Financial Scrutiny Unit Briefing
City Region Deals

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An in-depth look at the inception and progress to date of City Region Deals in Scotland and alternative mechanisms for encouraging local approaches to economic growth, and an overview of City Deals and subsequent local growth and devolution deals in England.
# CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXECUTIVE SUMMARY</td>
<td>3</td>
</tr>
<tr>
<td>THE ORIGIN OF CITY DEALS</td>
<td>4</td>
</tr>
<tr>
<td>CITY REGION DEALS IN SCOTLAND</td>
<td>4</td>
</tr>
<tr>
<td>BACKGROUND - CITIES POLICY IN SCOTLAND</td>
<td>4</td>
</tr>
<tr>
<td>INTRODUCTION OF CITY DEALS TO SCOTLAND</td>
<td>5</td>
</tr>
<tr>
<td>HOW CITY REGION DEALS DIFFER FROM CITY DEALS</td>
<td>6</td>
</tr>
<tr>
<td>Scottish approach beyond City Deals</td>
<td>6</td>
</tr>
<tr>
<td>CITY REGION DEALS – CHALLENGES AND IMPACT</td>
<td>7</td>
</tr>
<tr>
<td>CITY REGION DEALS UPDATE</td>
<td>9</td>
</tr>
<tr>
<td>ACTIVE CITY REGION DEALS</td>
<td>9</td>
</tr>
<tr>
<td>Glasgow City Region City Deal</td>
<td>10</td>
</tr>
<tr>
<td>Aberdeen City Region Deal</td>
<td>12</td>
</tr>
<tr>
<td>Inverness and Highland City Region Deal</td>
<td>13</td>
</tr>
<tr>
<td>CITY REGION DEALS – IN PROGRESS</td>
<td>14</td>
</tr>
<tr>
<td>Edinburgh and South-East Scotland City Region Deal</td>
<td>14</td>
</tr>
<tr>
<td>Stirling’s City Deal</td>
<td>15</td>
</tr>
<tr>
<td>Tay Cities Deal</td>
<td>16</td>
</tr>
<tr>
<td>ALTERNATIVES TO CITY REGION DEALS</td>
<td>16</td>
</tr>
<tr>
<td>ALTERNATIVE JOINT WORKING APPROACHES AND PROPOSALS</td>
<td>17</td>
</tr>
<tr>
<td>Ayrshire Growth Deal</td>
<td>17</td>
</tr>
<tr>
<td>South of Scotland Alliance</td>
<td>18</td>
</tr>
<tr>
<td>Borderlands Initiative</td>
<td>18</td>
</tr>
<tr>
<td>Islands Bill</td>
<td>18</td>
</tr>
<tr>
<td>ALTERNATIVE FUNDING APPROACHES</td>
<td>19</td>
</tr>
<tr>
<td>Enterprise Agencies</td>
<td>19</td>
</tr>
<tr>
<td>Business Improvement District Funding</td>
<td>20</td>
</tr>
<tr>
<td>Enterprise Areas</td>
<td>20</td>
</tr>
<tr>
<td>Growth Accelerator Model</td>
<td>20</td>
</tr>
<tr>
<td>Transport Scotland</td>
<td>20</td>
</tr>
<tr>
<td>CITY DEALS IN ENGLAND</td>
<td>21</td>
</tr>
<tr>
<td>GROWTH DEALS</td>
<td>21</td>
</tr>
<tr>
<td>DEVOLUTION DEALS</td>
<td>21</td>
</tr>
<tr>
<td>EVALUATION OF ENGLISH CITIES POLICY</td>
<td>22</td>
</tr>
<tr>
<td>UPDATE ON FIRST WAVE CITY DEALS</td>
<td>22</td>
</tr>
<tr>
<td>SOURCES</td>
<td>25</td>
</tr>
<tr>
<td>RELATED BRIEFINGS</td>
<td>32</td>
</tr>
</tbody>
</table>
EXECUTIVE SUMMARY

City Deals were first introduced by the UK Government in 2011 as a way of encouraging local economic growth and the movement of economic decision-making away from central Government. The majority of City Deals focus not only on cities but on the wider regions around cities. The first wave of eight City Deals were announced in July 2012, followed by a further 18 City Deals being agreed across 2013 and 2014. In England, the aims of these City Deals have been further bolstered by subsequent Growth Deals and Devolution Deals in 2014 and 2016.

There are currently three agreed City Region Deals in Scotland, which represent a partnership of funding between the Scottish Government, UK Government, local government and regional partners. As with other City Deals, these cover the wider regions around Scotland’s cities. Scotland’s remaining four cities are currently engaged in discussions with the Scottish and UK Governments. These deals combined represent the involvement of 23 of the 32 Scottish local authorities.

This briefing provides an in-depth update on City Region Deals in Scotland, a comparison to the wider package of measures introduced in England, a look at the reception and impact of City Region Deals, and detail on alternative methods of stimulating and supporting economic growth and infrastructure investment. It also provides an overview of the background to the introduction of City Deals and the subsequent Growth Deals and Devolution Deals in England, along with further detail on the first wave of City Deals in England. This briefing does not cover a full overview of cities policies prior to the introduction of City Deals, nor does it look at the international context, or the wider academic discussion on local devolution and inclusive growth.
THE ORIGIN OF CITY DEALS

City Deals originate in the UK Localism Act 2011, which aimed to facilitate the devolution of decision-making powers from central government control to individuals and communities. This included the Core Cities Amendment, which offered local councils the opportunity to submit plans promoting local economic growth. Councils would then be invited to negotiate deals with central government for greater local autonomy over financial and planning matters.

In December 2011, the UK Government published its consultation document Unlocking Growth in Cities, which formally introduced City Deals. The document explains—

“The Coalition Government will be working with different cities over the coming months to agree a series of tailored ‘city deals’. These will consist of new powers for cities, enabling civic and private sector leaders to influence the key decisions that affect their economic competitiveness; and/or innovative projects to unlock growth in each area.”

City deals were introduced as agreements between the UK Government and cities (administered through their local authority) to give local areas across the UK specific powers and freedoms to help the region support economic growth, create jobs or invest in local projects.

The first wave of City Deals, launched in July 2012, covered the eight largest cities in England outside of London – Birmingham, Bristol, Greater Manchester, Leeds, Liverpool, Nottingham, Newcastle and Sheffield. This Government’s consultation document stated that the ‘Core Cities’ estimated the first wave of deals would “create 175,000 jobs over the next 20 years and 37,000 new apprenticeships.” The UK Government committed up to £2.3bn to these deals, which were the first in a line of government deals designed to shift responsibility for creating local economic growth to local leaders. Ongoing funding for a number of City Deals, specifically those based around major infrastructure projects, is released on the basis of success, using gateway reviews, conducted by a National Evaluation Panel (led by the independent SQW Group).

CITY REGION DEALS IN SCOTLAND

BACKGROUND - CITIES POLICY IN SCOTLAND

In 2000 the then First Minister announced that the Scottish Executive would be conducting a review to look at the challenges and opportunities faced by Scotland’s cities. The Review of Scotland’s Cities (2002) focused on Aberdeen, Dundee, Edinburgh, Glasgow and Inverness. Stirling had only recently reached city status, and Perth did not do so formally until 2012, so neither were included. The Executive’s response to the review, Building Better Cities (2003), gave an overview of the £90m City Growth Fund (CGF) and set out a framework for future city-region planning. Stirling was included in these plans, and it was expected that the six cities of Scotland would see funding used for innovation, community and transport projects. In GEN Consulting’s Interim Evaluation of the Cities Growth Fund: A Report to the Scottish Executive (2007), it was concluded that the impact of the fund had been limited and, for the most part, it had become difficult to differentiate spending through the CGF from standard local authority spending. The Cities Growth Fund remained in place until 2007-08, after which point spending on cities was mainstreamed.

The Scottish Government published its Agenda for Cities (2011b), which established the Scottish Cities Alliance, in 2011. This Alliance is a partnership of Scotland’s seven cities and the Scottish Government, the purpose of which is to attract investment and jobs into cities, developing a multi-billion pound investment pipeline. The first major investment from this approach, the £30m Mill Quarter development in Perth City Centre, was announced in 2015. At
this point a City Deal for Glasgow, detail on which is covered later in this briefing, had already been announced by the UK Government.

Although earlier iterations of the National Planning Framework (NPF) in 2004 and 2009 had highlighted the importance of moving towards a city region approach to strategic and economic planning, the Scottish Government’s Third National Planning Framework (2014), published in June 2014, was the first to include a heavy focus on the concept of city regions. The structure of the city regions set out in the document are largely reflected in the later city region deals (with the addition of the Ayrshire region), as are the aspirations for each city region. However, it is important to note that there is no formal connection between City Region Deals and the NPF, and the majority of City Deal proposal documents do not reference the NPF.

INTRODUCTION OF CITY DEALS TO SCOTLAND

On 3 July 2014 the former Prime Minister, David Cameron, and the former Chief Secretary to the Treasury, Danny Alexander, announced (UK Government, 2014) that they had agreed the UK Government’s £500m contribution to a new Glasgow and Clyde Valley City Deal. Glasgow City Council and surrounding local authorities would, in alliance, contribute £130m of their own money.

The funding was announced with reference to an aim to create a £1.13bn infrastructure fund that would support projects such as the city centre-airport rail link, major improvements to the region’s roads and bus network, and the development of new employment sites. The UK Government did not in their announcement explain where the additional £500m of funding to make the £1.13bn figure would come from. Within hours the Scottish Government announced its agreement to match the UK Governments £500m of funding. On 20 August 2014 the Glasgow City Region City Deal was formally signed.

The Scottish Government has not formally announced a programme of City Deals for Scotland. Rather, it issued an update to the Agenda for Cities, known as Scotland’s Agenda for Cities (2016b), in March 2016. This details the Scottish Government’s strategy for cities. Key priorities include:

- supporting Scotland’s Economic Strategy, namely through maintaining a focus on internationalisation, boosting investment and innovation, and supporting inclusive growth
- a strengthened focus on the city region
- a commitment to subsidiarity and local decision-making
- an emerging EU Urban agenda
- reaffirming the benefits of collaboration
- continued support of the Scottish Cities Alliance.

The Agenda also sets out the Scottish Government’s approach to measuring success in its cities and regions, which involves monitoring the number of businesses, private sector jobs, Gross Value Added, and foreign owned businesses. To supplement this data, the Scottish Government planned to include additional social measures to provide greater insight into inclusive growth in the future.

In its 2015 Autumn Statement (HM Treasury, 2015) the UK Government announced that it would be opening negotiations with both Aberdeen and Inverness on future city deals.
Subsequently, in its Draft Budget 2016-17 (2015c) the Scottish Government announced that it would “extend the city deal approach to cities across Scotland”.

Again, in its 2016 Autumn Statement (HM Treasury, 2016), the UK Government noted that it was in talks with Edinburgh about a deal, and awaiting a proposal from the Tay Cities. The Scottish Government, in its Draft Budget 2017-18 (2016e) states that it:

“is prepared to support all Scotland’s cities to develop City Deal proposals, where this can stimulate collaborative working and regional investment.”

HOW CITY REGION DEALS DIFFER FROM CITY DEALS

In Scotland, ‘City Region Deal’ is the prevailing term for City Deals. As referenced above, the Scottish Government has used the term ‘city region’ for some years. The Scottish Government (Scottish Government, 2017c) describes the aims of City Region Deals as being able to:

“… deliver positive outcomes in line with Scottish Government policy: they encourage Local Authorities to operate strategically at the regional level and they can support a long-term focus on the priorities required to deliver Scotland’s Economic Strategy. Each deal is bespoke to the city region and will include a package of measures designed to work as a coherent whole”.

The difference in wording suggests that the format of City Region Deals in Scotland may differ from that of City Deals in England. However, a number of ‘first wave’ English deals use the term ‘city region’ in their title, and the majority focus on the broader economic areas around cities. The Scottish Government’s description does not represent a marked departure from the approach used in City Deals in England.

There is, however, a distinction in how these deals fit in to a wider context of local economic and democratic devolution. In England, City Deals are one part of a package of measures designed to encourage strategic thinking between groups of local authorities, and to foster local democratic approaches to economic development. This package has been delivered in turn through the development of Local Enterprise Partnerships (LEPs), City Deals, Growth Deals and Devolution Deals (See City Deals in England). The equivalent programme has not been matched in kind in Scotland.

Scottish approach beyond City Deals

In Scotland, the Agenda for Cities encouraged an equivalent partnership approach for local authorities to that used by LEPs, albeit only for those local authorities covering and surrounding cities. The Scottish Government’s website suggests that instigating a proposal is the responsibility of individual cities:

“The Scottish Government will work with any Scottish City considering a deal to make a strong joint approach to the UK Government and through the Scottish Cities Alliance, we are exploring mechanisms to unlock investment in all of Scotland’s cities.”

On the next steps for Scotland, the Scottish Government has not announced an equivalent approach to Growth Deals. It has, however, committed to investing, in the Aberdeen City Region, a further £254m in funding out with the City Region Deal (Scottish Government, 2016a), targeted towards the delivery of improved transport and digital connectivity and local housing programmes.

It is important to note that as all LEPs in England have a Growth Deal, the entirety of the country is covered. The same cannot be said for Scotland (see Alternatives to City Region Deals).
In the context of Devolution Deals, the measures taken to date in Scotland do not replicate the level of power passed on to local authorities in England through Devolution Deals. The Scottish Government did, however, state its commitment to supporting local democracy in its *Programme for Scotland 2016-17* (2016c), when it announced that it would be launching a consultation “to find out what electoral reforms Scottish citizens would like to see taken forward in future legislation”.

It is also worth noting that certain functions of Growth Deals and some Devolution Deals, such as the integration of Health and Social Care, employability and apprenticeships programmes, the devolution of business support budgets, and local transport plans have been enacted through other means in Scotland. This includes, as well as through legislation such as the Public Bodies (Joint Working) (Scotland) Act 2014, delivery of strategic initiatives through Scotland’s enterprise and skills agencies and Transport Scotland (see Alternatives to City Region Deals).

There are, however, a number of fiscal and other powers (Sandford, 2016), such as mayoral powers, being proposed under Devolution Deals that are not currently matched in Scotland. On 2 November 2016 (Davidson, 2016), the Scottish Local Government Partnership called for the Scottish Government to match the Devolution Deal approach being used south of the border. Leader of Aberdeen City Council and SLGP convener Jenny Laing said:

"While Nicola Sturgeon holds on to power in the centre she is strangling the huge potential Scottish cities have to drive investment into their areas.

"SLGP members want city-region devolution deals like the ones in England so we can improve the lives of the 1.3 million Scots we represent.

"Cities like Aberdeen and Glasgow need the power to raise their own money to not only bring inward investment but deliver the massive infrastructure projects we need to keep pace with our competitors all over the world."

**CITY REGION DEALS – CHALLENGES AND IMPACT**

The Fraser of Allander Institute, in its December 2016 economic commentary, *Fiscal devolution and Scotland’s cities: ‘double devolution’ and optimising urban investment* (Clark, 2016) notes that the three negotiated deals in Scotland “could have an important impact in increasing urban productivity, and increasing the culture of partnership and innovation in these three city regions”, but that “many more steps remain”. The commentary argues that for cities in Scotland to move forward “they need to be empowered – with additional roles, funding and competencies, because they will need and are best-placed to identify their infrastructure investment requirements, especially in transport and housing”.

The commentary goes on to look at the broader approach taken in England, along with various other models of local devolution around the world, as options for Scottish Cities. It does not suggest that one particular model would be most appropriate in Scotland, but that any approach by cities should take into account the following:

- Fiscal devolution: It should provide sustained resources for cities to enable them to make major investments in city-regional infrastructure and housing investment, for example via locally-levied revenues (e.g. residential and property tax, land tax, tourism levies etc.).

- Integration of services: It should enable integrated approaches to public transport (road, rail, bus, tram and active travel), health, unemployment, care, adult skills, and employability, so that these budgets can be combined to achieve greater impact.
• Incentivise cities to invest: It should produce resources sufficient to promote continuous reinvestment in the built environment and city management so that Scotland’s cites adjust successfully to the new disruptive technologies and the economies that they foster.

The Fraser of Allander Institute’s commentary concludes that there are three steps that might initiate the process of a reformed approach to cities:

“First, the Scottish Government could initiate an invitation for the Scottish cities to submit proposals on reforms that go beyond or are different to those developed in England. Second, Scottish Cities should consider which reforms they wish to promote and how they would use them to raise productive investment and pursue greater prosperity for Scotland. Third, businesses, universities and other civic leaders should work with the cities to design key reforms and promote them to the Scottish Government.”

The Accounts Commission highlight in their 8 March 2017 report, Local government in Scotland: Performance and challenges 2017 (Accounts Commission, 2017) that whilst City Deals offer the opportunity for economic growth and benefits for local councils and communities, there are still challenges in establishing partnership working and governance arrangements in a situation where a wide range of partners are involved. It also notes that there may be issues around continuity of progress following the 2017 local election, and that some rural councils may have to wait longer to see the benefits of City Deals.
CITY REGION DEALS UPDATE

To date, three City Region Deals have been signed in Scotland, and a further four are in the bidding and negotiating stages. In addition, a Growth Deal for Ayrshire, which follows a similar tripartite structure to City Deals but covers a region with no cities, was launched in September 2016. The infographic below shows the makeup and coverage of these deals in the context as Scotland as a whole.

Figure 1: City Region and Growth Deals in Scotland

ACTIVE CITY REGION DEALS

Of the active City Region Deals, Glasgow is the most progressed, with the Aberdeen and Inverness deals only having been recently signed. The summaries below, therefore, primarily focus on the details of each City Region Deal as published on the deals’ respective websites, and further comment on progress has been made only in relation to the Glasgow deal. It’s important to note that statements on job creation and economic growth are based on modelling approaches, and it is too early to assess the progress made in meeting these aspirations. It’s also worth noting that the majority of funding allocations span a number of years, so the yearly
allocations to ongoing projects may represent relatively small sums of money when considered on an annual basis.

**Glasgow City Region City Deal**

The Glasgow City Region City Deal was agreed in August 2014 and comprises eight councils (East Dunbartonshire, East Renfrewshire, Glasgow City, Inverclyde, North Lanarkshire, Renfrewshire, South Lanarkshire and West Dunbartonshire). The Deal is described by the Glasgow City Region Cabinet as “the second-largest in the UK”, with funding to be paid over a twenty year period and unlocked in five-year blocks, subject to the City Deal delivering agreed outputs and outcomes, assessed through a Gateway Review mechanism. The funding breakdown, as detailed on the Deal website, includes—

- £500m each from the UK and Scottish Governments;
- £130m borrowed by the eight local authorities involved;
- £18.8m from the Department of Business, Innovation and Skills (now the Department for Business, Energy & Industrial Strategy), in addition to the main £500m allocation, to fund specific business, innovation and growth projects over three years; and,
- an additional £4.8m from the Department of Work and Pensions to fund Employability schemes over three years.

The decision-making body, the Glasgow City Region Cabinet, is made up of the Leaders of the eight member authorities, with meetings held every eight weeks and details available to the public. A new Director of Programme Management for the City Deal was appointed in November 2016, taking up post in January 2017.

Approved by the Glasgow City Region Cabinet in March 2015, the Assurance Framework is the formal document which sets out how the City Region Deal will be governed and managed, as well as investment decision processes and appraisal of the City Region Deal programme. It consists of three parts: The Glasgow City Region Cabinet; The Business Cases; Programme and Project Governance, including management arrangements, strategies and the Programme Management Office.

A Project Management Office administers and manages the Programme; liaises with the UK and Scottish Governments and other stakeholders; analyses and reports on the impact and delivery of projects and the overall programme.

The City Deal aims to support local leaders to deliver additional jobs, housing and improved transport infrastructure and connectivity across Glasgow and the Clyde Valley. According to the City Deal website, Glasgow City Region Leaders anticipate that the Glasgow City Region City Deal will give the City Region a permanent uplift in its Gross Value Added (GVA) of £2.2bn per annum (4%); generate 15,000 construction jobs during the construction period and 29,000 permanent additional jobs once construction is complete; and to unlock £3.3bn of private sector investment.

Projects are split over three themes—

- A £1.13bn fund will support twenty major infrastructure projects across the region for roads, bridges and improved transport infrastructure, quay walls, remediation, construction, public realm works, assisting further capital developments for housing, retail and commercial, and all of the supporting services to deliver these.
- Three labour market projects aim to help to address local employment challenges:
  - Working Matters - a new employment scheme for individuals in receipt of Employment Support Allowance will work with 4,000 people, assisting at least 600 into sustained work. (Project Value: £9m)
- **Youth Gateway** - an integrated employment programme for young people (Aged 16 - 24) will work with 15,000 people over the next three years, helping 5,000 into sustained work. (Project Value: £15m)
- **In Work Progression** - a pilot labour market progression programme in the Care sector to support the training and development of staff in low income jobs, boosting wages and reducing reliance on in-work benefits. (Project Value: £600,000)

- **Innovation and Growth** - three projects to support the growth of small and medium enterprises and enhance the life sciences sector
  - **Imaging Centre of Excellence** - the development of the Glasgow University led Imaging Centre (ICE) of Excellence at the new Queen Elizabeth II Hospital Campus will provide ground-breaking medical research and commercialisation facilities for clinical researchers and companies developing new products and services in the life science sector. ICE has secured £16m of City Deal funding from the Department for Business, Innovation & Skills (now the Department for Business, Energy & Industrial Strategy). (Project Value: £16m)
  - **MediCity** - the MediCity Scotland facility based at Euro Central Business Park in North Lanarkshire will bring together academics, entrepreneurs, clinicians and business support services to boost the development of new healthcare services and medical technology. This project is expected to create 150 jobs within new med-tech companies over the next 5 years. (Project Value: £4m)
  - **Integrated Grow-on** - the development of a new Centre for Business Incubation and Development in Glasgow's Merchant City will provide quality, flexible work spaces for growing small to medium sized enterprises and a highly focused account managed service from dedicated business advisers. (Project Value: £4m)

### Progress of the Glasgow City Region City Deal

On reporting and accountability, minutes and associated papers for the Glasgow City Region Cabinet are publicly available. These provide a useful level of detail on individual project milestones and evaluation. The first Annual Performance Report for the Glasgow City Region Cabinet also gives a useful overview of progress, though this is not listed directly on the City Deal website.

In January 2015, The Principal and Vice Chancellor of the University of Glasgow, Professor Anton Muscatelli, was appointed as Chair of the Commission on Urban Economic Growth, an independent body which would assist the Glasgow City Region Cabinet with “the co-ordination and maximisation of wider economic development activity related to the City Deal”.

The Annual Audit Report, produced by Audit Scotland, for the Glasgow City Deal Cabinet Joint Committee, gives comment on the governance and progress of the deal. The most recent of these covers 2015/16 and concludes “that the Cabinet’s governance arrangements provide an appropriate framework for decision making”. It also highlights that:

“Future funding depends on the outcome of five yearly gateway reviews, the first of which will take place in 2019. These will be based on the work of the Independent Commission on Urban Economic Growth who will submit an assessment to the UK and Scottish Governments on the performance of the City Deal. The national evaluation panel will work with the Commission to assess the City Deal’s performance.”

More accessible reporting on progress of projects is intermittent. The main City Deal website does give news updates, however these are presented in a different place on the website to the project overviews.

In looking further into specific projects, the majority of local authorities’ websites give an overview of infrastructure projects in their area, and some give details of who to contact for further information, but only Renfrewshire Council offer regular updates, a mailing list and
details of public engagement events. On the Labour Market and Innovation and Growth projects, only an overview is provided on the City Deal website, with no links to further information or updates.

The first Glasgow City Region City Deal project to be completed in the city was a new “centre of innovation”, The Tontine, which opened in May 2016. A dedicated medical technology incubation facility as part of the MediCity project in North Lanarkshire, and new units at Crossbill Business Park in Barrhead, were also opened in 2016. The first transport project, the Cathkin Relief Road, which is a new 7.3m wide carriageway between the junctions of the existing Cathkin Bypass/Burnside Road and Fernhill Road/Croftfoot Road/Blairbeth Road in Rutherglen, opened on 24 February 2017.

**Aberdeen City Region Deal**

The Aberdeen City Region Deal was agreed in November 2016 and includes two councils (Aberdeen City and Aberdeenshire) and an economic leadership board called ONE (Opportunity North East). According to Aberdeen City Council’s website, the Deal is valued to be worth (Aberdeen City Council, 2017) over £826m over a ten year period, broken down to—

- UK Government £125m.
- Scottish Government £125m.
- Aberdeen City Council £10m.
- Aberdeenshire Council £10m.
- the University of Aberdeen and Robert Gordon University £23,500m.
- Private Sector £485,450m.
- Other local economic partners £47,250m.

Central to the governance arrangements will be a new Aberdeen City Region Deal Joint Committee, established under the Local Government (Scotland) Act 1973 to oversee the implementation and monitoring of the Aberdeen City Region Deal. It will work with both Governments to ensure delivery of the Aberdeen City Region Deal. There will be nine seats on the Joint Committee, made up of three representatives from each of the administrations of Aberdeen City Council and Aberdeenshire Council, and the Board of Opportunity North East.

The Aberdeen City Region Deal comprises of six Key Project areas:

- The establishment of a new **Oil and Gas Technology Centre (OGTC)** to support innovation of the oil and gas industry in the North East, the rest of Scotland and across the whole of the UK, with the aim of becoming a global centre for solving offshore oil and gas mature basin, subsea and decommissioning technology challenges. The OGTC will aim to have a key role in maximising the economic recovery from the UK Continental Shelf, anchoring the supply chain for the longer term, supporting growth in internationalisation and ensuring the retention of high value jobs in the North East, the rest of Scotland and across the whole of the UK.
- An **Agri-Food and Nutrition Hub for Innovation** aims to stimulate higher levels of innovation for both existing companies and new starts/spinouts across the wider food supply chain. This will include start-ups and spinouts from the sustainable agriculture and seafood sectors.
- **Bio-Therapeutic Hub for Innovation** - comprising office and laboratory space, with essential Life Science equipment. The Hub will also have specific life science company support structures ranging from quality/regulatory to business accelerator and HR support.
- **Digital Connectivity** - the City Deal aims to support increased delivery of ultrafast fibre connectivity supporting a region wide sensor network. This investment will feed a regional data platform from which business, residential and public services can develop innovative applications. Priority will be given to connecting ultrafast fibre to the business and industrial parks across the region, including improved connectivity for rural areas.
• **Harbour Expansion** - the City Region Deal will contribute to the project initially through a commitment of up to £25m from both the UK Government (£12.5m) and the Scottish Government (£12.5m) towards off-site non-operational road infrastructure improvements (subject to an acceptable business case). The investment of up to £25m in supporting infrastructure is predicated on the delivery of the core harbour expansion project by Aberdeen Harbour Board. Aberdeen City Council and Aberdeenshire Council will invest up to £11m.

• **Strategic Transport Appraisal** - In January 2016 the Scottish Government announced its plans to invest, over the same 5-10 year time span as the City Region deal, an additional £254m in the North East’s infrastructure, in addition to its funding commitment for the City Region Deal. This would be targeted towards the delivery of improved transport and digital connectivity and local housing programmes requested by the local authorities. Within the City Region Deal, and in order to realise the full potential of the area, a transport appraisal (supported by UK Government and Scottish Government, Transport Scotland and local partners) will take a 20 year strategic view of the transport implications of the investment unlocked by the Deal across all modes including road and rail.

**Inverness and Highland City Region Deal**

The Inverness and Highland City Region Deal was agreed in principle with Highland Council in March 2016, and formally signed off on 30 January 2017 (Scottish Government, 2017a). The Deal includes a main focus on improving digital connectivity across the region. The deal includes a commitment of £315m of public funds, composed of (over a 10-year period)—

- £53m from the UK Government.
- £135m from the Scottish Government.
- £127m from the Highland Council and regional partners.

The Highland Council estimate, as published in the [Heads of Terms Agreement](#), that the Deal will—

- Help to rebalance the population with the aim of retaining and/or attracting 1,500 young people in the 18-29 age group over the initial 10 year deal period.
- Create 1,125 direct jobs as a result of City Region Deal projects with a further 2,200 additional jobs in the construction sector.
- Help to up-skill the labour market and contribute to moving towards a high skilled high wage economy. It also establishes a centre of excellence in rural healthcare with sufficient mass to attract research and investment to the region.
- Improve productivity and real wages, which are estimated to increase by 1.3 per cent and bring £100m per annum to the regional economy.
- Create 6,000 new houses over 20 years of which 1,800 will be affordable homes.
- Deliver private sector leverage from housing building and, through opening up land for commercial development, would see a return over a 20 year period of around £800m being invested in the economy of the city and region.

Projects include—

- **City Region Deal Digital** – aims to identify and explore ways to extend digital coverage to support the ambition for the Highlands to be the most digitally connected rural region in Europe. Funding - £20m from the UK Government.
- **Science Skills Academy** – aims to increase the proportion of indigenous young people who are able to take advantage of the growing opportunities in life sciences, renewable energy and digital technologies. Funding - £3m from the Scottish Government).
- The non-funded **Skills** project aims to equip businesses with the skills set needed to meet the current and future needs of the Highland economic landscape.
• **Northern Innovation Hub** – to be delivered by HIE in partnership with The Highland Council. It will deliver a range of targeted initiatives over a 7 year period principally across the food and drink, life sciences, creative industry and tourism sectors. Programmes will include graduate placement programmes, intensive support to young and new businesses, digital skills programmes and the adoption of competitive digital practices for highland businesses. Funding - £11m from the UK Government.

• **Innovative Assisted Living Scheme** – aims to establish innovative assisted living schemes using the latest IT healthcare to enable elderly people to live in their communities and avoid the need for them to be sent to hospitals and/or care homes. Funding - £3m from the Scottish Government.

• **School of Health, Social Care and Life Sciences** – aims to establish a centre of excellence in innovation and commercialisation in health and life sciences, by working closely with The NHS to support emerging highland businesses and attract new businesses. Funding - £9m from the UK Government.

• The **Air Access** initiative will create a key stakeholder group to take forward the commitment to ensure the importance of effective regional air access to the highland economy is recognised by policy makers and industry. Funding TBA.

• **Road Infrastructure East Link and Longman Interchange** – aims to provide significant improvements to connectivity within the city and open up considerable areas for economic development. Funding - £107m from the Scottish Government.

• **Affordable Housing** - aims to offer young people attractive, affordable housing in the highlands to enable them to stay in the region, retaining a young and vibrant workforce for the Highlands. Funding - £5m from the Scottish Government.

• The **Land Remediation – Longman** aims to release land for development. Funding - £10m from the UK Government.

• The final project sees the Scottish Courts and Tribunals Service relocating from Inverness Castle to a new site, and the Castle itself redeveloped as a tourist and heritage centre. Funding - £15m from the Scottish Government.

**CITY REGION DEALS – IN PROGRESS**

In addition to the three agreed City Region Deals in Scotland, there are a further four deals in progress. The Edinburgh and Stirling deals are now at the early stages of formal negotiations for funding with the UK and Scottish Governments. The Tay deal has formally launched proposals, but has not yet entered the negotiation stage. Given the stage of these three deals, the detail below very much represents the proposals put forward as opposed to what the final deals may look like or represent in terms of funding. The early stage of these deals also means that there is little comment from the business or academic world on the proposals. It’s interesting to note that Fife Council, being geographically and economically tied to both, is involved in both the Edinburgh and Tay deals (Muir, 2017).

**Edinburgh and South-East Scotland City Region Deal**

Proposals for an Edinburgh and South East Scotland City Region deal were made public in September 2015. This city region comprises six councils (City of Edinburgh, East Lothian, Fife, Midlothian, Scottish Borders and West Lothian). City Region Leaders agreed to establish a Joint Committee to oversee the City Region Programme, with representation from the local authorities, and from the university and business sectors.

Scottish Government officials have stated that the Scottish Government had been consistent in its support for a Deal for the region for a considerable amount of time and had been proactive in securing a commitment from the UK Government (Scottish Government 2017e)
The former Chancellor of the Exchequer announced the opening of negotiations for a City Region Deal for Edinburgh and South East Scotland as part of his budget speech on 17 March 2016.

According to correspondence from Scottish Government officials (Scottish Government 2017e):

“Terms of Reference were agreed between the Scottish Government and UK Government to commence tripartite discussions. Tripartite discussions have commenced and we have been progressing through a series of workshops to discuss and develop the proposals in more detail.

The latest proposals are for a Deal focusing on Transport, Housing and Innovation Hub interventions. Other proposals include interventions in digital, culture and tourism and a regional skills plan. The scale of the ambition of the deal and the projects included within it will be subject to negotiation between the partners.

Officials are working with the city region’s leads to understand more detail on the proposals and how they could make a clear and measurable significant long-term contribution to prosperity and fairness for the region and for Scotland. Both Governments have been consistent in advising the partners that a Heads of Terms agreement in Spring 2017 is achievable but that it is dependent upon progress made at detailed discussions.”

In his Autumn Statement on 23 November 2016, Chancellor of the Exchequer Rt Hon Philip Hammond MP stated that the UK Government will continue to work towards agreeing a City Region Deal for Edinburgh and South-East Scotland.

On 9 March 2017, Edinburgh City Council Leader Andrew Burns (Swanson, 2017) said that negotiations over the deal were now at “the endgame stage”, and suggested that the deal could be signed within a matter of weeks.

Stirling’s City Deal

Chancellor Philip Hammond confirmed in his Spring Budget (HM Treasury, 2017) on 8 March 2017 that negotiation was underway on Stirling’s City Deal, which also includes Clackmannanshire. Scottish Government officials (Scottish Government, 2017e) confirmed that the Scottish Government had “been consistent in its support for a City Region Deal for Stirling and Clackmannanshire for a considerable amount of time”. They explained that both Governments were working closely with the city region partners to understand their ambitions and develop proposals which would unlock investment and secure and grow the regional economy. Tripartite discussions between both Governments and Stirling and Clackmannanshire Councils were due to commence in March 2017.

The Bid proposal builds on Stirling Council’s existing key projects and initiatives designed to drive economic improvements. These include significant investment in housing and transport, the development of a new Stirling Sports Village, a new multi-partnership cultural strategy for the area and a renewed rural economic strategy. The City Deal website details the following proposed projects—

- **The Harbour** will extend and unify Stirling’s city centre and the River to create a new and exciting area of this city.
- **Digital District** will place Stirling at the forefront of digital innovation and enterprise nationally and internationally. Aims to deliver both a Digital Hub and Digital Campus.
- **Grow-on Space** will address the shortage of space in the city for incubating and developing the small to medium sized enterprise sector by providing a bespoke space for established businesses to develop.
- **City Park** will create a must-see destination to attract, retain and direct residents and visitors to and throughout the city, connecting with the Back Walk and City Centre and set below Stirling Castle.
• **The River** includes the development of a river taxi network, expansion and enhancement of pedestrian and cycle paths, development of the peninsulas and associated riverbanks and the incorporation of a barrage to allow water levels and water quality to be controlled.

• The regeneration of **Mercat Cross**, at the ‘top of the town’, is about focused activity to revitalise this geographically and strategically important area of the city, through initiatives like a City Market, increased permanent and temporary commercial space and a Cultural Quarter.

**Tay Cities Deal**

Dundee, Perth & Kinross, Angus and North Fife published their plans for the Tay Cities Region Deal on 3 February 2017 in 2 parts: a 20 year Regional Economic Strategy, and proposals for a Tay Cities Region Deal: Part 2 – Tay Cities Deal Proposal. The proposals were officially submitted to Scottish and UK Governments on Wednesday 1 March 2017. Discussions with councils and the UK Government are expected to commence in the near future as well as engagement with SG policy officials on the proposed projects.

The Deal has a focus on inclusive growth and tackling the opportunities and challenges in the region around innovation, internationalisation and connectivity. The proposal suggests that activities will generate an additional £900m of GVA per annum for the Scottish economy by raising the region’s GVA per employee to the Scottish average. The deal also aims to create up to 15,000 job opportunities over 10 years, significantly enhancing the employment landscape in the region. The submission document for the deal includes more than 50 projects, including a scheme to boost employment through oil and gas decommissioning.

The total cost of the investment within the deal proposal is £1.84bn, of which £826m (45%) over 10 years is sought from the Scottish and UK governments and their agencies. The balance would be met by the deal partners in the four local authorities, the private sector, universities, colleges, other public sector partners and the voluntary sector.

**ALTERNATIVES TO CITY REGION DEALS**

The following local authorities do not have cities, and are not currently involved in or seeking a City Region Deal:

• Argyll and Bute.

• Dumfries and Galloway.

• East Ayrshire.

• Eilean Siar.

• Falkirk.

• Moray.

• North Ayrshire.

• Orkney.

• Shetland.

• South Ayrshire.
ALTERNATIVE JOINT WORKING APPROACHES AND PROPOSALS

In England, all regions are covered by Local Enterprise Partnerships and Growth Deals awarded to those Partnerships. In Scotland this is not replicated, however approaches to joint working between local authorities to deliver economic growth and strengthen local democracy are being explored through a number of means. All of the local authorities not involved in city deals are involved in one or more of the approaches to joint working and economic and infrastructure investment detailed below.

The Ayrshire Growth Deal is a tripartite deal similar in nature to many City Deals, but applying to a region which does not have a city. The South of Scotland Alliance, covering the borders authorities, is a joint-working initiative between Scottish Borders Council, Dumfries and Galloway Council and Scottish Enterprise. The Borderlands Initiative seeks to provide an alternative approach to joint-working between the local authorities either side of the Border to deliver social and economic aims. For the island communities, a future Islands Bill may address similar issues.

Scottish Government officials (Scottish Government, 2017f) confirmed that Scotland’s three Islands Councils had held discussions with the Minister for Transport and the Islands, Humza Yousaf, on proposals to realise opportunities for economic growth in the Islands and enhance local democracy. The Minister was clear at the meeting that the next steps for the Island Councils would be to revisit and prioritise proposals and engage with Scottish Futures Trust to explore how proposals could be progressed including potential funding mechanisms.

In addition, Moray and Argyll & Bute were, at the time of publication, developing proposals and the Scottish Government “welcomes the ongoing work and looks forward to sight of the proposals”.

Officials also highlighted that the Minister for Business, Innovation and Energy, Paul Wheelhouse, had recently met (Trimble, 2017) with the Falkirk Economic Partnership regarding the Scottish Government’s involvement in a proposed new Grangemouth Investment Zone.

Ayrshire Growth Deal

On 28 September 2016 proposals for the Ayrshire Growth Deal (AGD), seeking over £350m of funding from the Scottish and UK governments and covering the three Ayrshire authorities, were launched. The Deal aims to develop further and build on the success of the area’s key industries, with strategic proposals including—

- over £80m of funding to develop aerospace industries in South Ayrshire
- a bid for £53m to develop the Ardeer Peninsula and Irvine Harbourside
- £30m being sought to further develop life sciences industries
- £22m of government funding for coastal regeneration in Ardrossan
- £130m to develop manufacturing sites at Moorfield (Ayrshire Engineering Park) AMIC (Ayrshire Manufacturing Investment Corridor) at Bellfield and the redevelopment in the former Johnnie Walker site at Hill Street as a mixed use development.
- £15m to develop Marine Tourism across North and South Ayrshire.

The AGD team aim to get feedback from the UK and Scottish Government and work alongside their partners to inform the next stage of the process. It is envisaged that this could lead to approval and implementation of an AGD from mid-2017.
South of Scotland Alliance

The South of Scotland Alliance, formed in 2001, aims to support economic growth in the South of Scotland, and campaigns on issues which are common across both the Scottish Borders and Dumfries and Galloway such as:

- Broadband.
- Mobile Phone Coverage.
- European Funding.
- Small Towns.

It holds regular meetings with key members of the Scottish Government, notably meeting with the former Minister for Finance and the Constitution, John Swinney (Scottish Borders Council, 2015), to talk about strategic issues facing the economy in the South of Scotland. The Alliance also has an economic focus, reflected in its South of Scotland Rural Regional Economic Development Programme for 2014-16. This focused largely on funding priorities for Scottish Enterprise and the respective councils.

The Alliance's Competitiveness Strategy for 2007-2013 looked at the problems, challenges and opportunities to improve transport and communications, business infrastructure, regeneration and place investments, assist companies and to improve the education and skills of local people. A revised strategy (Scottish Borders Council, 2016) covering 2016-2023 was published in April 2016.

Borderlands Initiative

The Borderlands Initiative was created by Scottish Borders Council and Dumfries and Galloway Council with Carlisle City Council, Cumbria County Council and Northumberland County Council. The Initiative was launched by the Scottish Government in August 2013. This followed shortly after the publication of the report Borderlands: can the north east and Cumbria benefit from greater Scottish autonomy?, produced for the Association of North East (of England) Councils (ANEC) and Cumbria County Council, which highlighted an interest among the Border regions in working together to strengthen business and tourism prospects in the area. Two Borderlands Summits were held, in April and November 2014, with all five Border councils represented. The UK Government’s Scottish Affairs Committee’s March 2015 report, Our Borderlands - Our Future (2015) highlighted that to date a strategy for the Borderlands Initiative had not been published. The Committee concluded:

“We welcome the creation of the Borderlands Initiative as a first step in effective cross-border and collaborative working, and recognise its role in delivering major benefits for this economic region. However, this potential will only be delivered if both the UK and Scottish Governments provide the vital political support and leadership required to deliver tangible benefits. We recommend that an inter-ministerial forum is set up to work alongside the Borderlands Initiative.”

Although a Borderlands Steering Group was established, and recommendations on a strategic framework were produced through commissioned research published in November 2015, a formal action plan for the Borderlands Initiative does not seem to be in progress.

Islands Bill

In 2015 the Scottish Government consulted on provisions for a future Islands Bill, which would seek to “allow the Islands to build a more prosperous and fairer future for their communities”. Part of the consultation aimed to identify “what additional powers and functions could be passed to island councils to benefit or better protect the island communities they serve”. The
consultation responses (Scottish Government, 2015b) were published in March 2016. The Scottish Government confirmed in its Programme for Government 2016-17 (2016c) that an Islands Bill would be tabled over the Parliamentary Year, which suggests a spring 2017 introduction.

ALTERNATIVE FUNDING APPROACHES

Currently, the alternative mechanisms for areas not included in City Region Deals to access funding for economic growth include support through Scotland’s enterprise agencies, Business Improvement Districts, Enterprise Areas, and the Growth Accelerator Model. These funding streams remain open also to those local authorities involved in City Region Deals.

Transport Scotland offers a strategic, Scotland-wide approach to transport infrastructure, which covers all local authorities and replicates some of the functions of Growth Deal funding in England.

Enterprise Agencies

In Scotland responsibility for local economic development lies with its two enterprise agencies, Scottish Enterprise and Highlands and Islands Enterprise (HIE). These hold some of the same functions to LEPs in England, but with a wider strategic approach across a greater geographical area. For example, there are a number of research and development, commercialisation and export support programmes delivered by the enterprise bodies. HIE is also responsible for the delivery of national programmes such as Wave Energy Scotland, Community Broadband Scotland and the Scottish Land Fund. The SPICe briefing SB 16-74 Economic development and business support gives an overview of the two development agencies and associated bodies, along with the funding they deliver.

Scottish Enterprise

Scottish Enterprise evolved from the Scottish Development Agency (SDA) which was created in 1975 to give effect to state interventionism in business and industry and the remediation of derelict land. Scottish Enterprise has statutory powers to “promote and assist economic development, enterprise and international competitiveness and to advise Scottish Ministers on all related matters”.

Highlands and Islands Enterprise

Highlands and Islands Enterprise, formerly Highlands & Islands Development Board (HIDB), was formed in 1965 and is one of the oldest regional development agencies in Europe. It was established to address socio-economic problems in the region, specifically high unemployment, net out-migration and declining industries. HIE delivers a range of business support services similar to those of SE; however, since its formation HIE has had an additional community/social remit which involves working directly with communities to address social, economic and infrastructure issues.

Enterprise and Skills Review

In May 2015 the First Minister announced that the Scottish Government would be reviewing its enterprise and skills agencies – Scottish Enterprise, Highlands and Islands Enterprise, Skills Development Scotland and the Scottish Funding Council. The review would “look at how to maximise our agencies' individual and collective impact and their effectiveness in increasing Scotland's productivity and growing the economy”. An interim report (Scottish Government, 2016d) in October 2016 concluded that, after a first review phase, there was a need for a new Scotland wide statutory board to co-ordinate the activities of the four agencies. It also
introduced the need for “a new vehicle to meet the enterprise and skills needs of the South of Scotland”, and set out a framework approach for the enterprise and skills agencies moving forward. As part of Phase II of the review, Professor Lorne Crerar, in a report published on 23 February 2017, set out a proposed structure for a new strategic governance board. Phase II is expected to conclude in spring 2017 (Scottish Government, 2017d), with its expected outcomes to include a programme of work to be undertaken over the lifetime of the Parliament.

Business Improvement District Funding

Separate from this investment, a town, commercial district or tourism and visitor area can seek to become a business improvement district (BID). This is where businesses vote to invest collectively in local improvements resulting in an improved business environment and improved local economic growth. BIDs are developed, managed and paid for by the commercial sector by means of a compulsory BID levy.

BIDs came into force in Scotland in April 2007 (Scottish Government, 2017b) as a result of primary legislation contained in Part 9 of the Planning etc. (Scotland) Act 2006 and other secondary legislation, including UK parliamentary regulations to implement reserved aspects of the policy.

Before agreeing to fund the additional investment businesses themselves will decide how their money will be spent and how much they are prepared to pay. Each business liable to contribute to the BID will be able to vote on whether or not that BID goes ahead.

A BID can be established wherever additional services to those which the statutory authority provides are desired by the local business community. It could be located in a town centre, in one or two particular streets or an entire tourism and visitor area. Equally it could be located in an industrial estate, business park or even, if there is sufficient business support, rural areas, including agriculture.

At the time of publication there were 36 operational BIDs in Scotland, with details on each available on the Business Improvement Districts Scotland website.

Enterprise Areas

In addition, in 2011, the Government Economic Strategy (2011a) outlined a commitment to establish four Enterprise Areas in Scotland as part of the process of creating a supportive business environment. These cover investment in life sciences, low carbon/renewables, general manufacturing, and growth sectors. The Programme for Government 2015-16 (2015a) highlighted the plan to extend the operation of Scotland’s Enterprise Areas by a further three years to 2020. Each location is provided with incentives for businesses such as a business rates discounts or enhanced capital allowances.

Growth Accelerator Model

The Scottish Government has developed the Growth Accelerator Model as a funding approach which Scotland’s Strategy for Cities explains "provides cities and regions with a means to invest in the enabling infrastructure to unlock private sector investment". The first of its projects is the St James Quarter in Edinburgh which the Scottish Government estimates will provide up to £60m of public sector investment. This in turn will then unlock around £1bn of new retail stores as well as leisure, hotel and residential developments in the city centre.

Transport Scotland

Transport Scotland is responsible for the delivery of major infrastructure projects and for overseeing the operation of the Scottish transport networks. This involves, as well as delivering
a National Transport Strategy, responsibility for addressing the specific needs of the diverse geographical areas of Scotland. For instance, the Islands Transport Forum brings together representatives from local authorities and regional transport partnership to “consider strategic transport issues affecting the islands and to ensure a greater involvement of the Islands Councils and those other local authorities with inhabited islands in the design, commissioning and where appropriate properly funded delivery of Transport Services to, from and within the Islands”

CITY DEALS IN ENGLAND

As noted earlier in this paper, City Deals have been one in a programme of measures introduced in England. The first of these was the development of Local Enterprise Partnerships (LEPs), which are partnerships between local authorities and businesses. Introduced in 2010 by the coalition Government, LEPs were established to replace Regional Development Agencies and are formed to reflect the geographic and economic areas of England. LEPs decide what the priorities should be for investment in roads, buildings and facilities in regional areas. They also hold strategic responsibility for the planning for and delivery of City Deals.

Following the first wave of City Deals, launched in July 2012, a further wave of City Deals were agreed between September 2013 and July 2014. This comprised of 18 City Deals, totalling £1.5bn of UK Government investment and covering the next 14 largest cities in England outside London, along with the six cities with the highest population growth between 2001 and 2010. City Deals were expected to be established on a transactional basis, with benefits for both the UK Government and the cities involved. The Institute for Government (Sims, 2012) took an early look in 2012 at whether the first wave of deals were in fact passing power to local authorities, and concluded that in most cases they were.

GROWTH DEALS

Following the second wave of City Deals, the UK Government announced a number of Growth Deals, which provide funds to LEPs for projects that benefit the local area and economy. Growth Deal funding was announced in two rounds, between July 2014 (£10bn of funding) and January 2015 (£1bn of funding). A third round of Growth Deal funding for the ‘Northern Powerhouse’ was announced on 22 January 2017.

Growth Deals have been made with all 39 English LEPs, which means that all of the cities which have City Deals also have Growth Deals. In many cases the funding for Growth Deals represents a far greater sum than that allocated through City Deals. For instance the Greater Birmingham and Solihull LEP was allocated £16m of funding through the City Deal agreement, and a further £62m through Growth Deal funding. The projects funded are similar in nature, and reporting on spend (GBSLEP, 2016), projects and economic priorities tends to focus on the Growth Deals, which raises questions on both the importance of the City Deal as a discreet pocket of funding, and evaluating the outcomes from City Deals in distinction from Growth Deals.

DEVOLUTION DEALS

In addition to City Deals and Growth Deals, the UK Government, from November 2014 onwards, announced a series of Devolution Deals for English regions designed to support localism and decentralisation. The House of Common’s Library’s paper, Devolution Deals and Housing (England) (Jones, 2016), explains that Devolution Deals are underpinned by the Cities and Local Government Devolution Act 2016, which enables the Secretary of State to lay secondary legislation to establish an elected mayor of any combined authority area, and to confer local
authority and public authority functions onto combined authorities. All Devolution Deals to date have centred on housing and planning policy, and there is a strong focus on the transfer of powers, funding and accountability for policies and functions previously undertaken by central government, to local government.

The National Audit Office’s April 2016 report, English devolution deals (National Audit Office, 2016), highlighted that the scale and scope of Devolution Deals had expanded significantly since their introduction, but they had also become increasingly complex. It concluded that:

>“While it is a policy decision to limit central prescription or guidance, government must balance the potential benefits of this approach with the potential risks. The arrangements are experimental and unlikely to work as intended in all areas and for all functions and services devolved. Local areas are also starting from different places in terms of their history and strength of joint working. The government can do more to provide confidence that devolution deals can support economic growth and better value for money by resolving the issues we have identified relating to accountability, administrative geography and impact measurement. This will support the resilience of the new arrangements more effectively within the broader challenging financial context for central government and local public services.”

The Local Government Association provides a useful regularly updated overview of Devolution Deals.

**EVALUATION OF ENGLISH CITIES POLICY**

Research on the overall package of deals presented to English local authorities by the Centre for Cities (Clayton & McGough, 2015), in July 2015 concluded that—

>“Many cities and Local Economic Partnerships interviewed felt that the deals enabled them to take positive steps towards establishing more demand-led employment and skills systems. In particular the deals appear to have impacted most widely on partnership and employer engagement as they acted as a catalyst for partners to come together. Interviewees reported that relationships with FE colleges in particular had become more collaborative and productive as a result of the deals process.

>“However, the deals were tailored to specific areas and varied significantly in scale, nature and approach, making it difficult to draw comprehensive conclusions. Respondents did report a number of remaining barriers to delivering demand-led local employment and skills systems and many respondents were keen to gain further freedoms and flexibilities to address them. In particular they hoped to address the barriers that would enable greater coordination of services at the point of delivery, greater ownership of programmes, for example through devolved funding, or delivery partners being held to account against the priorities of cities and LEPs through outcome agreements.”

**UPDATE ON FIRST WAVE CITY DEALS**

The National Audit Office’s July 2015 report, Devolving responsibilities to cities in England: Wave 1 City Deals (National Audit Office, 2015), gave an evaluation of the introduction, negotiation and implementation of the deals, though it did not seek to audit or rank deals, and acknowledged that even the first wave of deals were still in the early stages of implementation. It highlighted that the vast amount of funding had been for capital investment.
The report praised the work of the Cities Policy Unit in supporting cities through the negotiation process, and highlighted the way in which authorities were effectively applying strategic thinking and using internal capacity. It does, however, raise concerns about the sustainability of using internal capacity to manage City Deal activities in the context of reduced local government funding. The report notes that there have been some early impacts from some of the individual projects funded through City Deals, but that some projects, which require more innovative funding or assurance mechanisms, have taken longer to get off the ground. On the latter point, the Cities Policy Unit had acknowledged that involving departmental officials responsible for specific programmes and funding streams earlier could avoid similar delays in the future. The report concluded that—

“It is too early to say if the deals will have any overall impact on economic growth. Without a shared approach to measuring the impact of the programmes, both sides’ understanding of their impact will remain limited. Developing a robust, shared approach to measurement will be key to understanding what initiatives have the biggest impact on growth and therefore provide value for money in a more devolved environment.”

The House of Commons Library briefing on City Deals (Ward, 2016) gives an overview of all City Deals up to November 2016. The following extract details the proposals for the first eight City Deals. Reporting on progress is complicated by both the fact that City Deal implementation is still in its infancy, and that all of the cities in question have benefited from further Growth Deal funding and as a result tend to report on development in the round as opposed to reporting on City Deal and Growth Deal outcomes separately. It is possible that the addition of Devolution Deal funding will similarly complicate the evaluation of City Deal funding.

Greater Birmingham

The Greater Birmingham City Deal A City Region Powered by Technological Innovation (GBSLEP, 2012), to the value of £16m, was negotiated by the Greater Birmingham and Solihull LEP and approved in July 2012. The Deal includes plans to establish a Skills for Growth Compact, create jobs through the expansion of an existing ‘green deal’ programme, the redevelopment of public land for housing and business and the creation of an Institute for Translational Medicine to act as hub for the life science sector.

Bristol City Region

The Bristol City Region City Deal was negotiated by the West of England LEP and its four constituent local authorities and approved in July 2012. The Deal includes plans to create an Economic Development Fund for the West of England by allowing local authorities to keep 100% of the growth in business rates raised in the city region’s Enterprise Areas over a 25-year period, a transport devolution agreement, the creation of a Growth Hub at the Temple Quarter Enterprise Zone and the involvement of the business community in skills provision through a new People & Skills Programme.

Leeds City Region

The Leeds City Region City Deal was negotiated by the Leeds City Region LEP and Leeds City Council and approved in July 2012. The Deal is based around three targets - the acceleration of output growth to an average of 2.6% per year to 2030, the creation of 60,000 new jobs by 2016 and a “substantial reduction” in the city region’s carbon emissions.

Liverpool City Region

The Liverpool City Region City Deal was negotiated by Liverpool City Council approved in July 2012 and covers the Liverpool City Region LEP area. The deal includes details of the creation of a single investment pot of public and private funding, the establishment of a Mayoral
Development Corporation, plans to host an international Business Festival and investment in offshore wind infrastructure.

**Greater Manchester**

The [Greater Manchester City Deal](#) was negotiated by the Greater Manchester Combined Authority and approved in July 2012. The deal includes details of the creation of a revolving Infrastructure Fund by allowing Greater Manchester to ‘earn back’ a portion of additional tax revenue from Gross Value Added increases resulting from local investment in infrastructure and the establishment of a Greater Manchester Investment Framework, City Apprenticeship and Skills Hub, Low Carbon Hub and housing investment fund.

**Newcastle City Region**

The [Newcastle City Region City Deal](#) was negotiated by Newcastle City Council and the North East LEP and approved in July 2012. The deal includes proposals to create an Accelerated Development Zone (ADZ) for Newcastle and Gateshead, secure private sector investment in the marine and offshore sector, develop a Joint Investment Plan with the Homes and Communities Agency (HCA), invest in super-connected broadband infrastructure and establish Newcastle as a low carbon Pioneer City.

**Nottingham City Region**

The Nottingham City Region deal [Connected, Creative, Competitive](#) was negotiated by Nottingham City Council and approved in July 2012. The Deal includes three aims - fostering enterprise through the establishment of a Venture Capital fund, a Generation Y Fund, a Technology Grant Fund, supporting a high quality workforce and developing a “21st-century infrastructure” through transport, digital connectivity and a Green Deal.

**Sheffield City Region**

The Sheffield City Region deal [Made in Sheffield – a Deal for Growth](#) was negotiated by Sheffield City Council and Sheffield City Region LEP and approved in July 2012. The deal includes proposals to enable the city to borrow against projected business rates in order to invest in infrastructure, invest and develop in a national centre for procurement based around at the Advanced Manufacturing and Nuclear Research Centres.
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