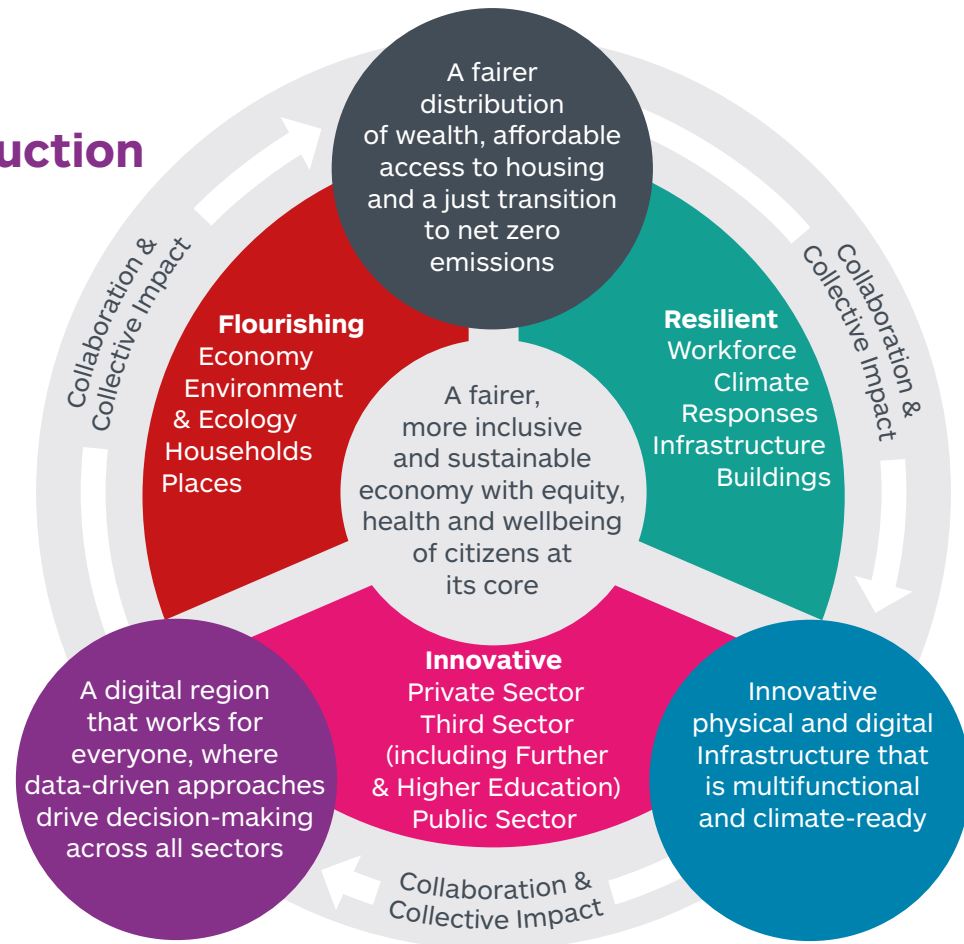


**Nile Stephen**  
Regional Enterprise Council

**"This Programme has the potential to unlock the transformation of the region by removing barriers for growth and enabling prosperity to be delivered for citizens and the wider United Kingdom and Scottish economy."**



## 2. Introduction



This Strategic Sites Programme (SSiP) flows from the Edinburgh & South East Scotland City Region Deal (the Deal) Housing Programme and Regional Prosperity Framework (RPF) Delivery Plan, Programme 1: Green Regeneration – Strategic Regeneration Sites. It focuses on delivery of our seven strategic regional housing sites (Blindwells, Calderwood, Dunfermline, Granton Waterfront, Shawfair, Tweedbank and Winchburgh). It also recognises that on-going growth means that other strategic sites may need to come into the SSiP in future. The challenges of enabling these sites, if resolved, can unlock strategic benefits and alleviate the national housing emergency.

Regional Partners want to work collaboratively with the Scottish and UK Governments on this Programme. Regional Partners welcome that this work is set out in the Scottish Government's Programme for Government. We recognise that supporting the proper functioning of

South East Scotland's labour and housing market will be central to ensuring equality, sustainability and the health, wellbeing and productivity of our citizens and the UK and national economy. The strategic sites can facilitate this, and deliver high quality mixed communities and places, as well as a pipeline of high quality homes that are warm, safe, energy efficient and affordable. They can therefore be integral to achieving a wider range of national, regional and local social, economic and environmental ambitions.

However, targeted government capital and revenue support is needed to enable the strategic sites, to overcome market failure and to deliver public goods and services; this will not substitute innovative or normal private investment, including developer contributions. Rather, it will unlock the strategic sites and their delivery pipeline, be a catalyst for at least £4.1 billion private and institutional investment, and deliver wider public benefits.

The housing delivery pipeline offers scalability for innovation, buying power and efficient, effective and achievable delivery. Provision of infrastructure first is needed to de-risk sites and give clarity and certainty to plan for transformation, and to enable climate adaptation, nature recovery and a just transition to net zero. Delivery of the sites can also facilitate skills development, and retain and attract the highly skilled workforce we need to support our national economic projects with the Scottish and UK Government.

This SSiP seeks to update the scope, scale and duration of the Deal Housing Programme and defines the RPF enablers in this context as:

- Strategic partnerships for collective impact – the need for an overall strategic partnership as well as tailored partnerships for each site to create the clarity and certainty required to coordinate planning, investment and delivery across the public, private and third sectors to maximise collective impact;

- Place-based funding and financial reforms – to identify adequate aggregate place based capital and revenue funding and investment to ensure market failure is addressed, to unlock 'infrastructure first' as well as service delivery solutions, and to ensure the strategic sites are viable, affordable, deliverable, acceptable and sustainable; and

- Power to deliver collectively – to ensure strategic alignment and an appropriate focus on innovation and pooling decisions, actions, assets, resources, funding and investment to de-risk, enable and accelerate delivery of the sites, their outcomes and benefits realisation programmes.

This programme describes how through collaboration and partnership working across the public, private and third sectors these enablers could deliver positive working practices, delivery solutions, actions and outcomes.

This programme links with our other priority regional programmes and projects, such as the Regional Delivery Alliance, Forth Green Freeport, Forth Collaboration Network & Economic Corridor, Net Zero Skills Accelerator Hub, Data Driven Innovation Programme, Regional Transport Delivery Plan, Regional Energy Masterplan and Climate Ready South East Scotland. It therefore fits strategically with a wide range of Scottish and UK Government policies.





**There is an urgent need to align shared priorities, funding, investment and decisions across the public, private and third sectors to enable our regional strategic sites and to deliver the shared ambitions set out in:**

- Edinburgh & South East Scotland City Region Deal
- UK Government Missions, and Scottish Government Programme for Government
- Scotland Office's Economic Growth Review
- National Innovation Strategy 2023 to 2033
- Net Zero Strategy: Build Back Greener
- National Planning Framework 4
- Scottish Government Regional Economic Policy Review
- Climate Change Plan
- Housing 2040
- Verity House Agreement
- National Transport Strategy
- Strategic Transport Projects Review 2
- Regional Prosperity Framework
  - Green Regeneration
  - Infrastructure for Prosperity
  - Visitor Economy & Culture
  - Data Driven Innovation Economy
  - Regional Housing Priorities
- Local Development Plans and Local Housing Strategies
- Community Wealth Building ambitions



**“...the three key Regional Prosperity Framework Delivery Plan Goals are:**

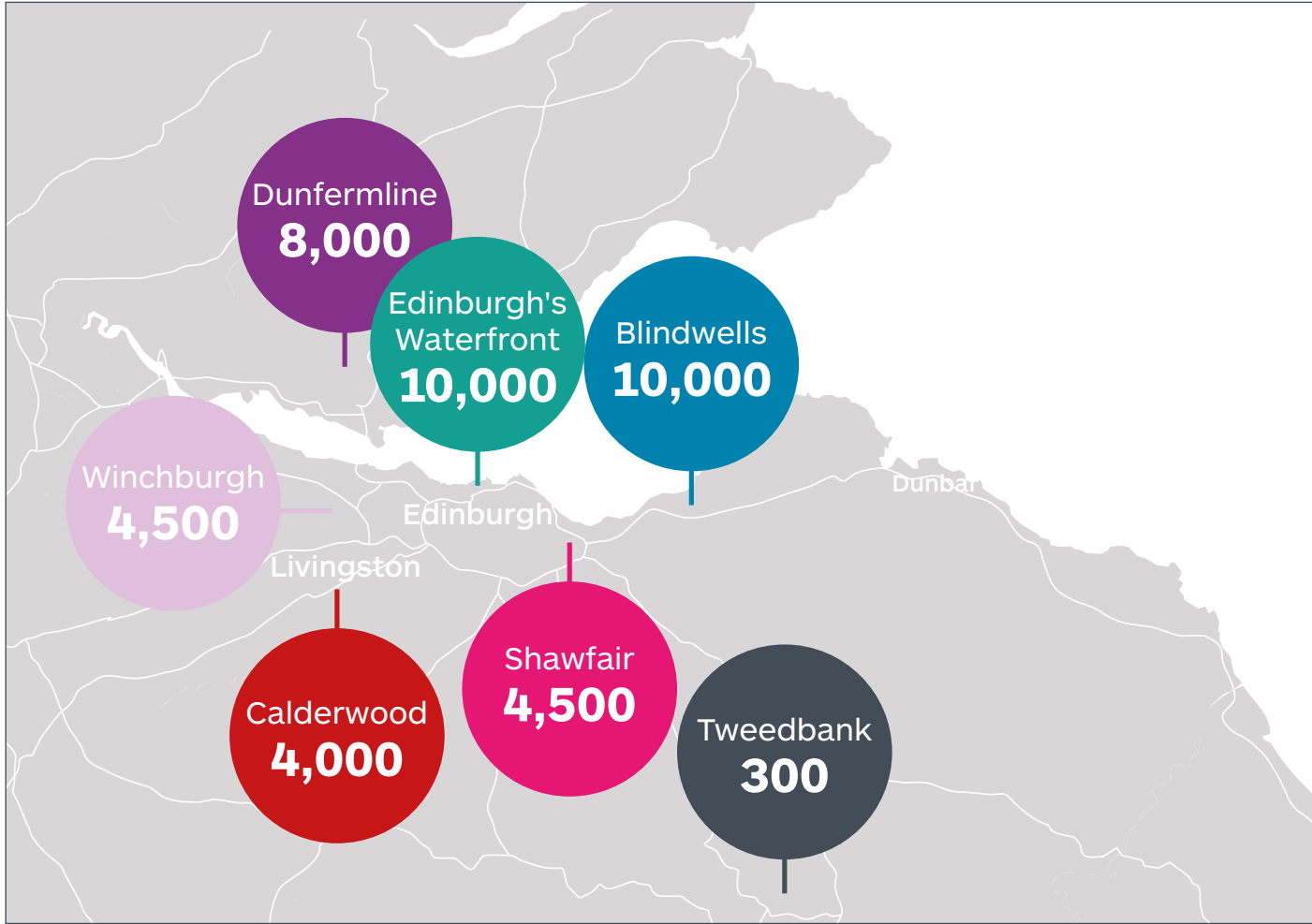
- Reduce economic exclusion
- Sustained and increased competitiveness; and
- Accelerate a fair transition to Net Zero...”

*Regional Prosperity Framework Delivery Plan*





3. Our Seven Strategic Sites



Strategic Site Name	Homes
Blindwells	10,000
Calderwood	4,000
Dunfermline	8,000
Edinburgh's Waterfront (Granton 3,500)	10,000
Shawfair	4,500
Tweedbank	300
Winchburgh	4,500
Total	41,300

Strategic Site Key Facts

	1. Blindwells New Settlement	2. Calderwood Town Expansion
Scale	Potential for 10,000 homes	2,600 homes
Use	Mixed use, housing led	Housing
Affordable Homes	Circa 2,500	650
Status	Phase 1 underway, Phase 2 safeguarded	Planning permission
Place	SMID	SMID
Requirement	Land Remediation; Strategic Transport; Education; Net Zero Revenue Support	Education
Business Case	SOC in development	None
Timescale	Potentially up to 2050/55	Up to 2040

	3. Dunfermline City Expansion	4. Granton City Expansion
Scale	8,000 homes	3,525 homes
Use	Housing (various sites)	Mixed use, housing led
Affordable Homes	2,000	1,360
Status	Committed and planned	Development Brief
Place	SMID	SMID
Requirement	Transport and education	Land remediation Placemaking Affordable homes Net Zero Infrastructure
Business Case	Approved for transport	FBC in development
Timescale	2050/55	Up to 2040

	5. Shawfair New Settlement	6. Tweedbank Town Expansion	7. Winchburgh Town Expansion
Scale	4,610 homes	300 homes	4,000
Use	Mixed use, housing led	Mixed use, housing led	Mixed use, housing led
Affordable Homes	1,150	130	1,000
Status	Underway	Development Brief	Underway
Place	SMID	SMID	SMID
Requirement	Education	Road and rail bridge; Heat Network; Homes excludes privately funded element; business space; and care village	Rail Station
Business Case	TBC	FBC in development	Approved for enabling works
Timescale	Up to 2035	2040	2040/45



## Strategic Site Benefits



### Gross Value Added

**Over £30 billion** of Gross Value Added for the regional, Scottish and UK economy. £16 billion of which is additional value.



### Net Zero

The intention is **by 2045, all strategic sites will be net zero**, reducing carbon emissions and encouraging a greener future.



### Housing

Around 41,000 homes to be built across seven strategic sites by 2055.



### Affordable Homes

Around **10,000** of the homes constructed **will be affordable homes**, supporting low income households and first-time buyers.



### Health Impact

NHS Scotland highlights that improved housing availability will **increase health outcomes for residents**.



### Poverty Impact

Increased affordable home availability and the subsequent filtering effect this creates will support the challenge in **tackling poverty in children and families**.



### Jobs Created

With over 2,800 additional jobs to be created through employment land and over 1,700 additional jobs to be supported in construction this investment supports over **4,500 additional jobs** in the region.

## Value for Money

Regional Partners and the University of Edinburgh have carried out a refresh of the economic appraisal of the seven strategic sites, in line with UK Treasury Green Book Guidance. Scottish and UK Government economic analysts support the principle of the approach and methodology taken in so doing.

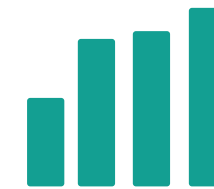
The results of this analysis show significant economic benefits, ranging from £30bn GVA uplift to 8,000 gross jobs and a significant positive impact on health and poverty outcomes. In terms of additionality (the benefits generated that can be considered above what would have happened without this Programme), it is estimated that £16bn of the value added can be considered additional, as can over 4,500 of the jobs created/supported by this investment.

Substantial private sector leverage is also created with an overall construction value of £4.1b unlocked by targeted public sector investment in 'infrastructure first' and support for service delivery.

Taking account of the Scottish Public Spending Review, to assess likely public sector costs for all sites, the public sector cost equates to around £12.4bn.

The preliminary estimates of economic benefits and costs generated by the Strategic Sites Programme therefore result in a return of £1.33 for every £1 spent by the public sector. This positive ratio shows the Strategic Sites Programme's value for money. All costs and benefits are discounted to take account of the social time preference in line with UK Treasury Green Book Guidance.

These benefits will be further refined when developing project business cases for each of the sites to be brought forward under this Strategic Sites Programme. In preparing these cases consideration will be required of a wider range of economic, social and environmental impacts than currently captured. This will involve quantitative and qualitative approaches, including consideration of Land Value Uplift and the public health benefits of new housing, such as physical and mental health and wellbeing.



### Private Sector Leverage

**£4.1 billion** of investment leveraged from the private sector, creating a universally beneficial collaboration.



### Value for Money

Preliminary estimates are that for every £1 of public cost, £1.33 of value will be generated both in the region and elsewhere.





## 4. Rationale for Investment

### Regional Transformation

To accommodate population growth driven by our economic success, South East Scotland has delivered a scale of housing growth since 1994 equivalent to building a new Erskine, Dundee and Aberdeen. This growth has largely been distributed to existing communities to make best use of exiting assets. This was also done to help address inequality and share prosperity across the region. Yet many of our existing communities and our services, facilities and infrastructure now have very limited capacity to accommodate further growth at this pace and scale on an on-going basis in future.

However, the Scottish Government’s National Planning Framework 4 (NPF4) requires another Dundee to be built across our region by around 2035. In doing so, it notes the importance of rebalancing opportunity and targeting investment and regeneration where it is needed most, including reusing previously developed land. It points to our strategic housing sites as key priorities, and notes that public sector led development, infrastructure first, and the place principle will be essential requirements to shape future markets, de-risk development, and deliver benefits where they are needed most.

This regional growth trend will likely continue beyond the NPF4 horizon as our growing economy continues to attract migrants and our growing population forms new households. The global systemic issues we face also justify a long term view of strategic site delivery. A focus on early intervention and prevention must be at the heart of what we do, to avoid reactive incremental approaches. Long term solutions can achieve economies of scale, value for money and maximise benefits, if they are affordable, viable, deliverable, acceptable and sustainable. In some cases, public investment is needed to deliver what the market can not.

We must work strategically and in an integrated way to assess the long term needs of our people and places and identify how best to deliver this at our strategic sites. Strategic alignment and a long term commitment from Scottish and UK Government is required to support delivery of such sites and their public services, facilities and infrastructure. Such leadership and shared solutions will be needed to enable and de-risk the sites and provide the clarity, certainty and confidence for Local Authorities to also support their delivery.

	Housing Target	Homes Per Year	Equivalent in Scale to ...
<b>Lothians Structure Plan 1994</b> (1992 – 05)	36,500*	2,800	East Kilbride (13 yrs)
<b>Lothians Structure Plan</b> (2001 – 2015)	76,000*	5,070	Dundee (15 yrs)
<b>Strategic Development Plan 1</b> (2009 – 2024)	107,560	7,170	Aberdeen (15 yrs)
<b>National Planning Framework 4</b> (2023 – 33)	72,300	7,230	Dundee (10 yrs)
*Excludes Scottish Borders and south Fife			

### Current State of the Region

The Regional Prosperity Framework Delivery Plan notes the dynamic global context that we operate in. This includes the climate and nature emergencies, global conflict and political unrest, constrained supply chains, workforce pressures and the pace of technological change. These factors impact interest rates, inflation, and the way goods and services are consumed and delivered, and their price. They have also driven up costs, and reduced capacity to deliver.

Against this backdrop, in a Scottish and UK context, our region faces a unique set of opportunities and challenges. We experience rapid growth in population with slow or declining population elsewhere. We continue to attract talent to live and work in the most economically successful part of Scotland. However, revenue support is tightest here, and this is placing unprecedented downward pressure on budgets, infrastructure and services, such as education, and health and social care, when demand is increasing.

The Scottish Government has declared a national housing emergency. This region currently also has four Local Authorities (The City of Edinburgh Council, Fife Council, Scottish Borders Council and West Lothian Council), that have declared housing emergencies due to the unprecedented pressure on housing and homelessness services in their local areas.

The impact of accommodating growth in capital and revenue terms is constraining the ability to deliver it, and same is true in terms of the ability to run services needed to sustain it. This situation places delivery, equality and our overall prosperity at risk.







## Problems & Constraints

- Need to address inequality, child poverty, homelessness and meet housing need
- Need for additional infrastructure and service capacity, and funding to meet the cost of delivering and operating that capacity including to accommodate growth at local as well as on a regional, cross boundary and cumulative basis
- Need for shared infrastructure and market failure issues and externalities to be addressed
- Need to regenerate places and previously developed land and buildings with high abnormal costs, which is also impacting development appraisals
- Market generally controls pace, scale and timing of delivery (public sector is currently reactive)
- Need for deliverable housing land to meet need and demand when and where needed
- Significant capital and revenue budget constraints impacting services and affordability
- Need to coordinate and align planning and investment to transform and decarbonise
- Skills and labour shortages, and need to enable sustainable construction skills



## Opportunities & Benefits

- To significantly increase the region's impact at UK, European and global levels
- To support the driver of Scottish economy and its transformation to green growth
- To help address the National Housing Emergency within the region where housing need and demand is most significant nationally
- To enable our regional growth USP and ambition – European Data Capital – and wider ambitions and investments – Green Freeport / Deal / UK Government Missions
- To enable on-going fiscal redistribution of prosperity across the UK, nationally, regionally and locally to address inequality and child poverty
- To deliver opportunities at scale and deliver efficiency, effectiveness and value for money when using scarce resources
- To plan for transformation, modernisation and decarbonisation of the public estate and to enable shared services and facilities
- To increase tax take and reduce welfare costs at national and UK level



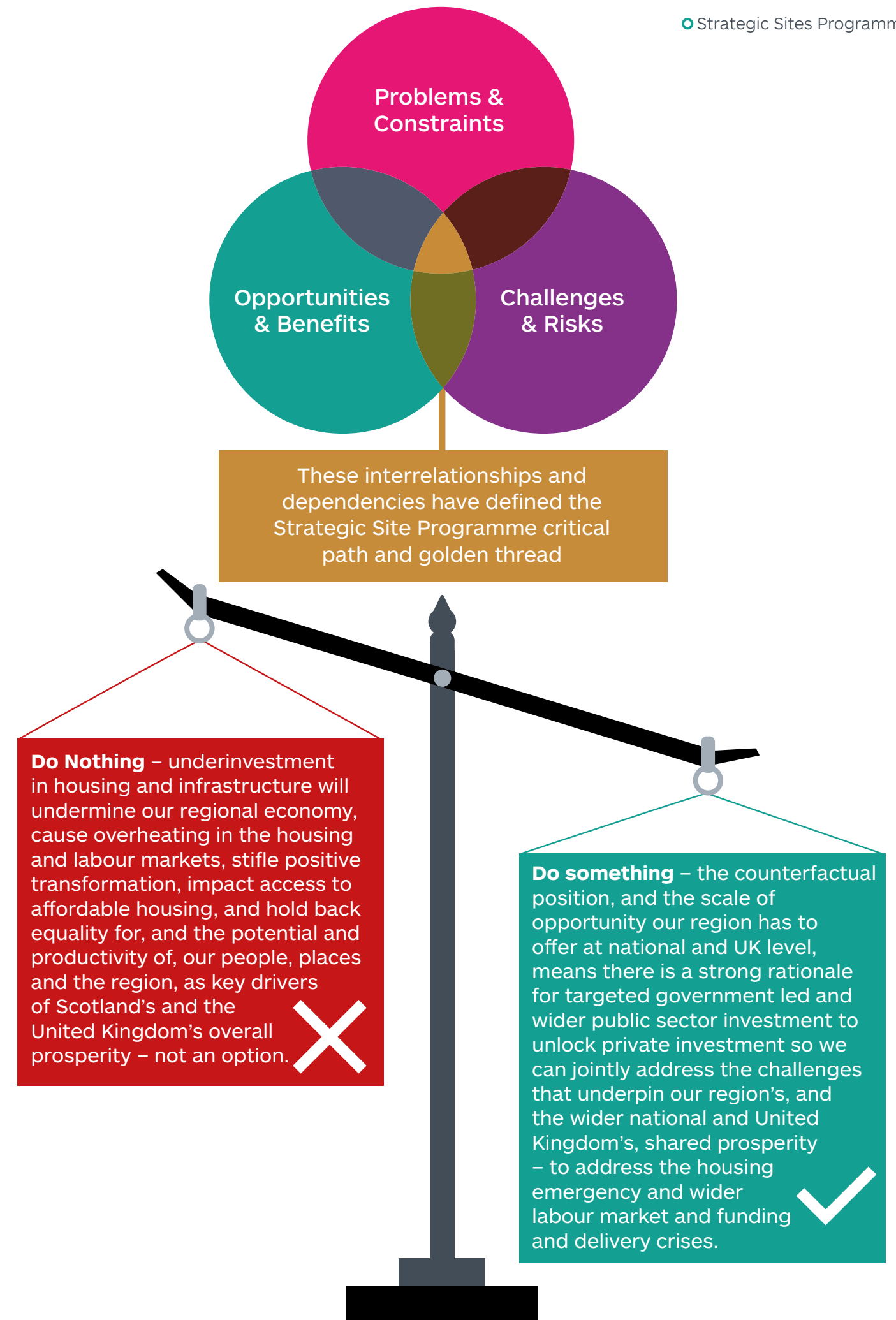


## Challenges & Risks

- Interrelationships between, and need to address, National Housing Emergency, and wider labour, funding and delivery crises, requires aligned policies, ambitions and investments
- New housing is needed at pace and scale to accommodate population and household growth that exists and is anticipated, but it can not be delivered without additional government support in capital and revenue terms
- If housing and infrastructure is not provided this will impact how the housing and labour market function, undermining equality
- Underinvestment in housing and infrastructure is a barrier to growth and risks equality gaps widening, welfare bill increasing, and tax take reducing
- Need to retain and attract the highly skilled workforce required to support our shared economic ambitions with Scottish and UK Government
- Impact on market conditions from interest rates, mortgages and inflation

## Interrelationships & Dependencies

Taken together, these contextual factors combine to present broadly two potential options in response to the current situation, and frame the critical path and golden thread for the preferred way forward for collaborative working with both governments:





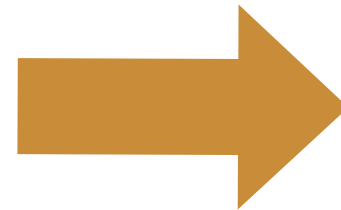
## 5. Strategic Sites Programme | Golden Thread

### Opportunities

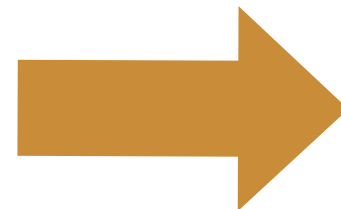
- South East Scotland is the driver of overall national growth and prosperity, and the ability to effect a redistribution of prosperity generated here for overall equality
- Address the National Housing Emergency declared by Scottish Government on 15th May 2024 and to deliver affordable housing with scope to absorb any future slippage in the national affordable housing delivery programme
- Need to address child poverty, homelessness and inequality
- Appetite for place-based aggregate capital and revenue funding (UKG and SG) and for strategic alignment and impact
- Population growth and demographic changes – 100k housing need and demand by 2040 needs pace and scale of housing and infrastructure delivery for 220,000 people – equivalent in scale to a delivering a new Aberdeen in around 15 years
- Need to work together to find innovative solutions, including to deliver net zero at pace and scale
- Opportunity to leverage at least £4.1 billion private investment, and to enable, co-ordinate and focus strategic investment on the housing delivery pipeline, recognising private borrowing can support Registered Social Landlords deliver affordable homes at the sites
- Pipeline offers scalability for innovation, buying power, and more efficient, effective, affordable and achievable delivery, with more clarity and certainty
- Appetite for focused infrastructure first delivery models (UKG and SG) to enable and de-risk sites and unlock their benefits
- Infrastructure first delivery is an opportunity to create efficiencies, clarity and certainty, economies of scale and budget alignment for place making and delivery
- Can help enable wider public sector estate transformation at national, regional and local level, potentially extending to wider sectors, including higher and further education institutions, with potential to deliver shared assets at sites
- Skills Development, training and upskilling – Opportunities for additional investment in existing regional skills programmes that will provide a strong pipeline of enhanced talent for the sector through training and upskilling in emerging green technologies and relevant new sustainable construction techniques
- Significant benefits programme from pipeline, including wellbeing from employment

### Goals/Spending Objectives

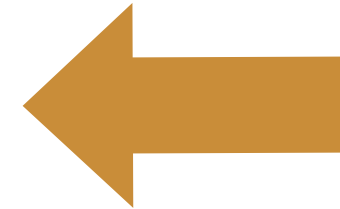
**1. Use public sector led development to de-risk sites, provide clarity and certainty to leverage investment, innovation, sustainable delivery, and align place based action;**



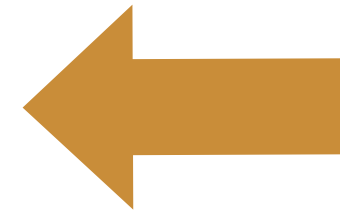
**3. Increase the pace and scale of affordable housing delivery, and the delivery of housing of all types, sizes and tenues, to meet need and demand;**



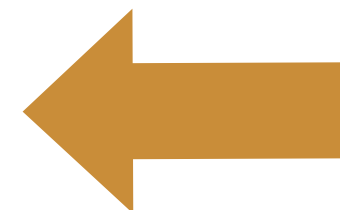
**5. Mixed communities with modern, efficient and effective shared services, facilities and infrastructure, a wellbeing economy, and a more just transition to net zero.**



**2. Better balance of access to opportunity across the region, focusing action where it is needed the most;**



**4. Unlock a deliverable, viable, affordable, acceptable and sustainable 30 year strategic site delivery programme, and culture of partnership working;**



### Challenges

- Lack of capacity to accommodate growth in terms of capital and revenue impact, despite need, demand, deprivation, regeneration and previously developed land
- Significant abnormal costs, infrastructure and service capacity constraints to site delivery – risks of sites not starting, stalling, stopping, and overreliance, and therefore also risks to service, infrastructure and funding and delivery solutions
- Strategic alignment between both governments, their agencies, regional partners, local authorities and the private and third sector needed to identify and deliver a programme of strategic site infrastructure and service delivery solutions
- Sites mainly privately owned, and their delivery is subject to wider investment decisions of others – need targeted government investment to help de-risk and enable sites and attract private and other investment in them
- Market led, cash flow driven approach sets pace / scale of delivery and access to affordable homes (not 'need') and can be challenging to deliver infrastructure when needed to unlock sites, relative to cash flow from sales revenue
- Planning for delivery of public services, infrastructure and facilities reactive to market delivery of sites, and challenging to strategically coordinate budgets and solutions – need comprehensive shared solutions for delivery of sites to bring clarity to the pace and scale of delivery with matching services and infrastructure
- Need bespoke Scottish 'comprehensive' delivery mechanisms – reflecting on New Towns / the role of Homes England in an English context / Land Value Capture / etc – to address market failure and delivery gaps, but not to replace innovative or normal private investment, including developer contributions
- Affordable Housing budget reductions and RPAs / HRA pressures / reprofiling because delivery pipeline uncertain
- Net zero more costly if done on site by site basis and overall, as solutions can't be packaged and delivered to secure best value, innovation and sustainability
- Construction inflation and cost of borrowing is a significant challenge
- Labour and skills shortages is already challenging considering increasing demand from competing sectors. The requirement for green skills, sustainable construction techniques and the skills required for the retrofit and adaptation of existing housing stock means additional funding for skills provision is necessary to attract new talent to the sector to meet that demand

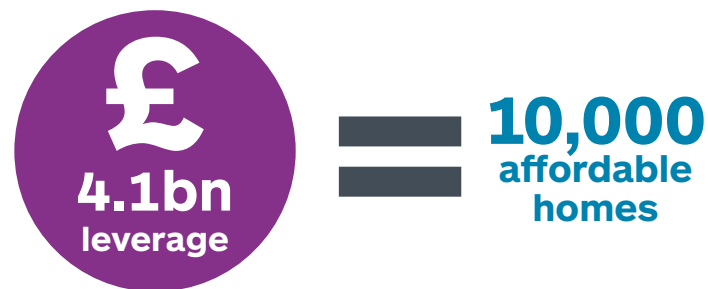




## Aim

The aim is to **collaborate with Scottish and UK Governments** to support the delivery of places where people want to live and to enable major regeneration programmes, around 41,000 new homes, of which around 10,000 will be affordable, to create 8,000 jobs, and to deliver wider benefits including £30bn GVA.

Delivery of the strategic sites will help address inequality, child poverty, improve health and wellbeing and create sustainable mixed communities and successful places that enable effective transformation and a just transition to net zero while responding to the climate and nature emergencies. This will also allow us to retain, create and attract the high quality workforce we need in south east Scotland to deliver our shared economic ambitions, which can enhance prosperity and contribute to productivity of the wider national and UK economy.



## Spending Objectives

- 1 To deliver focused public-sector led investment to enable our strategic sites, and unlock infrastructure first and service delivery solutions that will provide the long term clarity and certainty to:
  - i. enable and accelerate delivery, support scalability and innovation, address inequality and support economic transformation;
  - ii. attract and encourage wider private and third sector investment and financial innovation, ensuring public sector intervention supports this and does not replace normal funding and financial models, including developer contributions;
  - iii. enable the wider public sector to deliver a programme of modernisation, decarbonisation and integration of public services and assets, where appropriate on a shared basis;
  - iv. deliver more sustainable development and a more rapid just transition to net zero while responding to the climate and nature emergencies.



- 2 To use targeted public investment to unlock a viable, affordable, deliverable, acceptable and sustainable benefits realisation programme from the strategic sites, as well as a culture of partnership working between public, private and third sectors;

- 3 To achieve a better balance of access to employment, housing and other opportunities across the region, focusing investment, regeneration, renewal and benefits in areas where it is needed the most;

- 4 To increase the pace and scale of affordable housing delivery, and the delivery of housing of all types, sizes and tenues, to meet need and demand;

- 5 To create sustainable net zero mixed communities with a wellbeing economy, and with adequate revenue support to meet growing demand for modernised infrastructure, services and facilities.



## Outcomes

### 1 Enable a well being economy, and more balanced sustainable development, equality and prosperity

To support the proper functioning of south east Scotland's housing and labour market areas, as driver of the Scottish economy, by enabling delivery of new mixed communities, infrastructure, services and facilities at our strategic sites, including significant new affordable homes, to alleviate the national housing emergency and child poverty, and to enhance equality, productivity, prosperity and unlock wider strategic benefits and positive impacts at UK, national, regional and local level.

### 2 Create high quality mixed communities and places

To create high quality places which are destinations and attractors, not dormitory places, with a full range and choice of housing types, sizes and tenues, including specialist housing and housing for specific needs, as well as integrated public services, infrastructure and facilities. Provision will be made for climate adaptation and mitigation, nature recovery, nature-based solutions and for bio-diversity net gain, and to promote equality, community wealth building and a wellbeing economy.

### 3 Support quality job creation and more balanced distribution of higher employment densities

To ensure a more balanced distribution of employment density and opportunity across the region, close to where people live. To attract this, investment in new strategic transport and digital infrastructure and services will be needed to enhance the connectivity and attraction of strategic sites and neighbouring communities, and to improve workforce mobility. Links will be made to regional and local skills and training programmes, including sustainable construction, to ensure the workforce is ready for the jobs of the future. This will improve self-containment, sustainability and local access to fair work, and retain and attract a highly skilled workforce.

### 4 Facilitate modernisation, transformation and decarbonisation of public assets

To use the 'Place Principle' and delivery of 'Infrastructure First' at the strategic sites to enable wider modernisation, transformation and decarbonisation of public estates, assets and services, including digital delivery, and to reduce emissions and maximise climate adaptation and mitigation measures. This will also provide the clarity and certainty needed to align decisions and investments to deliver shared services and facilities that maximise efficiencies and effectiveness and provide value for money in the long term.

### 5 Find focused, comprehensive and cost effective enabling and supporting delivery solutions

To agree comprehensive delivery solutions that mitigate risk, that maximise the vision for place quality and value, that achieve economies of scale and value for money, and which are deliverable, viable, affordable, acceptable and sustainable over the short, medium and long term.

## 6. Strategic Sites Task Force

A Strategic Sites Task Force should be established by governments to oversee the delivery of the Strategic Sites Programme. The Task Force should comprise Scottish and UK Government civil servants as well as Ministerial and civil servant champions and include representatives from the Regional Partners as well as a representative for housebuilding interests.

The Task Force should be predicated on partnership working to deliver the strategic sites programme and ensure strategic alignment and collective action to unlock the delivery of our strategic sites. The purpose of the Strategic Sites Task Force will be to:

- **Aligning Business Needs** – to agree between the public, private and third sectors the main issues that require strategic alignment to deliver shared priorities and to maximise collective impact and unlock investment at pace and scale;

- **Aligning Service Requirements** – to agree specific delivery gaps that joint working must focus on to enable delivery and ensure clarity, certainty and efficiencies, economies of scale and value for money;
- **Aligning Organisational Priorities, Capabilities & Capacity** – to agree organisational responsibilities and priorities, and the scope, scale and duration of commitment needed from each party, including in terms of pooling knowledge, skills, experience and assets, and in terms of aligning decisions, actions, resources and adequate capital and revenue investment;
- **Aligning Business Strategy & Aims** – to target focused public-sector led investment to address delivery gaps in projects as a basis to leverage wider investment that can enable strategic transformation and a long term benefits realisation programme.

Underneath the Task force, there should be three key pillars of work to be overseen by it that will secure the necessary alignment:

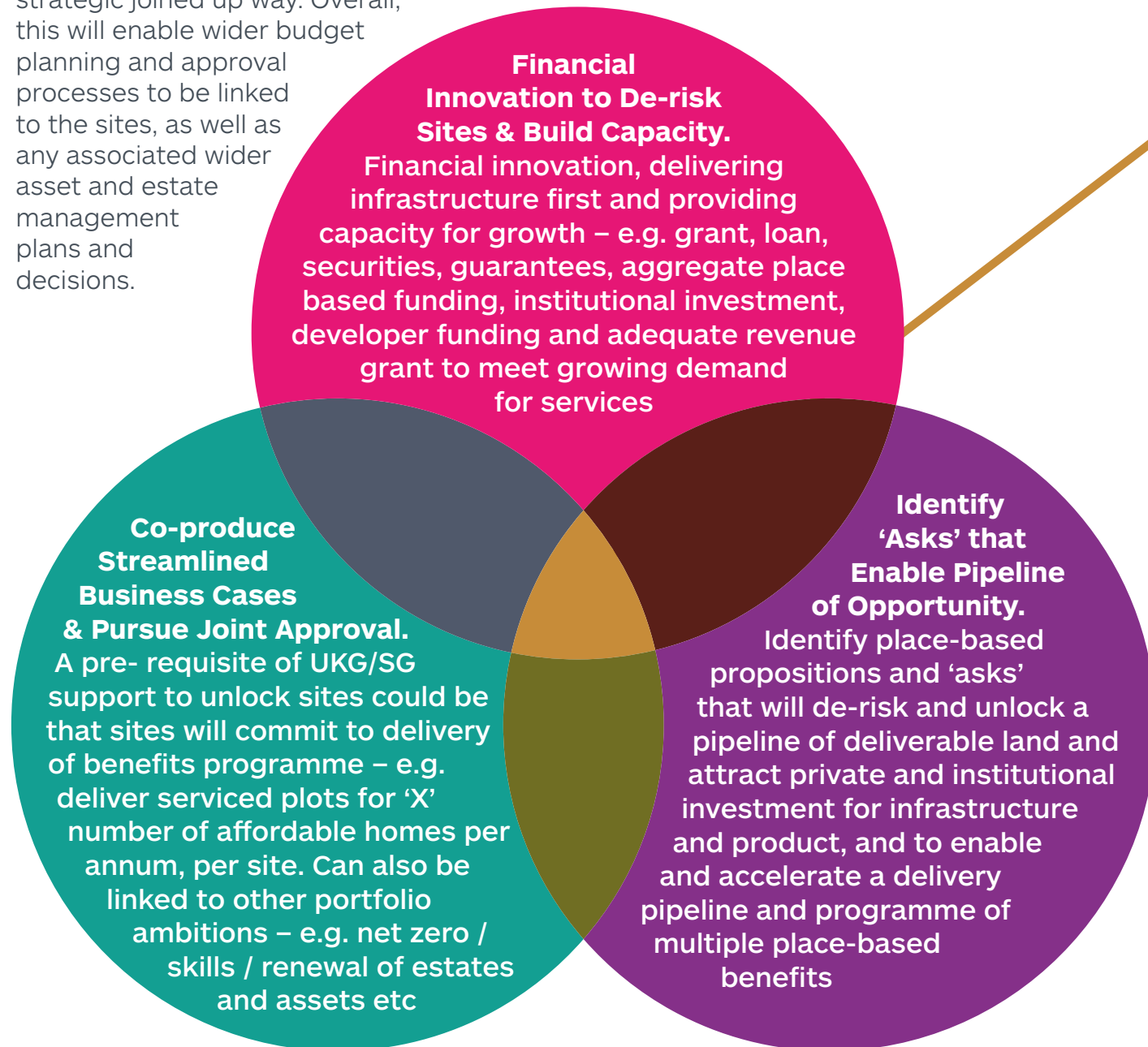


The Strategic Sites Task Force should be supported by a Strategic Sites Delivery Group, which will identify specific delivery gaps in the projects, for which there will be a need to identify agreed solutions in business case development and approvals. This structure is illustrated in the organogram at Annex 2. The membership of each group will be identified by the Task Force.





Each business case approved by Scottish and UK Government will set out the agreed unlocking mechanisms and link the provision of their upfront public investment to the future delivery of agreed benefits and associated performance indicators from the delivery of the sites more widely. These measures may include, for example, delivery of an agreed number of serviced plots for affordable housing per annum, or transfer of serviced land for wider public infrastructure on an agreed timeline – e.g. enabled through an infrastructure first package – so delivery of public services and facilities can be planned in a more strategic joined up way. Overall, this will enable wider budget planning and approval processes to be linked to the sites, as well as any associated wider asset and estate management plans and decisions.



#### **Business Need: Strategic Sites Task Force**

A strategic partnership of public, private and third sector (SG/UKG/Regional Partners/investors/landowners/ developers etc) to identify, agree and align a programme of investment solutions for delivery of the strategic sites and their benefits realisation programmes – support for a delivery pipeline, including via adequate place-based capital and revenue funding allocations.

#### **Service Requirement: Strategic Site Delivery Group**

Place-based collaborative working to identify ‘unlocks’ for strategic sites, so funding and delivery of their interventions can be positioned in the overall strategic sites programme and linked to financial innovation and coordinated action. Leads will achieve this by working collaboratively with the Key Agencies and others and by coproduction of business cases with the Task Force to front load appraisal and timing of actions, led by de-risking, place-making and service solutions overtime.

#### **Streamline Business Case Development**

Business cases will identify the commitments needed to address delivery gaps and the interrelationships, dependencies and risks associated with enabling, supporting and sustaining the strategic sites and their benefits realisation programmes, which must as a minimum be:

- deliverable, viable, affordable, achievable and acceptable
- aligned to infrastructure investment and financial innovation
- perform to agreed phasing, timing, outputs and outcomes - e.g. provide infrastructure and serviced land as, where and when needed by service and infrastructure providers
- able to utilise funding allocations and attract investment
- deliver agreed wider programme of benefits realisation







## The Place Principle

Scottish Government, COSLA and Local Authorities have adopted the Place Principle to overcome organisational and sectoral boundaries. This is to encourage better collaboration to improve collective impact and use of resources and investments. The Place Principle approach operating at programme level across portfolio's, agencies and other organisations will support the National Performance Framework and is essential to high quality place-making.

No one organisation oversees and co-ordinates the delivery of all place-based services, infrastructure and facilities, and the capital and revenue investments required to enable and support delivery at the scale of the strategic sites. Strategic deployment of the Place Principle within the Strategic Sites Programme will therefore be essential to find appropriate and joined up delivery solutions, as relevant to each stage of the process.

We must therefore work strategically and in an integrated way to assess the long term needs of our people and places, and to identify how best to deliver this at the strategic sites. Our anchor institutions will also have a central place-making role, and could play a key part in creating the jobs and vibrancy and vitality at the sites from the outset that can be a catalyst for wider economic activity and investment in our places.

## The Place Principle

The Scottish and UK Government as well as national agencies, organisations and institutions will be instrumental to finding and investing in these solutions. The following organisations are central to the delivery of the Strategic Sites Programme, with the full scope of organisations and their involvement in each site to be collaboratively identified at project level:

### • UK Government:

- UK Infrastructure Bank

### • Scottish Government:

- Transport Scotland
- National Health Service
- Blue light services
- Scottish Enterprise / SDI
- Education Scotland
- SportScotland
- Scottish Water
- Scottish Environmental Protection Agency
- Nature.Scot
- Historic Environment Scotland

### • Network Rail

- Public transport operators
- SEStran and SUStran
- Service and utility providers
- Scottish National Investment Bank / Institutional Investors
- Scottish Futures Trust
- HE/FE sector / SDS
- Landowners and developers





### Partnership & Governance

All the strategic sites are different, and each is at a different stage. Some sites have benefitted from initial government support and are now underway, some are committed or have started but delivery gaps to on-going delivery exist; others are planned or identified as ambitions that can only be endorsed subject to approval of business cases by Scottish and UK Governments.

In some cases, to achieve the required outcome, comprehensive shared infrastructure first delivery solutions that enable, de-risk and accelerate sites in their entirety will be required. In other cases, enabling tranche delivery with infrastructure on a phased basis may deliver the right outcome overtime. A common factor among the sites is they all require strategic unlocking solutions to be confirmed by Scottish and UK Government, including capital and revenue financial solutions. In many cases, confirmation of such support is required before Local Authorities can allow the sites to progress to any next stage.

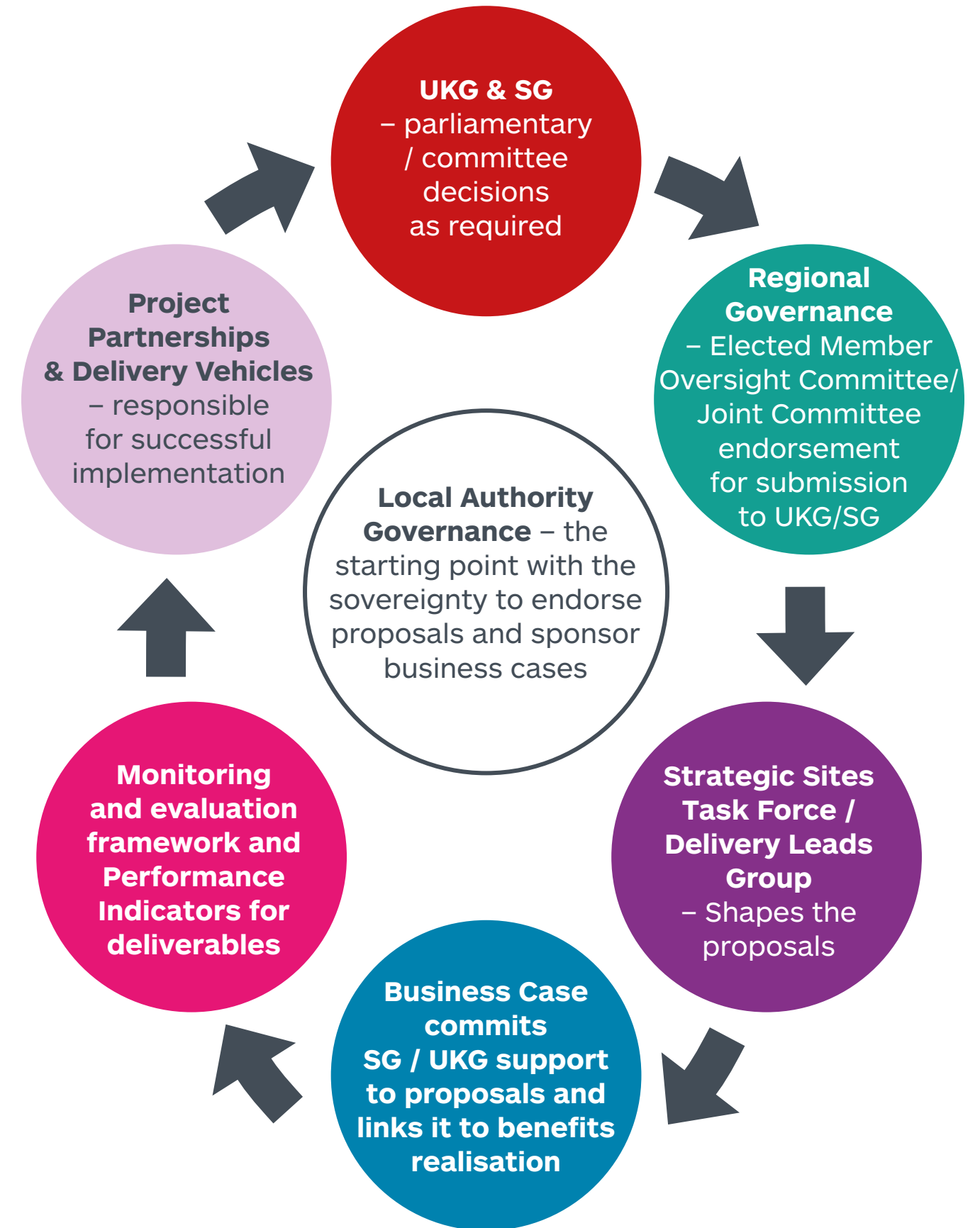
Each site has its own ownership, commercial, financial, and management arrangements that are either in place or that will require to be identified when the availability and nature of Scottish and UK Government support is clearer. Each site will also require its own strategic partnership, governance and delivery arrangements to be agreed in business case development in that context too, supported by the behaviours and values that will be central to nurturing a successful culture of partnerships and collaborative working.

Critically, an understanding of the scale, nature and duration of support from government, including in capital and revenue terms, is also needed to bring clarity to shape proposals; importantly, this will also determine if they can be made acceptable to, and can be endorsed by, Local Authorities. The aim of the Task Force and Delivery Leads Group would be to streamline and front load solutions.

These matters can be shaped during collaborative business case development, to ensure projects are viable and deliverable to the supply side, and affordable and acceptable to the public sector and local authorities that may endorse them and sponsor their business cases.

Local authorities will therefore be the gateway to the governance pathway. They will decide if proposals and their accompanying business cases can be sponsored to progress through the Regional Partnership for submission to Scottish and UK Government for their consideration and decisions.

In that context, government approval of the Outline Business Case Stage in respect of each strategic site will be essential for Local Authorities to consider allowing the sites to take their next step within relevant local authority plans and strategies; that is the point at which 'in principle' support from government for the necessary delivery solution to enable sponsored schemes need be confirmed, to frame next steps.





## Funding & Financial Innovation

The capital and revenue implications of delivering the strategic sites must be addressed in collaboration with Scottish and UK Government so their delivery can be progressed. A range of funding and / or financial support and innovation mechanisms will be required to unlock them.

Regional Partners welcome that this work is set out in the Scottish Government's Programme for Government, and note the close alignment with UK Government ambitions to boost housing and infrastructure delivery too. The work will require that provisions within the Deal be coordinated with wider Scottish and UK Government policy and portfolio investment opportunities, and for these to be aligned and coordinated to deliver in a place based way. In some cases, fresh thinking, creative ideas and new funding and investment

models will be needed to overcome delivery gaps. Long term commitment from Scottish and UK Government will be needed to support this programme, considering the scale and duration of delivery and benefits realisation from the sites.

Delivery solutions will include the need for direct targeted public sector investment to deliver 'infrastructure first' to de-risk and enable sites, or to address market failure, deliver externalities or items that the market cannot deliver acting alone. In doing so this will enable wider private investment and public benefits to be realised. The scope, scale and duration of government support needed for each site will be set during the respective business case development process, when it can be identified in detail.

**Overall, however, direct capital and revenue unlocking requirements that will require government support include the need for:**

Strategic transport capacity, and other utilities, services, infrastructure and facilities

Education, community, health care and blue light services, facilities and infrastructure

Land remediation and reuse, and site enabling works for previously developed sites and buildings

Restoration of previously developed land, structures and buildings for positive future uses

Net zero energy and heat infrastructure solutions

Revenue support to provide capacity for growth

Multidisciplinary technical working and solution finding

Collective working between Regional Partners, Scottish and UK Governments and the private sector and others as relevant will be essential to secure the alignment that will be needed to identify, agree and deliver shared solutions.

## Funding & Financial Innovation

Collaborative working with both governments will start by identifying the financial innovation 'tool kit' as applicable to the delivery gap of each strategic site. Examples of current capital and revenue financial innovation mechanisms that may be applicable are set out below:

- The Deal commitments in terms of capital grant funding and exploration of wider financial innovation opportunities and:
  - Access to capital grant monies identified beyond the current Deal programme in other policy or portfolio areas (e.g. vacant and derelict land, transport, education and net zero, and place-based aggregate investment etc) linked and aligned to create place-based, rather than thematic approaches, to support delivery mechanisms for specific strategic sites;
- Using anticipated growth in the tax base at government level to support borrowing to address any initial funding gaps, which is repaid from taxation income generated by the development via annual outcome-based revenue grants;
- Outcome based funding models – e.g. Tax Increment Financing / Growth Accelerator Models;
- Risk Sharing Mechanisms – e.g. Securities / Guarantees / 'The Winchburgh Approach';
- User Funding – e.g. Regulated Assets / Concession Arrangements / Mutual Investments;
- Institutional Investment & Finance – e.g. Infrastructure Funds / UK Investment Bank / Public Works Loan Board / Scottish National Investment Bank;
- Partnership Approaches – e.g. Joint Ventures / ESCOs / government or bank investment;
- Land & Surplus Estate – e.g. Sales / receipts / re-provide / re-purpose / re-use / convert;

- Land value uplift – Infrastructure levy / developer contributions etc; and
- Revenue for Services – A 'New Homes Bonus' type approach.

An early task will be to identify common issues and requirements to de-risk and enable the sites and to investigate scalable and replicable approaches that can be combined in different ways. Once the 'Business as Usual' toolbox has been explored, there may be a need to consider any remaining delivery gaps and the need and scope for further support measures to be identified and deployed.

Overall, this will require collaborative working to collectively decide what may be possible, applied and / or to develop potential new approaches that can be deployed to ensure the sites are viable, deliverable, affordable, acceptable and sustainable. Live case studies are set out at Annex 1, addressing scenarios where there may be viability gaps, cash flow issues and approaches to address the need for additional revenue support for service delivery.







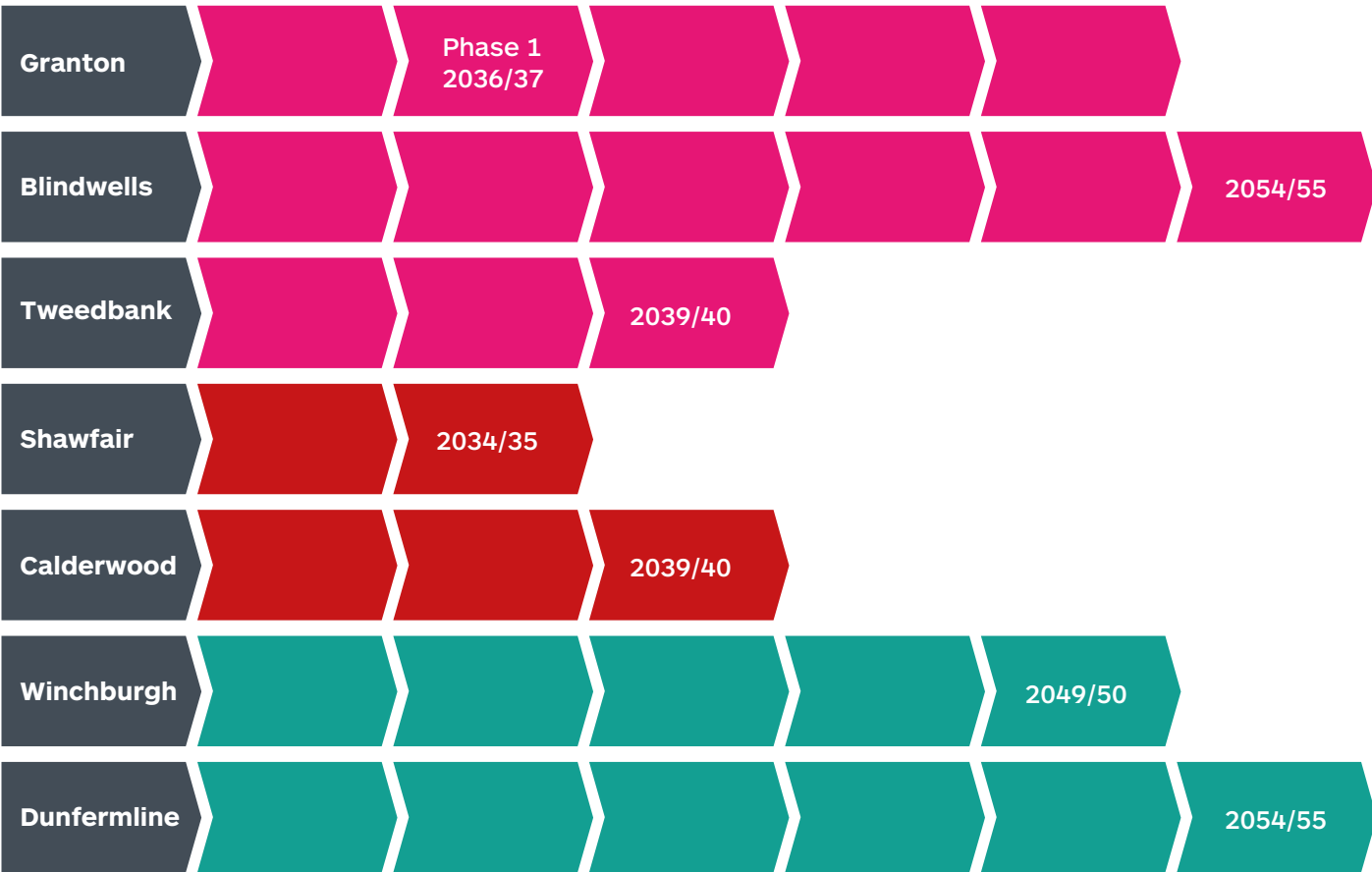
## 7. When is Action Required?

Our programme of business case development currently prioritises three business cases, which are under active development, and which are targeted for consideration in 2024/25. These are summarised below:

Strategic Site	Business Case Status / Stage / Target	Requirements
Granton Waterfront	Full Business Case – Phase 1 and Heat Network – Spring 2025	Land remediation Placemaking Affordable homes Net Zero
Tweedbank	Full Business Case – Summer 2025	
Blindwells	Strategic Outline Case – Winter 2024 Outline Business Case – 2025	Land Remediation Strategic Transport Education Net Zero Revenue
Shawfair		Education
Dunfermline		Education and Transport
Calderwood		Education
Winchburgh		Rail Station

The potential for on-going growth means that other strategic sites may need to come into the Strategic Sites Programme in future, if they form part of our regional ambitions or development plan spatial strategies.

## Strategic Sites Delivery Programme





## Delivery Gaps & Next Steps

### Personnel Resources

Regional Partners have developed this programme with input from Scottish Government on the basis it will be presented to Ministers for their views. We welcome that it is also set out in the Scottish Government's Programme for Government, and note the close alignment with UK Government ambitions to boost housing and infrastructure delivery too. We want to work collaboratively with both Scottish and UK Government to deliver this Strategic Sites Programme (SSiP).

However, to implement the ambitions set out within the SSiP a dedicated resource will require to be identified to drive the programme forward and to co-ordinate the work of any Strategic Sites Task Force, Strategic Site Leads Group and Delivery Group towards agreed solutions.

This resource currently sits outside the capacity of Regional Partners and the Scottish and UK Government. Regional Partners would welcome on-going discussion with Scottish and UK Government on how that personnel resource can be identified between the parties.

### Capital & Revenue Delivery Gaps

Regional Partners have stood up the Strategic Sites Leads and they are engaging with Key Agencies and others to identify the delivery gaps associated with each of the strategic sites in both capital and revenue terms.

## Annex 1

### Innovation in Action – Granton Waterfront a Regional Case Study

On Phase 1 of Granton Waterfront Regeneration, the City of Edinburgh Council recognises that while there is a large up front funding gap, the development itself will generate significant financial benefits in the longer term. There will be growth in the Council Tax base as well as additional LBTT, NDR and employment taxes at government level.

- A funding model is being developed with Scottish Government officials which seeks to use prudential borrowing to address the initial funding gap, which is repaid from taxation income generated by the development as well as wider resources available to the Council. Under this model additional Council Tax income generated from the development is being combined with some of Edinburgh's retained NDR revenue from the Forth Green Free Port to support repayment of borrowing.
- An initial government ask of c£70m has been reduced to:
  - a £15m call on the Strategic Sites investment funding identified within the City Region Deal, where the Scottish Government committed to at least £50m of funding to support delivery of strategic sites across the region; and
  - an annual outcome-based revenue grant of c£2m per annum over a 20-year period paid for by additional tax generation.



Granton Waterfront

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## Innovation in Action – Winchburgh a Regional Case Study

### Background

- The site had been identified in the development plan for some years prior to planning consent being granted in 2012. However, that planning consent limited the number of houses which could be occupied prior to funding to deliver the new secondary school infrastructure, which was required to support 3,450 houses, being fully committed.
- The lead developer was committed to fully funding the secondary schools but could not do so at this early stage of the development. This was essentially a cash flow issue for the developer but a failure to secure an agreement to delivery of the infrastructure would have resulted in the development stalling.
- The developer was committed to funding the non-denominational secondary school infrastructure together with making contributions to the provision of the new denominational secondary school but needed to do so over the life of the development rather than as a single contribution at an early stage of the development. The City Region Deal afforded the opportunity to take a different approach based on risk sharing and the provision of underwriting and guarantees.
- The council indicated that it was prepared to forward fund the secondary school infrastructure provided guarantees were put in place to ensure that the council could service the debt each year over the lifetime of the borrowing.

### Solution

- A Tripartite Agreement with the lead developer, the Scottish Government and the Council was put in place to share the risk and provide the necessary guarantees. The agreement provided the necessary reassurance for the council to forward fund both the denominational and non-denominational schools. It was the risk sharing agreement which allowed the



Winchburgh, West Lothian

Photo: Gary Baker Photography

- development to progress. Over 1,000 houses have now been occupied.
- The Tripartite Agreement was signed prior to the pandemic and despite the challenges that this, and subsequent financial volatility created, the council has continued to secure the necessary financial contributions each year. Indeed, despite these challenges, contributions are ahead of the assumed financial profile. The debt is being reduced on an annual basis meaning that any call on the Scottish Government guarantee is lower than the maximum risk at the time of signing the agreement.

### Outcome

- Progressing the development at Winchburgh has wider economic and environmental benefits than simply the provision of new schools and 3,450 new houses. The development has also delivered a new denominational primary school with a new non-denominational primary school under construction, delivered a new sports hub with community access, allowed the remediation of a land fill site, delivered a new motorway junction on the M9 and a new marina on the Forth and Clyde Canal. The new denominational secondary school also removed a constraint on housing development which applied across the whole of West Lothian. This would not have been delivered without the innovative risk sharing approach with Scottish Government.

## Requirement for Innovation – Revenue Funding

### Background

- As the fastest growing region in Scotland, the scale of housing growth in Edinburgh and South East Scotland creates significant revenue budget challenges for the region's local authorities, including higher school rolls, more domestic waste collections and maintenance of newly adopted roads, parks and street lighting. The impact is felt more acutely in smaller authorities where increases in housing is proportionally greater.
- While these costs are partially offset by additional Council-tax revenue, and increased general revenue grant from Scottish Government, there remains a significant budget pressure. This can be exacerbated in the short-term by the lag between housing growth taking place and the necessary data becoming available to update the local government formula.
- It is recognised, however, that local government funding is limited and we cannot solve the problems by seeking to divert resources from other Councils. A more innovative approach is required.

### Capturing the Benefits of Economic Growth

- As set out in the deal document, housing development is key to unlocking the region's economic potential, generating additional tax receipts for both Scottish and UK governments. Collectively, in delivering over 41,000 new homes across the strategic sites, over £30bn Gross Value Added will be generated. We would like to explore mechanisms whereby some of these receipts can be returned to the region to offset the impact of housing growth.



Blindwells New Settlement, East Lothian

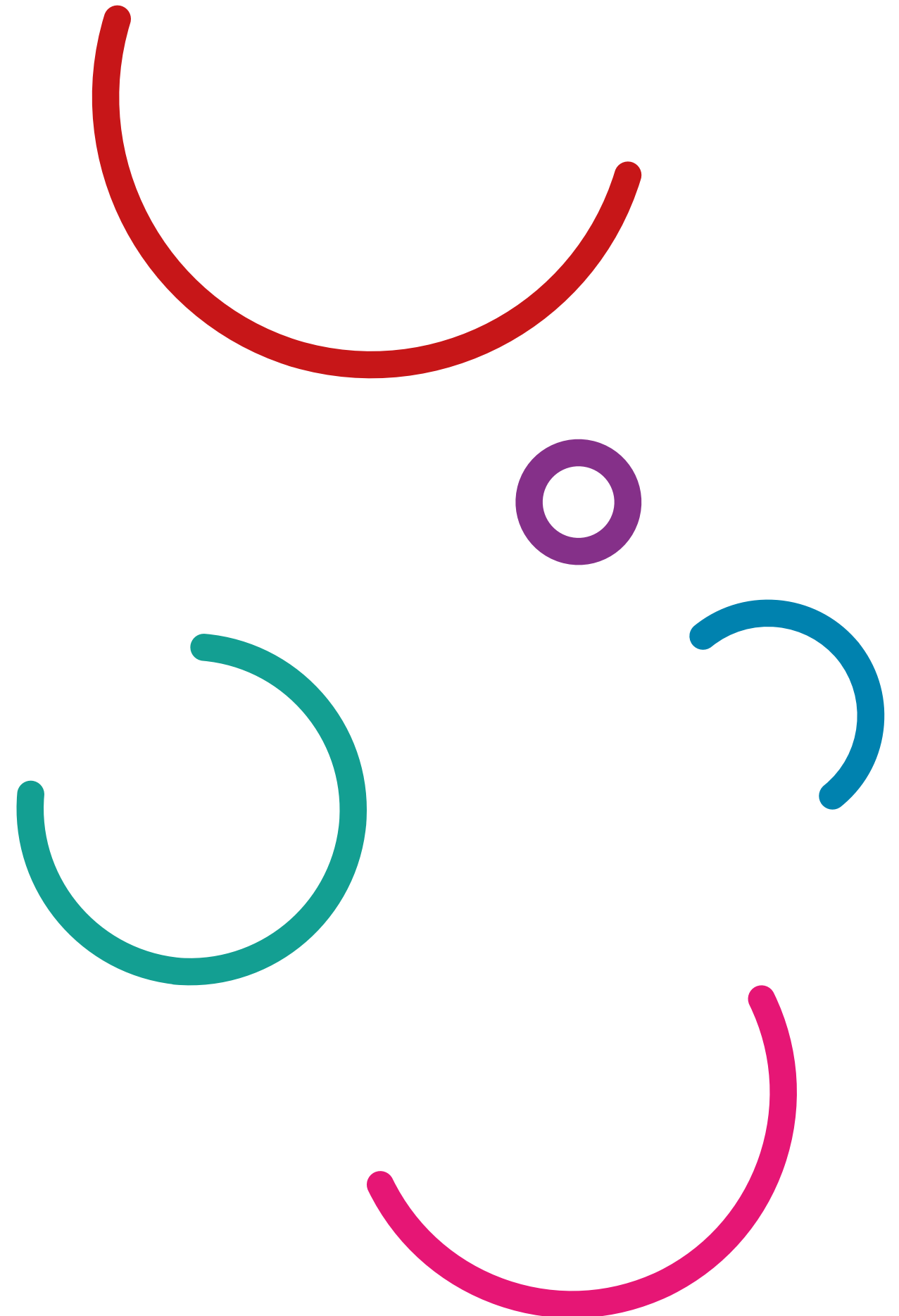
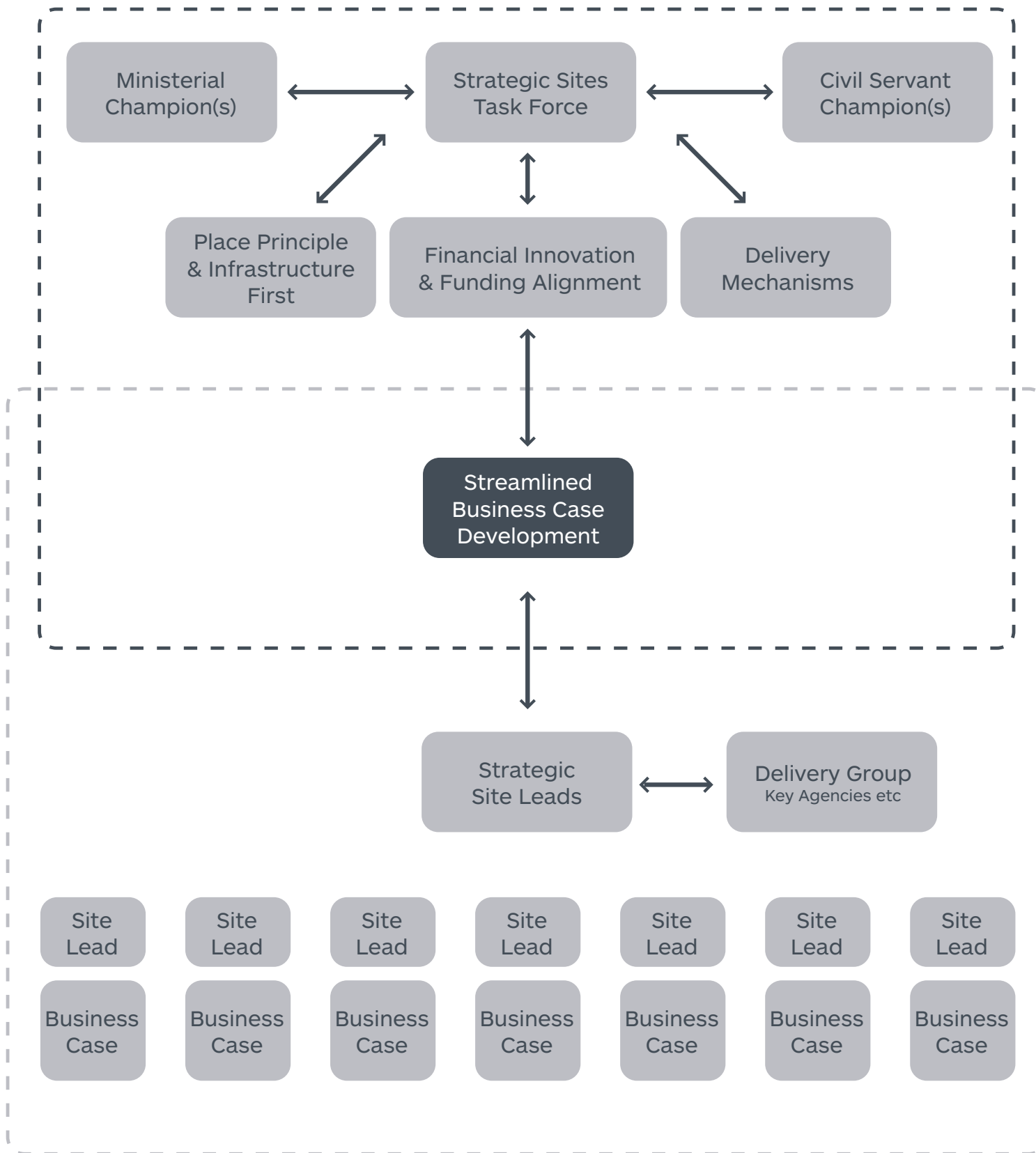
### A New Homes Bonus for Scotland

- A scheme similar to England's New Homes Bonus would help address some of the revenue challenges. It provides incentives to increase house stock encompassing new build, conversions, and long-term empty properties bought back into effective use. Payments for each eligible property are paid for six years and are calculated per home in terms of the national average Council Tax Band for that home. A flat rate of £350 per year is also paid for each affordable home delivered.





## Initial Organogram





## Initial Logic Model





## Further Information & Contacts

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