



Cities Growth Fund 2006-08

– guidance on the preparation of investment plans for the second funding round

“We will realise the potential of our great cities, working with Glasgow, Edinburgh, Dundee, Aberdeen, Inverness and Stirling and their neighbours to prepare growth strategies that maximise the unique characteristics and opportunities of each city.”

*A Partnership for a Better Scotland, 2003*¹

Introduction

1. The Cities Growth Fund was launched in 2003 to provide £90 million over the three years 2003-06 to support growth and opportunities in our cities. Building on the evidence base set out in the *Review of Scotland’s Cities*² and the Executive’s framework policy document *Building Better Cities*,³ the Fund is intended to provide a dedicated source of investment funding for Scotland’s six cities and to result in clear, measurable improvements in each City-Region.
2. The Scottish Budget 2004 extended the Cities Growth Fund for a further two years, maintaining funding levels in real terms over the new Spending Review period and responding to the continuing need for a stable source of infrastructure investment funding for Scotland’s cities as the keystones of a growing economy. In December 2004, Tom McCabe, Minister for Finance and Public Service Reform, announced provisional allocations from the Fund of £41 million for 2006-07 and £42.025 million for 2007-08.
3. As for 2003-06, release of the funding for 2006-08 (and formal extension of the existing grant agreement) will depend on Ministerial approval of each city’s spending proposals. Each city will therefore need to draw up new investment plans over the coming months in consultation with Community Planning partners, neighbouring local authorities and other interests across each City-Region. The new plans must be set within the context of the existing long-term City-Vision.
4. The present document is intended to support this process by providing concise guidance for the six city authorities and their Community Planning partners on the consultation and approval process. The guidance also takes into account the conclusions of the helpful round of meetings held with senior officials in each of the six city authorities following the announcement of provisional allocations, and we hope to continue this dialogue over the coming months as the investment plans for the 2006-08 funding round take shape.

¹ www.scotland.gov.uk/library5/government/pfbs-00.asp

² www.scotland.gov.uk/library5/society/rsca-00.asp

³ www.scotland.gov.uk/library5/finance/bbcs-00.asp

5. New funds have been set aside as follows for each City-Region:

<i>Provisional allocations:</i>	£ 2006-07	£ 2007-08	Total £ 2006-08
Aberdeen	5,292,000	5,467,000	10,759,000
Dundee	4,208,000	4,315,000	8,523,000
Edinburgh	11,195,000	11,506,000	22,701,000
Glasgow	18,030,000	18,405,000	36,435,000
Inverness	1,407,000	1,442,000	2,849,000
Stirling	868,000	890,000	1,758,000
Total	41,000,000	42,025,000	83,025,000

Investment plans for 2006-08

6. It is important that the Executive should be able to identify clearly the positive outcomes that will be generated for each city prior to releasing funding for 2006-08. The guidelines set out below therefore provide a basic template to adopt when submitting proposals to the Executive for use of the funds: investment plans should be brief but clear, outlining how money will be spent and, most importantly, the outcomes that will be delivered and how they will be evaluated. The investment plan should be a simple 'Word' document, with no more than one or two pages for each project, and need not include images. Once approved, plans will be published on the Executive's website.

The context: City-Visions

7. The Cities Review emphasised the importance of a clear, shared vision in providing the impetus and framework for a successful city. This has been borne out by our experience since 2003, which has demonstrated the value of involving local and regional stakeholders in the City-Vision process over the long term.

As outlined in *Building Better Cities: Guidance and Next Steps* (January 2003),⁴ City-Visions have the following key characteristics:

- outline the long-term vision of the city which local agencies, city authorities and others are working towards;
- identify the key elements (strengths, weaknesses, opportunities and threats) in the City-Region's long-term future;
- identify the key short-, medium- and long-term outcomes required for the city-region's long-term success;
- outline, to an appropriate level of detail, proposed measures to achieve the long-term vision;
- derive from the existing Community Planning process and demonstrate strong links with Local Economic Forum structures and plans;
- demonstrate buy-in of all key players from the city and, importantly, the wider City-Region through consultation with Community Planning Partnerships in adjoining areas.

⁴ www.scotland.gov.uk/library4/FCSD/POLUnit/00016092.aspx

8. The Scottish Executive is keen to ensure that activity supported by the funding being provided to the cities should be focused on priority issues identified by City-Vision exercises. The proposals for spending Cities Growth Fund allocations for 2006-08 should continue to reflect the priorities set out in each City-Vision and should be set clearly within this context.

9. The City-Visions, prepared and endorsed by Ministers as long-term strategies covering at least a ten-year period, should not yet require substantial revision, although they are not intended to be set in stone. We therefore suggest that any changes that cities may deem desirable at this stage should be made as part of the new investment plans. The new plans will, in effect, form a concise supplement to each City-Vision and will be subject to agreement by Ministers.

10. As well as addressing priorities set out in each City-Vision, investment programmes should reflect the characteristics of successful City-Regions described in recent policy documents such as the *National Planning Framework for Scotland* (April 2004)⁵, the *Framework for Economic Development in Scotland* (September 2004),⁶ and in the revised edition of *Smart Successful Scotland* (November 2004),⁷ from which the following extract is taken:

Scotland's cities are vital to driving the overall economic health of Scotland. Cities represent the focal point for people, production of goods and services, technology development and retail as well as leisure and recreation. If sufficiently attractive, successful and diverse, our cities can draw and retain creative, productive people. The growth of Scotland's economy therefore depends on creating and promoting vibrant, diverse and attractive places which offer a quality environment for living, studying, working and trading.

While cities provide a focal point, they must also interact with their surrounding areas. Cities need the supply of people which come into them to work and spend but they must also be able to export goods and services out to their wider regions. The effective operation of local economies, labour and housing markets depends on the interrelationship between the cities and their regions and the infrastructure which connects them. Sustainable cities need thriving regions and, in turn, the success of the national economy depends on the economic competitiveness of our city regions.

Our city regions do not exist in isolation. They are diverse — geographically, culturally and socially — but, in a global setting, they are not large in scale. The connections between city regions must be exploited and their strengths combined to enable Scotland to compete effectively in a global environment.

11. Plans will also need to be set in the context of the Executive's *Infrastructure Investment Plan: Investing in the Future of Scotland* (February 2005),⁸ which states that "long term investment in Scotland's physical infrastructure will support the regeneration of our towns and cities". The Infrastructure Investment Plan describes the principal objectives of the Cities Growth Fund as follows:

⁵ NPF (Development Strategy): www.scotland.gov.uk/library5/planning/npf04-19.asp

⁶ FEDS 2 (Background Analysis): www.scotland.gov.uk/library5/government/bafeds-10.asp;

FEDS 2 (main document): www.scotland.gov.uk/library5/government/fedsm-00.asp

⁷ SSS 2: www.scotland.gov.uk/library5/enterprise/sssen-00.asp

⁸ www.scotland.gov.uk/library5/finance/iipifs-00.asp (see especially paras. 2.24-27 and Appendix B)

Cities have a vital strategic role in Scotland's economic and social development, and each of Scotland's six cities is key to the success of its wider City-Region. However, the *Review of Scotland's Cities* highlighted concerns, particularly from the business community, that capital investment was lagging behind development. *Building Better Cities: Delivering Growth and Opportunities*, launched in January 2003, sets our policy for city growth and has an explicitly spatial approach to economic development and regeneration, essentially identifying that there are key places in Scotland that need to be successful if Scotland as a whole is to prosper. The regeneration of particular places and communities is seen as key to the overall success of each city, and therefore to each of the City-Regions that surround them.

New investment plans should be set in the context of the existing City-Vision, which should be reviewed as part of the planning process. Plans should also take account of national policy priorities, including the *Infrastructure Investment Plan*, and the characteristics of successful City-Regions as described in *Smart Successful Scotland*.

Regional consultation

12. Local – and regional – ownership has thus far been an important element in the City-Vision process, including the Cities Growth Fund itself. Partnership working should contribute to the achievement of successful outcomes for each City-Region, as well as encouraging better working across geographical and administrative boundaries: the new investment plans need to reflect this priority and describe the processes that have been put in place and the working relationships that have been established to date.

13. The City-Vision process reinforces the Executive's commitment to Community Planning as the over-arching process for planning and delivering better public services. As facilitators of the City-Vision process, city authorities should therefore continue to promote active dialogue with their partners across each City-Region on progress to date and plans for the future. As with Community Planning, the most important function of the City-Vision is not as a finished document but as a stimulus for deeper and more systematic partnership working at City-Region level.

14. In significant respects, the ongoing City-Vision consultation process will be more broadly-based than each city's local Community Planning Partnership, since it must include neighbouring local authorities and other public and private sector stakeholders across each City-Region as well as partners within each city. Investment plans should indicate how city authorities intend to promote and sustain this regional dialogue over the long term and, specifically, over the life of new investment plans, taking into account progress that has already been made since the City-Visions were launched in 2003.

15. Ministers will wish to be assured that lasting arrangements have been put in place for City-Region working, and cities should take the opportunity afforded by the new investment plans to deepen their relationships with their partners. A balance should be struck between the efficiencies afforded by taking advantage of existing regional arrangements and the new opportunities for cross-boundary working that may arise if new alliances are forged. Effective regional working arrangements will reinforce the role to be played by cities in acting as catalysts for Scotland's economic growth.

16. Where possible, joint working should be taken forward in conjunction with regional groupings, such as the Clyde Valley Community Planning Partnership or in other arenas such as Local Economic Forums (e.g. the North East Scotland Economic Forum). Partnerships may also be set up specially to take forward one or more particular City-Vision projects (such as Dundee Central Waterfront). At city level, local partnerships such as the Inverness City Partnership may also have an important role to play in bringing together stakeholders with a common interest in the outcomes the Fund is to deliver. Proposals to develop inter-city working, for example between Edinburgh and Glasgow or between all six cities on particular themes (such as urban design), may also have significant potential (see para. 22).

17. For the purposes of the new investment plan, city authorities should ensure that they consult with their local Community Planning partners, neighbouring local authorities and other relevant interests across each City-Region, as well as with other cities, where appropriate.

Investment plans must clearly describe both:

- **the process of consultation on the investment plans for 2006-08; and**
- **arrangements for continuing partnership working – within and between cities and City-Regions – building on what has already been achieved since the launch of the City-Visions in 2003.**

Projects of regional significance

18. Projects funded by the Cities Growth Fund should be of regional significance, that is they should benefit the entire City-Region. Some projects may be designed specifically to benefit outlying areas – such as (in 2003-06) Edinburgh’s park and ride and regional bus route projects, or the Clyde Valley vocational training programme and Waste Management Innovation Fund. Other projects will focus on the city itself and its infrastructure – recognising that a thriving city centre “hub” is vital for the economic health and regeneration of the surrounding City-Region.

19. The balance to be struck will vary depending on the scale of the city and its metropolitan area; for smaller cities, the balance of projects may need to be weighted more heavily in favour of the city itself, so as to gain optimal benefit from the funding allocation. The process of local and regional consultation will be an important tool to reinforce commitment to the City-Vision programme across each City-Region.

Investment plans should focus on projects of regional significance, taking account of the distinctive characteristics and metropolitan scale of each City-Region.

Balance of investment projects

20. As with the first round of funding, the investment plans should focus primarily on capital projects designed to improve the urban infrastructure and contribute to the regeneration of each city and City-Region. Investment plans should demonstrate how the additional resources provided will maintain the momentum created by the City-Vision process as part of a coherent package of projects. The Fund is not designed to replace other specific funding sources directly available from the Executive, although it may provide complementary funding for particular projects, particularly those focusing on regeneration objectives.

21. As for 2003-06, a limited number of revenue projects may also be financed, provided they contribute to the achievement of the City-Vision and remain closely linked to the overall objectives of the Cities Growth Fund. For example:

- physical regeneration projects may be complemented by projects designed to improve the employability of the local population;
- improvements in city centre public realm may be accompanied by projects designed to improve the quality of urban design or the city's external identity or trading prospects;
- investments in the fabric of a city's cultural infrastructure may be accompanied by educational projects to ensure that people can access and enjoy the city's cultural assets.

22. Just as the priorities of each Community Planning Partnership are determined locally within a national policy context, so the City-Vision process should ensure that the particular priorities to be addressed by the Cities Growth Fund 2006-08 reflect local ownership of plans. The precise balance of projects to be financed by the Fund is therefore a matter for local determination – the final balance of projects should reflect a thorough process of engagement with local and regional stakeholders, of which details should be given in the investment plan document.

23. It may be possible for two or more cities to undertake a limited number of joint projects as part of their Cities Growth Fund programmes. Such proposals will be welcome, although it is recognised that varying geographical circumstances mean that this will not be feasible for all six cities.

Investment programmes should predominantly feature capital infrastructure projects, complemented by a small proportion of other projects designed to achieve the objectives set out in *Building Better Cities* and the local priorities determined as a result of the City-Vision process.

Continuing projects from the first round of funding

24. It is recognised that a number of projects financed by the Cities Growth Fund in 2003-06 will require future funding. Such projects will clearly be eligible for funding as part of the 2006-08 round, and may even form a major part of each city's proposals.

25. Where continuing projects are included in the programme for 2006-08, evidence should be included of what has been achieved to date, the outcomes anticipated in the future and the steps required to bring the project to completion, so that a robust case is made for future investment, particularly in cases where spending has slipped behind the original timetable (information on existing projects may be drawn from the latest Annual Report, updated as appropriate).

Investment plans may include existing projects from the first funding round and should reflect evidence of outcomes achieved to date and planned steps to completion.

Investment plans: summary of suggested contents

26. In addition to the points outlined above, investment plans should include:
- a general commentary on progress to date with the Cities Growth Fund for 2003-06;
 - a summary of the intended outcomes from the new funding round for 2006-08;
 - a financial profile summarising the use to be made of the funds available in each of the two years 2006-07 and 2007-08 in terms of the projects or service outcomes the funds are intended to finance;
 - details of long-term arrangements put in place to improve partnership working at City-Region level and to facilitate continued engagement and collaboration with:
 - Community Planning Partners;
 - neighbouring Local Authorities and Community Planning Partnerships;
 - stakeholders across the City-Region including Local Economic Forums; and
 - other cities and City-Regions.
 - details of consultation on investment plans undertaken with Community Planning Partnership(s) and Local Economic Forum(s), including the city's business community;
 - relationship of proposed City-Vision projects to other policy initiatives (such as the Vacant and Derelict Land Fund or Urban Regeneration Companies), particularly those contributing to the Executive's regeneration objectives;
 - output of consultation with neighbouring authorities, with other cities (where appropriate) and with public- and private-sector stakeholders across each City-Region.

27. For each project, the investment plan should include the following information:

Project Title	
Link to City-Vision	How does the project relate to the City-Vision?
Project Description and Summary of Intended Outcomes	Brief background to the project giving details of the proposed activity and the outcomes sought, including relationship with key policy objectives including regeneration.
Planned Allocation	Details of planned spend for each of the two years 2006-07 and 2007-08, as well as the total planned spend for the project over the two years of the Fund, specifying separately the capital and revenue elements.
Other Funding	The amount (and source) of any other funding that is expected to be obtained as part of the project.
Progress on Delivery (existing projects only)	For projects which were financed under the first funding round, outline progress to date, detailing outcomes already achieved (and steps taken to address any slippage).
Target Dates For Delivery / Steps to Completion	When will the project be complete? What will remain to be done at the end of the grant period?
Evaluation	Details of planned evaluation processes: - how will outcomes be measured? - when will be the right time to evaluate the success of the project?

Timescales

28. Final investment plans should be submitted to the Scottish Executive **by the end of September 2005** at the latest. Ministerial approval should follow as soon as possible thereafter. This implies that the process of consultation should be complete by summer 2005. Our intention is to work closely with each city to develop sufficiently robust investment plans which reflect both Ministerial priorities and the distinctive needs of each City-Region: it would therefore be helpful to receive copies of draft investment plans as soon as they become available.

Final investment plans must be submitted for Ministerial approval by the end of September 2005, following completion of each city's own consultation and approval process.

Other detailed requirements

29. The Scottish Executive recognises that many of the projects involved are likely to have long lead-in times and may potentially face other administrative requirements, for example planning consents for infrastructure projects. It is therefore accepted that investment plans may in some respects be provisional. Subsequent to Executive approval of investment plans, any substantive changes to proposals will need to be notified to and agreed by the Executive. Although the grant terms permit carry-forward between financial years, cities should work to ensure that this is minimised. Local stakeholders should continue to work to ensure that activities supported by the Cities Growth Fund and other funds administered by the Scottish Executive should be mutually reinforcing where possible.

Reporting

30. Following the 2006-07 financial year, authorities should provide a brief annual report on those activities supported by the fund, including details of the outcomes achieved and of any changes to the investment plan. At the end of the 2006-08 grant period, authorities will be required to provide a report detailing the outcomes achieved as a result of the second funding round. This report should also include an update on the outcomes from the first (2003-06) funding round and a global assessment of the city's City-Vision programme since its inception in 2003. Each report should draw on the results of the evaluations of individual projects completed by the authority (as outlined in the investment plans).

31. We recognise that, by the end of the 2007-08 financial year, a definitive evaluation of the outcomes of many projects supported by the Fund may not yet be possible (although a planned evaluation strategy will need to be built into each project plan from the outset). Cities should therefore supply a further assessment of projects progressed as part of the second (2006-08) funding round as soon as it is available, but in any case no later than 2010.

Contact details

32. For general queries relating to this guidance, contact details are as follows:

Community Planning and Cities Team
Scottish Executive
3-H Victoria Quay
Edinburgh
EH6 6QQ
Tel: Robin Benn: 0131 244 4956
E-mail: robin.benn@scotland.gsi.gov.uk

**Scottish Executive
Public Service Performance & Improvement Division
February 2005**