

Falkirk Growth Deal

Heads of Terms Agreement



Scottish Government
Riaghaltas na h-Alba
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Falkirk Council

Our signing of this document confirms our joint commitment to achieve the full implementation of the Falkirk Growth Deal.



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Iain Stewart MP
Parliamentary Under Secretary of State
for Scotland
UK Government

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Kate Forbes MSP
Cabinet Secretary for Finance and the
Economy
Scottish Government

Councillor Cecil Meiklejohn
Leader, Falkirk Council

EXECUTIVE SUMMARY

1. Falkirk Council and its partners have been working since 2015 to create an Investment Zone, a joint strategy for investment in priority projects that will accelerate sustainable and inclusive economic growth for individuals, businesses and communities. Falkirk is home to 160,560 people and presents particular challenges and opportunities to build on its strengths as a place to live, work, visit and invest. These include:
 - Maintaining and building competitiveness of established industry clusters.
 - Adapting Scotland's largest manufacturing cluster to low/net zero technology.
 - Areas of low education attainment and low participation in highly skilled jobs.
 - Limited employment opportunities for a growing population.
 - Over-reliance on manufacturing, retail, human health and social work sectors.
 - Declining town centres with limited central cultural offers.
 - Congestion and other issues affecting access to the Port and Industrial areas
 - Access to town centres and attractiveness of entry points.
 - The population of Grangemouth feeling overburdened by heavy industry.
2. To address these issues, the Growth Deal aims to channel investment behind two pillars of *Innovative Industry and Creating Great Places*, each of which includes a series of interlinked projects. This investment will bring forward proposals that will:
 - Transform Grangemouth's chemicals and related manufacturing industries as an internationally competitive low carbon proposition.
 - Re-connect with the Grangemouth community following the pandemic to enable opportunities for place-making and a just transition to net zero.
 - Enhance the area's public transport manufacturing capacity leading the change to low and zero emission vehicles.
 - Encourage dedicated skills provision focused on new, low carbon technologies.
 - Create sustainable and active travel routes linking key employment areas and enabling access across the Council area, regenerating town centres.
 - Further develop visitor and outdoor attractions to reinforce their appeal to national and international visitors.
3. The UK and Scottish governments will work collaboratively with partners in Falkirk to deliver a Growth Deal that will help to transform its economy. This "Heads of Terms" document defines the broad activities to be supported, subject to approval of full business cases that confirm these activities are viable, value for money, sustainable and subsidy control compliant to the satisfaction of both governments. This Heads of Terms document does not form a legally binding contract.
4. The investment of £40 million from the UK Government and £40 million from the Scottish Government and a contribution of £50.8 million from the local partners will result in a Growth Deal package worth up to £130.8 million for the region.
5. Falkirk partners predict that the proposed interventions will generate around £802m of Gross Value Added uplift, approximately deliver an additional 2000 jobs in the region and attract in excess of £1 billion of private investment.

THE COMMITMENTS

6. The information below broadly defines the areas and activities to be prioritised for support through the Falkirk Growth Deal, through the two themes of Great Places and Innovative Industry.
7. Support for the proposed projects and activities will be subject to the development and approval of business cases to the satisfaction of the sponsoring government or governments. Business case information must satisfy the relevant governments that the proposed activities are feasible, sustainable, value for money and will deliver suitable returns on investment. The governments must also be satisfied that the business cases are subsidy control compliant.

Innovative Industry

Carbon Dioxide Utilisation Centre

8. The Grangemouth industrial cluster is one of the 6 largest industrial clusters in the UK and hosts the largest cluster of advanced manufacturing businesses in Scotland. The increased focus on switching from fossil fuel reliant products to greener alternatives will lead these industries to examine other feedstocks, such as captured CO₂, to manufacture more sustainable products.
9. UK Government will invest up to £9 million and the Scottish Government up to £1 million through the Falkirk Growth Deal to enable the creation of the Carbon Dioxide Utilisation Centre. It will become the UK centre for advanced CDU technology testing to enable learning that can be shared with industry to make the transition to manufacturing sustainable products more effective and widespread.

Bioeconomy Accelerator Pilot Plant

10. In addition to carbon capture, emerging technologies such as Industrial Biotechnology can provide biological routes to develop new sustainable practices, which are less energy-intensive and better for the environment, than traditional chemical processes. Teamed with Scotland's access to a wide range of potential feedstocks, including whisky and food processing by-products, there is significant potential to harness the power of biology to deliver further decarbonisation.
11. To support this, the UK Government will invest up to £9 million and the Scottish Government up to £1 million through the deal to deliver the Bioeconomy Accelerator Pilot Plant. It will test and develop the portfolio of feedstocks necessary for the chemical industry to move away from traditional fossil fuels and include renewable resources or waste streams from other processes.
12. This will be co-located, alongside the CDU Centre, in a Sustainable Manufacturing Campus. This will provide a significant step forward in differentiating Grangemouth from other industrial clusters, supporting its overall decarbonisation pathway.

13. The Sustainable Manufacturing Campus, will provide a destination for businesses to innovate, collaborate, commercialise and share knowledge. This will strengthen the industrial cluster and increase inward investment opportunities, providing new green jobs and apprenticeships to Falkirk and Grangemouth.

Public Transport Net Zero Tech Cluster

14. Radical decarbonisation of the transport sector is needed to support a cleaner, healthier, and more sustainable future. Despite massive technological leaps taken to date as the shift to zero emissions accelerates, more needs to happen if we are to deliver the scale of change required. Falkirk and Grangemouth are well placed to lead in this area and drive the pace of change necessary.

15. The UK Government will invest up to £9 million and the Scottish Government up to £1 million through the Growth Deal to support this vision and enable the area to become a global leader in the development and manufacture of zero emission transport technology and interrelated industries.

16. Led by ADL, working with industry partners and the wider UK supply chain, the creation of a Public Transport Net Zero Tech Cluster will focus on cost effective decarbonisation of public transport, through the creation of a campus that boasts an R&D centre of excellence, a high-tech incubator and a dedicated flexible carbon neutral manufacturing space.

Strategic Innovation Sites

17. The UK Government will also invest up to £10 million through the Falkirk Growth Deal to support the development of the Strategic Innovation Sites as market-ready locations to attract investment in innovative industry. Growth Deal funds will accelerate project development with gap funding leveraged through additional partner investments.

18. These Innovation Sites will be capable of accommodating future sector opportunities within advanced manufacturing which have been identified as: chemical sciences, industrial biotechnology, CO2 Utilisation; and Zero-Emission Heavy Duty Vehicles.

Innovation Skills Transition Centre

19. Tackling inequality lies at the heart of Growth Deals and developing a sustainable skills transition pathway is crucial to ensuring communities are given the chance to engage with, and benefit from, the opportunities arising through the projects being delivered.

20. The Scottish Government will be supporting this through investment of £4 million in the development of an Innovation Skills Transition Centre. Led by partners at Forth Valley College, this centre will develop and deliver a targeted and innovative skills programme to school and college students, providing the pipeline of talent necessary for the Falkirk and Grangemouth Industry cluster, its supply chain and beyond, to grow equitably.

21. The centre will lead on the re-skilling and upskilling of the local labour market where businesses highlight that they need industrial expertise to allow them to capture the economic and environmental opportunities that are available in our transition to become carbon neutral. A physical multi-purpose space will also be created to encourage innovation and promote collaborative working to accelerate start-up creation.

Great Places

Falkirk Central Sustainable Transport Hub

22. Improving and investing in Falkirk's transport infrastructure is a key and integral part of the Deal and will support partners to deliver their aim of transformational, inclusive and sustainable economic growth.

23. The Scottish Government will invest £21 million in the Falkirk Central Sustainable Transport Hub and Green Travel Corridor. It is central to the successful delivery of other projects in the Deal, forming the foundations for the future movement of people around the area. This will include improved active travel access to the Grangemouth area and its employment opportunities. These measures will also assist the regeneration of the town centres of Falkirk and Grangemouth.

24. The project will demonstrate delivery against the National Transport Strategy priorities and outcomes as well as those of the Deal. Capitalising on the potential for modal shift and greater interchange opportunities, a '*Falkirk Central*' facility will be created at Falkirk Grahamston Station, to open up new multi modal connections for communities in Falkirk and the wider Forth Valley. Development of a regional active travel network will remove the barriers that currently limit individuals from walking, wheeling and cycling for everyday journeys.

Scotland's Canal Centre

25. Place-based regeneration has the ability to provide the economic stimulus needed to attract additional private sector investment to an area. Lock 16 on the Forth and Clyde Canal is a strategic asset which is currently underutilised and has the potential to become a positive, mixed use, bustling canal-side quarter.

26. The Scottish Government will invest £4 million to unlock the potential of this site through the development of Scotland's Canals Centre. Led by partners in Scottish Canals, the project will bring this derelict land back into productive economic use with wider social and environmental benefits. Scottish Canals will also provide £5.8 million of funding for the project.

27. Anchored by the relocation of Scottish Canals' headquarter offices, this project will extend benefits to local communities, creating first-class facilities for business, employment and training, community and recreation. A Centre for Excellence and Innovation in canal maintenance and boat building will offer opportunities for collaboration with local industry and will investigate decarbonising solutions.

Scotland's National Outdoor Art Park

28. The success of the Falkirk Wheel and the Kelpies has secured Falkirk's status as a destination for culture and tourism. It demonstrates the transformational potential of public art interventions to drive economic growth. Partners in Falkirk are keen to sustain this transformation and with support of £3 million of Scottish Government investment, the next step is the development of Scotland's National Outdoor Art Park. Delivered by the team responsible for the Helix, the project will deliver a series of creative interventions running along the banks of the Forth and Clyde Canal, breathing new life into Falkirk's urban waterfront.
29. It will offer visitors a journey through strengthened green corridors between the existing signature tourism assets, building upon their success to extend the regenerative effects of culture further across region.

Falkirk Arts Centre

30. The Falkirk Arts Centre aims to create a vibrant new fulcrum for the region's cultural sector whilst igniting the renewal of Falkirk town centre. Scottish and UK Governments will each invest £3 million in The Falkirk Arts Centre. This sits alongside £45 million of capital funds the Council has committed towards delivery of its civic headquarters and arts centre project, its match funding contribution to the Investment Zone package. It will create a 550-seat auditorium, studios, workshop and other facilities, intended to be a new regional destination for culture in Falkirk and the surrounding area.
31. The Arts Centre is intended to drive Falkirk town centre's regeneration, repurposing it as a vibrant cultural and residential centre. The business case for this project will confirm the approach towards delivering this important project including the regeneration benefits to be achieved.

The Greener Grangemouth Programme – Developing an Industrial Town for the Net Zero Age

32. The town of Grangemouth is impacted by the proximity of industry to its communities. Current levels of deprivation and other indicators suggest that the community does not benefit sufficiently in proportion to the wealth created locally.
33. The Greener Grangemouth programme aims to address this imbalance and ensure that the community of Grangemouth prospers from the jobs and wealth created, as it transitions to net zero. This reflects work by the national Just Transition Commission which has highlighted the need for towns such as Grangemouth to be assisted in this journey.
34. The Scottish Government will invest £2 million of revenue funding in the Greener Grangemouth Programme through the Falkirk Growth Deal, with further Scottish Government capital investment to be delivered outside of the deal, to help progress a just transition. The programme will complement the work of the Grangemouth

Future Industry Board and will place Grangemouth as a demonstrator for place-making and just transition.

GOVERNANCE AND ASSURANCE

35. Strong and effective leadership and governance is paramount to successful implementation and providing assurance to governments, local authorities and wider regional partners. The deal has been developed through joint working by the Council and its partners and they have consulted and engaged extensively to develop proposals. The approach to governance must help deliver transformative economic growth.
36. Local partners will demonstrate the feasibility, viability and value for money case for each project and programme before funding is made available. As such, all commitments in this document are subject to the approval of project business cases which are in accordance with relevant departmental and government policies and the identification of relevant legal powers.
37. Projects are locally led and owned, with Falkirk Council being accountable for the financial management of the deal and responsible for any liabilities incurred in the delivery of the growth deal.
38. Falkirk Council and its partners in the Falkirk Economic Partnership will establish and refine a model of governance through a local partnership agreement. This will meet the expectations set out in the Regional Partnerships work stream of phase 2 of Scotland's Enterprise and Skills Review. As part of new investment in the regional economy, ministers from both governments expect that the governance arrangements will include effective engagement with Scottish Enterprise and Skills Development Scotland, education and third sectors, as well as meaningful input from senior business and industry leaders.
39. Local partners will work with both the Scottish and UK governments to develop a final Deal Document including a detailed Governance plan, an Implementation Plan, a Financial Plan that takes account of affordability over the lifespan of the deal, together with a Benefits Realisation Plan and associated business cases for all projects and programmes receiving funding from the growth deal.
40. The growth deal funding, committed by both Governments, will be delivered over a 10 year period.
41. The Scottish Government is developing an Inclusive Growth Monitoring Framework which will incorporate indicators to measure progress towards the five high level inclusive growth outcomes (Productivity, Participation, Population, People, and Place) and will expect growth deal evaluation and monitoring reports to align with this.
42. Local partners will work with the Scottish and UK governments to agree a communications protocol and an operating protocol. Both documents will set out how communications about the deal and its associated activities are taken forward in a way that meets the needs of the regional partners as well as both governments.