

Local Government and Communities Committee

City Region Deals

Submission from Falkirk Council

This submission is made on behalf of Falkirk Council. It should be noted that the submission has been prepared during the recess period called for the Local Government elections and as a result the Council has not had the opportunity to consider its response to this consultation formally. The comments supplied are in draft and have been drawn from:

- the submission made previously by the Council to the Enterprise and Skills review
- the Council's submission to the UK Industrial Strategy Green Paper
- reports agreed by the Council concerning the delivery of the Falkirk Tax Incremental Financing (TIF) initiative and Grangemouth Investment Zone

It is noted at the outset that the Council is not currently a participant in City Deal initiatives. As a consequence, several of the questions posed by the Committee are not relevant to the Council at this point.

Falkirk Council's area includes the Grangemouth chemicals and refinery complex and the Grangemouth Port. The Council considers these to be national assets, of importance to Scotland's future growth prospects. The potential for economic growth at this location is recognised amongst the National Developments in the National Planning Framework (NPF3), Grangemouth Investment Zone. The Council is pursuing a £67m Tax Incremental Financing (TIF) initiative, which aims to create and sustain c6,000 jobs, attract £580m of private sector investment and stimulate added GVA for Scotland's economy of £415m annually. However it seeks greater flexibility and extent of financial support than is currently available via TIF.

Work to progress the development of the Grangemouth Investment Zone is underway currently with the support of the Council, national agencies and the area's business community. The Council seeks recognition of the value of this initiative to the national economy and that this is recognised amongst the variety of area-based initiatives such as City Deals being progressed.

In the view of the Council, Scotland has an overly complex pattern of area-based support for growth with a range of city deals, growth accelerators, TIFs, task forces and enterprise area initiatives. It suggests that there is a need to sharpen the focus and intent of the approach to area-based economic development to ensure that such initiatives generate genuine and achievable economic benefit for Scotland.

There is also a need to avoid an over-emphasis on the role of cities in Scotland's economy. Considerable effort and support is being directed toward the promotion of Scotland's cities, whereas we would like to see support directed to those locations where realistic and viable opportunities for economic growth exist and to where support is required to achieve positive outcomes.

The introduction of city deals and growth accelerator models has introduced an unnecessary degree of uncertainty and overlap amongst economic development networks in Scotland. In our view, the economy of Scotland relies on an intricate and extensive interplay of relationships between urban and rural, national and local, highland and lowland areas and measures to grow the economy should take advantage of each of these features.

Scotland has to muster support from across all of these to compete internationally and it is crucial to recognise the importance of key elements of economic infrastructure and activity out-with the cities. In the case of the Falkirk Council area, the combination of Scotland's largest port, refinery and petrochemicals complex at Grangemouth have a key role to play, not solely in the day-to-operation of Scotland's economy but in realising its fullest economic potential.

Scotland's system of economic development needs to include a mix of interventions and recognise that many of these are best delivered locally. Scotland has a diverse economy, meaning that a 'one size' approach is often inappropriate as it will often not meet local needs. A regional approach to growth must reflect the reality of economic geographies and the differences between areas. Local authorities are well placed to anticipate the need for collaboration and co-operate on numerous cross-boundary initiatives, where it is appropriate to do so. There is an appetite within local government to extend this approach. However, as reflected in the current Enterprise and Skills Review, there needs to be much greater clarity about respective roles and relationships to ensure maximum impact is achieved for public investment. The current lack of clarity has resulted in overlap and duplication, with scope for a more effective use of resources. Local authorities are uniquely placed to provide insights on localised circumstances and potential. A national framework is required that facilitates this local intelligence.

Falkirk Council also seeks to deliver inclusive growth tackling inequality of outcomes and opportunities within the labour market and recognising the importance of community and quality of place in delivering more equal outcomes. The Investment Zone proposal being developed by the Council and its partners is multi-dimensional and will address matters of social inclusion, well-being, participation and environmental outcomes, all as components of growth.

A strong national framework for growth is needed. Focus on city deals risks an over-reliance on the promotion of the economic prospects in urban areas to the detriment of the economy as a whole. We should acknowledge that very few of Scotland's cities have genuine metropolitan scale and that there is a need to galvanise the potential for growth across the country, capitalising on the significant opportunities presented beyond cities. The Council considers that the economic growth potential in Falkirk and Grangemouth is equivalent to that of several proposed city deals and that it is important to help realise this opportunity. With potential investment of over £2bn in this area we believe it is important to consider equivalent support mechanisms of the city deals and growth accelerators available outside the seven cities.

During 2017 – the Falkirk Economic Partnership (the body formed to drive forward the area’s economic strategy) is preparing a business case for the implementation of a city deal/growth accelerator-type programme (Grangemouth Investment Zone) which will use the greater flexibility and scope of this type of programme to build on the success and potential of Falkirk’s existing TIF programme.

We would welcome further discussion through this consultation process and would offer to keep the Local Government and Communities Committee fully briefed on the progress of the Grangemouth Investment Zone business case development.

Falkirk Council
Development Services
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