

ITEM No ...8.....

REPORT TO: FAIR WORK, ECONOMIC GROWTH AND INFRASTRUCTURE COMMITTEE – 22 SEPTEMBER 2025

REPORT ON: TAY CITIES REGION DEAL: UPDATE ON THE RESHAPING THE DEAL PROCESS

REPORT BY: EXECUTIVE DIRECTOR OF CITY DEVELOPMENT

REPORT NO: 291-2025

1 PURPOSE OF REPORT

1.1 This report provides an update on the delivery of the Tay Cities Region Deal, focusing on the status of projects in Dundee. It also outlines the ongoing “Reshaping the Deal process” being undertaken to ensure the successful delivery of the second half of the Deal.

2 RECOMMENDATION

2.1 It is recommended that the Committee:

- a notes the progress made to date on the delivery of the Tay Cities Region Deal;
- b notes that the Tay Cities Joint Committee has agreed a process to reshape the 2nd half of the Deal in order meet the original agreed outcomes; and
- c remits the Executive Director to update Members following completion of the Reshaping the Deal Process in Summer 2026.

3 FINANCIAL IMPLICATIONS

3.1 There are no direct financial implications arising from the agreement of this report.

4 BACKGROUND

4.1 The Tay Cities Region Deal (TCRD) brings together public, private and voluntary organisations in the Council areas of Angus, Dundee, Fife and Perth & Kinross to deliver a smarter and fairer region.

4.2 To enable this, Councils and partners in the Tay Cities region worked with the UK and Scottish Governments to secure funding and support inclusive economic growth. This investment is to improve skills and build economic infrastructure and next generation digital connectivity. The Tay Cities Region Deal was signed on 17 December 2020 and includes capital funding of £150m from the UK Government, and £150m from Scottish Government and was designed to lever in an additional £400m to create a total investment of £700m within the region. The Skills and Employability Programme comprising a total investment of £20m was the only revenue element of the TCRD. A further commitment of the Deal was that it would secure up to 6,000 jobs.

4.3 The Tay Cities Region Deal is now entering the sixth year of its 10-year programme. To date the Deal has enabled:

- a investment of **£155M** of the approved funding;
- b leveraging a further **£180M** of external Investment; and
- c supporting **2,451** jobs.

4.4 The success of the Partnership in its delivery of the Deal Programme to date has been recognised by both Governments. There has been acknowledgement that the Deal has delivered over a period of great challenge which has included significant construction resource availability in the early years and inflation arising from a combination of Brexit, Covid and the war in Ukraine.

5 TAY CITIES REGIONAL DEAL IN DUNDEE

- 5.1 The Tay Cities Region Deal is comprised of 1 fund (the Angus fund), 3 programmes (Culture & Tourism, Skills & Employability and a proposed Advanced Manufacturing Programme) and 38 individual named projects.
- 5.2 In Dundee, the following named projects have been supported by the Tay Cities Region Deal and delivered, or are in delivery, in the first half of the Deal: The majority of the funding for these projects has now been drawn down.

| Project | Lead Local Authority | Project Owner | Summary |
|---|----------------------|-----------------------|---|
| Growing Tay Cities Biomedical Cluster (£25M) | Dundee | University of Dundee | The MedTech R&D Unit refurbishment was completed in May 2024. Thiel Cadaver Facility Extension (CAHID) was completed in July 2024. The Tay Cities Innovation Hub at the Technopole completed and will be officially opened later in 2025. |
| CyberQuarter (£11.7M) | Dundee | University of Abertay | Construction/refurbishment of building on Abertay Campus now complete. Supporting pump priming fund - drawdown ongoing. |
| 5G Digital Test Beds (£2M) | Dundee | DCC | 11 trials (with a further trial underway) where sectors and industries are supported and enabled by advanced, wireless connectivity. |
| Dundee Airport (Revenue) (£1.45M) | Dundee | DCC | Support for the Dundee - London air service (Public Service Obligation). |
| Discovery Point Transformed (£2.5M) | Dundee | Dundee Heritage Trust | Ongoing support for the modernisation of Discovery Point. |

- 5.3 Good progress has also been made in several regional projects that sit within the Skills & Employability Programme led by Dundee & Angus College including Skills for Life Sciences (£1.975M), SME Skills (£2.47M) and the Tay Cities Engineering Partnership (£2M).

6 RESHAPING THE DEAL PROCESS

- 6.1 Although overall progress has delivered clear benefits across the region, the Deal has seen several challenges and issues arise over the first half of the deal. The impact of the Covid Pandemic and inflationary pressures has impacted on a number of projects and created challenges for many projects still to be delivered in the second half of the Deal.

The main challenges identified include:

- a significant inflationary pressures on projects;
- b availability and cost of materials;

- c changes in project viability/rationale caused by change in economic landscape;
 - d pressures on resources across the partnership and with project leads; and
 - e delays in progressing Business cases.
- 6.2 In recognition of these challenges, the Partnership has undertaken a process over the last 18 months to assess the deliverability of all projects, programmes and funds within the Deal. In March 2025, TCRD Joint Committee formally adopted a mid-programme Reshaping approach to assess all ongoing projects across the Deal. This review will conclude with a refreshed programme which will be agreed with by the Joint Committee and both Governments, in Autumn 2026 for the final years of the Deal.
- 6.3 The agreed review process sees projects and programmes categorised into three strands:
- a **Strand 1A:** Projects confirmed as able to proceed as originally set out in the Deal.
 - b **Strand 1B:** The Project remains viable but with a substantive change
 - c **Strand 2:** Projects that cannot proceed and will be replaced to deliver the overall objectives of the deal and deliver inclusive economic growth across the region
- 6.4 This process is summarised in *Appendix 1*, and the timeline in *Appendix 2*

7 DUNDEE PROJECTS AND PROGRAMMES WITHIN THE RESHAPING PROCESS

- 7.1 Officers continue to engage with key partners and project owners across the city as part of the process to fully assess the viability of projects to allow this to be fed into the overall Reshaping the Deal Programme. A number of Dundee projects were already in the second half of the Deal, particularly those in the Culture & Tourism Programme. The projects included in the Reshaping process are set out below, and officers are assessing the projects listed below against the three strands outlined in paragraph 6.3:

| Project | Project Owner | Funding/Remaining Funding |
|---|-----------------------|---------------------------|
| Named Projects | | |
| Just Tech | University of Dundee | £15M |
| Studio Dundee | DCC | £3M |
| Dundee Airport Investment - Capital | DCC | £6.5M |
| Aviation Academy for Scotland* | UHI Perth | £8.1M |
| Skills & Employability Programme | | |
| Targeting Hidden Talent | DCC | £3.8M |
| Culture & Tourism Programme | | |
| Tay Adventures – Dundee Marina | DCC | £11.35M |
| HMS Unicorn Project Safe Haven | Unicorn | £5.7M |
| Discovery Point Transformed Phase 2 | Dundee Heritage Trust | £1.6M |

* The Aviation Academy for Scotland has a Dundee element within the project

- 7.2 Deal Partners will engage with key stakeholders and project owners to develop project business cases for consideration as part of the Strand 2 discussions under the guidance and criteria set out by the Joint Committee.

7.3 The Tay Cities Region Deal is a successful and mature partnership across the region and has delivered significant impact in the first half of the deal. This includes over £155M of the funding drawn down, £180M of Investment secured (leverage) and over 2,451 jobs supported.

7.4 However, in recognition of the challenges faced by the partners across the region, a review process has been agreed that aims to ensure that the projects supported in the second half of the Deal will deliver the original outcomes agreed when the Deal was signed in 2020.

8 POLICY IMPLICATIONS

8.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate Senior Manager has reviewed and agreed with this assessment.

9 CONSULTATIONS

9.1 The Council Leadership Team were consulted in the preparation of this report.

10 BACKGROUND PAPERS

10.1 The 2024 Tay Cities Deal Annual Report can be accessed here:

<https://www.taycities.co.uk/sites/default/files/2025-03/TCRD%20Annual%20Performance%20Report%20-%202024.pdf>

10.2 There are some videos highlighting achievements to date and also case studies on some of the supported in the first phase of the deal that can be found here:

<https://www.youtube.com/watch?v=3E-XFLJJrkw>.

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4 September 2025

APPENDIX 1: STRUCTURE AROUND DELIVERY OF STRANDS

| Strand | Assurance | | | Partnership | Outcome |
|--|--------------------------------|-----------------------------------|--|---|--|
| | Evidence for Assurance | Assurance of Deliverability | Review 1 | Review 2 | |
| Strand 1A – Programme/Fund/Project will be delivered as entered into Deal or alternative proposed scope/commitments* | Programme/Fund/Project Owner** | Thematic Board Local Authority | S95 Officer Management Group Chair | Finance Directors Group Management Group | Confirmation of the projects that can deliver as originally agreed. Confirmation of the projects that require changes to scope/commitments with delivery assured. |
| Strand 1B – Local Authority identify substantive changes to Existing Project(s) in conjunction with Thematic Board and Partners, delivering the same commitments.** | Local Authority | Thematic Board Local Authority | S95 Officer Management Group Chair | Finance Directors Group Management Group | Identification of substantive changes to projects by Local Authority. |
| Strand 2 – any other alternative Project(s) within the region. | Any Partner | Thematic Board Local Authority | S95 Officer Management Group Chair | Finance Directors Group Management Group | Identification of alternative project(s) within the region. |

* The partnership has an agreed change control approach for any variation to a Project as entered in to Deal/approved business case.

** Thematic boards to lead on the request for the Strand 1A evidence for assurance, reflecting the action all have been undertaking following the July 2024 for the Projects that had been identified as being potentially at risk in terms of timing and delivery.

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APPENDIX 2: RESHAPING THE DEAL TIMELINE

| Partnership | Key Activities and Actions for the Reshaping of the Tay Cities Region Deal Programme | Deadline Date Quarters |
|--|---|------------------------|
| Government | | |
| Strand 1A Assurance of Existing Commitments | The lead local authority Directors to obtain and submit assurance that the Programmes, Fund and Projects can be fully delivered as entered into Deal, following liaison with the relevant Thematic Boards. | Q1 2025/26 |
| | Partners to indicate when any change requests will be submitted and any dependencies around change requests. | Q1 2025/26 |
| | PMO send Strand 1A responses to Review Panel. | Q1 2025/26 |
| | Review and assessment by Partnership Review Panel | Q2 2025/26 |
| | Assessment and Recommendations from Strand 1A presented in a report to Management Group and Finance Directors Group. | Q2 2025/26 |
| | Partnership engagement with Governments with outcome of Strand | Q2 2025/26 |
| | Joint Committee informed of progress of Strand 1A work. | Q3 2025/26 |
| Strand 1B Identify Substantive Changes to Existing Projects | The lead local authority Directors will identify and submit substantive changes, via change request process, for existing projects following liaison with the relevant Thematic Boards. | Q3 2025/26 |
| | Review and assessment by Partnership Review Panel | Q3 2025/26 |
| | Assessment and Recommendations from Strand 1B presented in a report to Management Group and Finance Directors Group. | Q3 2025/26 |
| | Partnership engagement with Governments with outcome of Strand 1B. | Q3 2025/26 |
| | Joint Committee informed of progress of Strand 1B work. | Q3 2025/26 |
| Strand 2 Alternative Projects within the Region | Partners identify and submit any alternative Project(s) within the region in the form of a SOC. It is important that any proposals are presented having secured local authority Director, Finance Director and Thematic Board approval. | Q4 2025/26 |
| | Subsidy Control assessment review of all alternative Projects by Tay Cities Legal, based on submitted subsidy control statements as part of SOC. | Q1 2026/27 |
| | Review and assessment by Partnership Review Panel (LA Directors, LA Finance Directors, S95 Officer and Governments). | Q1 2026/27 |

| Partnership | Key Activities and Actions for the Reshaping of the Tay Cities Region Deal Programme | Deadline Date Quarters |
|---|--|--|
| Government | | |
| | Report provided to Finance Directors Group ahead of Management Group. | Q1 2026/27 |
| | Assessment and Recommendations from Strand 2 presented to Management Group. | Q1 2026/27 |
| | Partnership engagement with Governments with outcome of Strands. | Q2 2026/27 |
| | Update to Joint Committee on outcome of reshaping work. | Q2 2026/27 |
| Formal Engagement with Governments to Confirm New Programme | The revised Programme, and any alternative proposals identified in Strand 2, will need to seek and secure Ministerial approval. It has been indicated that this would typically take 8-12 weeks. | Q2 2026/27 (Ministers - subject to availability) *pre-election end of March - May and Summer recess June - end of August will impact on Government Civil Servant and Ministerial availability |
| | The Partnership will need to provide a formal submission with supporting evidence for this request. The detailed breakdown will be set out in a later version of the timetable. | |
| | Report to Joint Committee (potential for special Joint Committee date if Partnership are in a position to have an agreed Programme earlier). | |