The Committee will meet at 9.30 am in the James Clerk Maxwell Room (CR4).

1. **Homelessness:** The Committee will take evidence from—

   Kevin Stewart, Minister for Local Government and Housing, David Signorini, Head of Better Homes, Catriona MacKean, Head of Housing Support and Homelessness, and Marion Gibbs, Team Leader, Homelessness, Scottish Government.

2. **Subordinate legislation:** The Committee will take evidence on the Private Housing Tenancies (Scotland) Act 2016 (Consequential Provisions) Regulations 2017 (SSI 2017/draft), the Private Residential Tenancies (Information for Tenants) (Scotland) Regulations 2017 (SSI 2017/draft) and the Private Residential Tenancies (Statutory Terms) (Scotland) Regulations 2017 (SSI 2017/draft) from—

   Kevin Stewart, Minister for Local Government and Housing, Linda Leslie, Team Leader, Private Rented Sector, and Kirsten Simonnet-Lefevre, Principal Legal Officer, Scottish Government.

3. **Subordinate legislation:** Kevin Stewart (Minister for Local Government and Housing) to move—

   S5M-08087—That the Local Government and Communities Committee recommends that the Private Housing Tenancies (Scotland) Act 2016 (Consequential Provisions) Regulations 2017 [draft] be approved.

4. **Subordinate legislation:** Kevin Stewart (Minister for Local Government and Housing) to move—

   S5M-07895—That the Local Government and Communities Committee recommends that the Private Residential Tenancies (Information for Tenants) (Scotland) Regulations [draft] be approved.
5. **Subordinate legislation:** Kevin Stewart (Minister for Local Government and Housing) to move—

S5M-07899—That the Local Government and Communities Committee recommends that the Private Residential Tenancies (Statutory Terms) (Scotland) Regulations 2017 [draft] be approved.

6. **Subordinate legislation:** The Committee will consider the following negative instruments—

   - The Notice to Local Authorities (Scotland) Amendment Regulations 2017 (SSI 2017/295);
   - The Private Residential Tenancies (Information for Determining Rents and Fees for Copies of Information) (Scotland) Regulations 2017 (SSI 2017/296);

7. **City region deals:** The Committee will take evidence from—

   - Professor Duncan Maclennan, Policy Scotland, University of Glasgow;
   - Dr Peter O'Brien, Research Associate, Centre for Urban and Regional Development Studies, Newcastle University;
   - Lesley Warren, Policy and Public Affairs Officer, Coalition for Racial Equality and Rights;
   - Barry McCulloch, Senior Policy Adviser, Federation of Small Businesses;
   - Chris Day, Policy Advisor, Transform Scotland.

8. **Homelessness (in private):** The Committee will consider the evidence heard earlier in the meeting.

9. **City region deals (in private):** The Committee will consider the evidence heard earlier in the meeting.

Jane Williams
Clerk to the Local Government and Communities Committee
Room T3.60
The Scottish Parliament
Edinburgh
Tel: 0131 348 5232
Email: jane.williams@parliament.scot
The papers for this meeting are as follows—

**Agenda item 1**

<table>
<thead>
<tr>
<th>Note by the Clerk</th>
<th>LGC/S5/17/25/1</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRIVATE PAPER</td>
<td>LGC/S5/17/25/2 (P)</td>
</tr>
</tbody>
</table>

**Agenda item 2**

<table>
<thead>
<tr>
<th>Note by the Clerk</th>
<th>LGC/S5/17/25/3</th>
</tr>
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<tbody>
<tr>
<td>PRIVATE PAPER</td>
<td>LGC/S5/17/25/4 (P)</td>
</tr>
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</table>

**Agenda item 6**

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<th>LGC/S5/17/25/5</th>
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</table>

**Agenda item 7**

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<thead>
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<th>LGC/S5/17/25/6</th>
</tr>
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<tbody>
<tr>
<td>PRIVATE PAPER</td>
<td>LGC/S5/17/25/7 (P)</td>
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<tr>
<td>PRIVATE PAPER</td>
<td>LGC/S5/17/25/8 (P)</td>
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Local Government and Communities Committee

25th Meeting 2017 (Session 5), Wednesday 1 November 2017

Homelessness: Note by the Clerk

Purpose

1. This paper provides background information on the Committee’s inquiry into homelessness.

Background

2. At its meeting on 8 February 2017, the Committee agreed its approach to the work it wished to undertake on homelessness. As part of this work, the Committee made three fact finding visits in February and March 2017. The Committee held evidence sessions on 8 and 22 March 2017 with a number of stakeholders and organisations involved in the fact finding visits.

Fact Finding Visits

3. On 22 February 2017, Members visited Streetwork in Edinburgh and met with staff and users of their crisis service. The service provides accommodation and support services for people in housing crisis or who are facing sleeping rough.

4. On 27 February 2017, Members visited the Simon Community in Glasgow and met with staff and women who are in emergency and temporary accommodation. Members also met with the Legal Services Agency to discuss issues in relation to the providing legal support to homeless people.

5. On 6 March 2017, Members visited Churches Action for the Homeless (CATH) in Perth and meet with staff to discuss issues relating to homelessness in rural Perth and Kinross. Members also accompanied development workers from CATH’s Outreach and Floating Support teams to rural locations and meet with service users.

Local Government and Communities Committee Consideration

6. On 8 March 2017, the Committee took evidence from the following:

- Adam Lang, Head of Communications and Policy, Shelter Scotland;
- Tony Cain, Policy Manager, Association of Local Authority Chief Housing Officers;
- Lee Clark, Manager, Conflict Resolution Service, and Mark Kennedy, Manager, Homeless Prevention Service, Cyrenians;
- Jan Williamson, Head of Services, Streetwork.
On 22 March 2017, the Committee took evidence from the following:

- Margaret Ann Brünjes, Director, Glasgow Homelessness Network;
- Eddie Nelson, Day Centre Manager, Churches Action for the Homeless;
- Beth Reid, Policy Manager (Scotland), Crisis.

Call for Views

7. Following the evidence sessions on 8 and 22 March 2017, the Committee issued a wider call for views, based on the issues raised in its fact-finding visits and evidence sessions, from all interested parties as part of its work on homelessness. The submissions received as part of this call for views can be found at the following link:

[Link to written submissions received on homelessness](#)

8. The Scottish Parliament Information Centre (SPICe) has produced a summary of the written submissions received. This can be found at the following link:

[Link to summary of written submissions on homelessness](#)

9. Following the closure of the call for written evidence, the Committee considered the submissions received and agreed to hold a number of evidence sessions in September and October 2017.

10. At its meeting on 20 September, the Committee took evidence from people with lived experience of homelessness:

- Saffron Rohan and Simone Smith (nominated by the Advisory Group at the Life Changes Trust)
- Rhys Campbell, Thomas Lyon, Julie McCallagh and Emma Pearce (nominated by Shelter Scotland)

[Link to papers for meeting on 20 September 2017](#)

[Official Report of meeting on 20 September 2017](#)

11. At its meeting on 27 September, the Committee took evidence from:

- Bridget Curran, Glasgow Housing Options Steering Board;
- Fiona King, Campaigns and Public Affairs Manager, Shelter Scotland;
- Jules Oldham, Head of Policy and Operations, Homeless Action Scotland;
- Dr Neil Hamlet, NHS Health Scotland.
12. At its meeting on 25 October 2017, the Committee will take evidence from:

- Cllr Kelly Parry, Spokesperson for Community Wellbeing, and Nicola Dickie, Policy Manager, COSLA;
- Patrick McKay, Operations Manager, Turning Point Scotland;
- Dr Adam Burley, Consultant Clinical Psychologist, The Access Point;
- Lorraine McGrath, Chief Executive, Simon Community Scotland.

and then from:

- Joe Connolly, Criminal Justice Voluntary Sector Forum;
- Paul Brown, Chief Executive, Legal Services Agency;
- Nicky Brown, Homelessness and Housing Support Senior Manager, City of Edinburgh Council;
- Jamie Stewart, Housing Development Officer, Scottish Refugee Council.

13. At its meeting on 1 November 2017, the Committee will take evidence from the Minister for Local Government and Housing.

Fact-Finding Visit to Helsinki, Finland

14. The Committee visited Finland between 2 and 5 October 2017 to learn about how the Housing First policy as a national approach is tackling homelessness and how Finland has reduced homelessness through the use of this policy. The Committee met with the Ministry for the Environment, the Mayor of Helsinki, the Finnish Parliament Environment Committee, the Helsinki Deaconess Institute, and the Y-Foundation. It also visited a supported housing facility for long-term homeless people in Espoo.

15. A summary of the Committee’s visit can be found at:


Next Steps

16. Following the evidence session with the Minister for Local Government and Housing on 1 November 2017, the Committee will consider the evidence heard before deciding its next steps to take as part of its inquiry into homelessness.
Local Government and Communities Committee

25th Meeting, 2017 (Session 5), Wednesday 1 November 2017

Subordinate Legislation

Overview of instruments

1. The following instruments, subject to affirmative procedure, are being considered at today’s meeting:
   - The Private Housing Tenancies (Scotland) Act 2016 (Consequential Provisions) Regulations 2017 (SSI 2017/draft)
   - The Private Residential Tenancies (Information for Tenants) (Scotland) Regulations 2017 (SSI 2017/draft)
   - The Private Residential Tenancies (Statutory Terms) (Scotland) Regulations 2017 (SSI 2017/draft)

The Private Housing Tenancies (Scotland) Act 2016 (Consequential Provisions) Regulations 2017 (SSI 2017/draft)

Background

2. These Regulations make consequential provision for the purposes of the Private Housing (Tenancies) (Scotland) Act 2016. The policy note for the instrument is attached at Annexe A.

3. An electronic copy of the instrument is available at:
   

4. The Committee needs to report by 8 November.

Delegated Powers and Law Reform Committee consideration

5. The Delegated Powers and Law Reform Committee (DPLRC) considered this instrument at its meeting on 3 October and draws the Regulations to the attention of the Parliament on reporting ground (h), as the meaning of regulation 5(2)(b) could be clearer in a particular respect.

6. The DPLRC welcomes the Scottish Government's undertaking to include a provision to clarify this matter within an instrument which will amend the Letting Agent Code of Practice (Scotland) Regulations 2016 (SSI 2016/133), prior to those Regulations coming into force on 31 January 2018.

7. On 21 September 2017, the Scottish Government was asked:

   "Regulation 5(2)(b) appears to amend paragraph 82 of the Letting Agent Code of Practice (Scotland) Regulations 2016 (visiting and entering
property) so that part of the paragraph will read as follows, with the inserted words in italics:

“Section 184 of the Housing (Scotland) Act 2006 specifies that at least 24 hours’ notice must be given, or 48 hours’ notice where the tenancy is a private residential tenancy, unless the situation is urgent…”

(a) Please clarify how section 184 of the 2006 Act has been amended to so provide, or whether this is planned in a forthcoming instrument under the Private Housing (Tenancies) (Scotland) Act 2016, or whether there is any error?

(b) Please clarify accordingly why it is considered that the added reference to 48 hours’ notice in regulation 5(2)(b) makes consequential provision for the purposes of the 2016 Act, under section 76(1) of the Act.”

8. The Scottish Government responded to the DPLRC as follows:

“(a) We confirm that section 184 of the Housing (Scotland) Act 2006 (“the 2006 Act”) has not been amended in relation to private residential tenancies. Instead, the Private Residential Tenancies (Statutory Terms) (Scotland) Regulations 2017 which were made under sections 7 and 8 of the Private Housing (Tenancies) (Scotland) Act 2016 (“the 2016 Act”) and laid in draft on 14th September, provide for access to a property let under a private residential tenancy. Paragraph 6 of the schedule of those Regulations sets out the statutory term which makes provision for access to the let property both for authorised purposes where notice is given and where access is required urgently. However, we appreciate that it perhaps could be drafted more clearly to express that the longer notice period in respect of private residential tenancies is not set out in section 184 of the 2006 Act. We already intend to bring forward an instrument amending the Letting Agent Code of Practice (Scotland) Regulations 2016 prior to its coming into force on 31st January 2018 and we intend to include provision clarifying this point.

(b) We think that the added reference to 48 hours’ notice is consequential for the purposes of the 2016 Act as the requirement for access to a property let under a private residential tenancy is 48 hours’ notice as set out in the Statutory Terms Regulations mentioned in paragraph (a) above. The Letting Agent Code of Practice (Scotland) Regulations 2016 need to provide clarity to letting agents in relation to the requirements for access to a let property.”

The Private Residential Tenancies (Information for Tenants) (Scotland) Regulations 2017 (SSI 2017/draft)

Background

9. These Regulations make provision in relation to the information to be given by a landlord to a tenant in respect of a private residential tenancy under the Private Housing (Tenancies) (Scotland) Act 2016. The policy note for the instrument is attached at Annexe B.
10. An electronic copy of the instrument is available at:


11. The Committee needs to report by 8 November.

**Delegated Powers and Law Reform Committee consideration**

12. The Delegated Powers and Law Reform Committee (DPLRC) considered this instrument at its meeting on 27 September and determined that it did not need to draw the attention of the Parliament to the instrument on any grounds within its remit.

**The Private Residential Tenancies (Statutory Terms) (Scotland) Regulations 2017 (SSI 2017/draft)**

**Background**

13. These Regulations prescribe the statutory terms which apply to all private residential tenancies created by virtue of the Private Housing (Tenancies) (Scotland) Act 2016 (“the Act”). These Regulations prescribe the terms set out in schedule 2 of the Act, subject to certain modifications. The policy note for the instrument is attached at Annexe C.

14. An electronic copy of the instrument is available at:


15. The Committee needs to report by 8 November.

**Delegated Powers and Law Reform Committee consideration**

16. The Delegated Powers and Law Reform Committee (DPLRC) considered this instrument at its meeting on 27 September and determined that it did not need to draw the attention of the Parliament to the instrument on any grounds within its remit.

**Procedure**

17. Under Rule 10.6.1 (a), these instruments are subject to affirmative resolution before they can be made. It is for the Local Government and Communities Committee to recommend to the Parliament whether these draft instruments should be approved.

18. The Minister for Local Government and Housing has, by motions S5M-08087, S5M-07895 and S5M-07899 (set out in the agenda) proposed that the Committee should recommend the approval of these statutory instruments. The Minister will attend in order to speak to and move the motions. Ahead of the formal debate (as part of an earlier agenda item), there will be an opportunity
for members to ask questions of the Minister and his officials on the background to and purpose of these instruments.

19. At the end of the debate, the Committee must decide whether or not to agree the motions, and then report to Parliament accordingly. Such a report need only be a short statement of the Committee’s recommendations.
The above instrument was made in exercise of the powers conferred by section 76(1) of the Private Housing (Tenancies) (Scotland) Act 2016 (the Act). The instrument is subject to affirmative procedure.

Policy Objectives

The Act will introduce a new type of tenancy for all future lets in the private rented sector. The purpose of the new private residential tenancy is to improve security, stability and predictability for tenants and provide appropriate safeguards for landlords, lenders and investors.

The purpose of these draft Regulations is to make a number of incidental and consequential provisions considered appropriate to give full effect to the policy intentions which underpin the Act.

Regulation 2 amends the Local Government, Planning and Land Act 1980 to add a private residential tenancy to the list of other private tenancies which do not prevent an urban development corporation or local highway authority obtaining possession of a house where the Scottish Ministers have certified that the house is required for the purposes of urban development.

Regulation 3 makes a consequential amendment to the Housing (Scotland) Act 2010 to add a disposal by way of a lease under what would be a private residential tenancy, but for certain grounds in schedule 1 of the Private Housing (Tenancies) (Scotland) Act 2016, to the list of disposals for which a landlord does not require the consent of the Scottish Housing Regulator.

Regulation 4 makes a consequential amendment to the Bankruptcy (Scotland) Act 2016 to ensure that the definition of “the whole estate of the debtor” excludes the interest of the debtor as tenant under a private residential tenancy in the same way as other types of private tenancy are excluded.

Regulation 5 makes consequential amendments to the Letting Agent Code of Practice (Scotland) Regulations 2016 to ensure that the Code of Practice applies to private residential tenancies in the same way as it applies to other types of tenancy and occupancy arrangements.
Consultation

These Regulations makes provision which is consequential to the provisions and policy aims of the Act. Therefore, no additional consultation has been undertaken in relation to the Regulations.

The Scottish Government consulted extensively on the policy aims and provisions in the Act, including undertaking 2 public consultations which received over 10,000 responses in total.

Impact Assessments

An Equality Impact Assessment and a Children’s Rights and Welfare Impact Assessment were undertaken in relation to the provisions in Private Housing (Tenancies) (Scotland) Bill prior to its introduction to the Scottish Parliament. The findings were:

Equality Impact Assessment

The Scottish Government found that none of the proposals are discriminatory and that there are no significant issues that we consider would impact negatively upon the various groups.

Children’s Rights and Welfare Impact Assessment

The Scottish Government has found that none of the proposals impinge upon articles on the UNCRC or the indicators of wellbeing (SHANARRI) and that there are no issues that will impact negatively upon children and young people in the PRS.

Financial Effects

A Business and Regulatory Impact Assessment (BRIA) was undertaken in relation to the provisions in Private Housing (Tenancies) (Scotland) Bill prior to its introduction to the Scottish Parliament.

The Scottish Government does not consider that implementation of these Regulations will impose additional costs on tenants or landlords.
Policy Note

The Private Residential Tenancies (Information for Tenants) (Scotland) Regulations 2017

SSI 2017/xxx

The above instrument was made in exercise of the powers conferred by sections 11(1) and (2) and 12 of the Private Housing (Tenancies) (Scotland) Act 2016 (the Act) and all other powers enabling them to do so. The instrument is subject to affirmative procedure.

Policy Objectives

The Act will introduce a new type of tenancy for all future lets in the private rented sector. The purpose of the new private residential tenancy is to improve security, stability and predictability for tenants and provide appropriate safeguards for landlords, lenders and investors.

Section 10 of the Act requires a landlord to provide their tenant with a written copy of the terms of that person’s tenancy agreement before the end of the day on which the tenancy commences or within 28 days of the tenancy becoming a private residential tenancy. These Regulations provide how a duty under section 10 is to be performed.

Section 11 of the Act enables the Scottish Ministers to make regulations to specify information that landlords must provide to their tenants, the timescales within which they must do so and the form of the information. This instrument specifies that additional information, the timescales within which it must be provided and the form it must take. The additional information is either the:

- ‘Easy Read Notes for the Scottish Government Model Private Residential Tenancy Agreement’ or
- ‘Private Residential Tenancy Statutory Terms Supporting Notes’.

Both sets of notes are set out in plain language. The ‘Easy Read Notes for the Scottish Government Model Private Residential Tenancy Agreement’ set out the terms of the tenancy and are to be used where a landlord uses the Scottish Government Model Private Residential Tenancy Agreement. The ‘Private Residential Tenancy Statutory Terms Supporting Notes’ set out the statutory terms of a Private Residential Tenancy and are to be used when another form of tenancy agreement is used.

A landlord must provide the appropriate form of notes to the tenant promptly. If the tenancy is a private residential tenancy on the day the tenancy commences then the appropriate set of notes must be provided on that day. If the tenancy became a private residential tenancy after the day on which the tenancy commenced then notes must be provided within 28 days.
The notes may be provided in a paper document or in an electronic document, where the landlord and tenant have explicitly agreed to correspond in this way.

Consultation

The Scottish Government publically consulted on the ‘Proposals for regulations and policy supporting the Private Housing (Tenancies) (Scotland) Act 2016’. A total of 70 responses were received to that consultation. A number of stakeholders raised concerns, that if a landlord chooses not to use the Scottish Government’s recommended model tenancy agreement, a tenant may not be made fully aware of their rights and responsibilities under this Act and other relevant housing legislation. These Regulations will address these concerns by ensuring that all tenants in the private rented sector will have clear and easy to understand information on their responsibilities and rights and how to exercise those.

Impact Assessments

An Equality Impact Assessment and a Children’s Rights and Welfare Impact Assessment were undertaken in relation to the provisions in Private Housing (Tenancies) (Scotland) Bill prior to its introduction to the Scottish Parliament. The findings were:

Equality Impact Assessment

The Scottish Government found that none of the proposals are discriminatory and that there are no significant issues that we consider would impact negatively upon the various groups.

Children’s Rights and Welfare Impact Assessment

The Scottish Government has found that none of the proposals impinge upon articles on the UNCRC or the indicators of wellbeing (SHANARRI) and that there are no issues that will impact negatively upon children and young people in the PRS.

Financial Effects

A Business and Regulatory Impact Assessment (BRIA) was undertaken in relation to the provisions in Private Housing (Tenancies) (Scotland) Bill prior to its introduction to the Scottish Parliament.

The Scottish Government does not consider that these Regulations will impose additional costs on landlords or tenants.
POLICY NOTE

THE PRIVATE RESIDENTIAL TENANCIES (STATUTORY TERMS) (SCOTLAND) REGULATIONS 2017

SSI 2017/xxx

The above instrument was made in exercise of the powers conferred by section 7(1) and (3) and 8(3) of the Private Housing (Tenancies) (Scotland) Act 2016 (the Act). The instrument is subject to affirmative procedure.

Policy Objectives

The Act will introduce a new type of tenancy for all future lets in the private rented sector. The purpose of the new private residential tenancy is to improve security, stability and predictability for tenants and provide appropriate safeguards for landlords, lenders and investors.

Section 7 of the Act provides the Scottish Ministers with the power to make regulations to prescribe statutory terms which will be terms of every private residential tenancy.

Section 8 makes further provision about regulations under section 7. It provides that regulations cannot be made under section 7 unless they include the terms outlined in schedule 2 of the Act. But, the requirement to include the terms in schedule 2 does not prevent regulations under section 7 from providing for circumstances where the term may be modified as agreed between the landlord and tenant or circumstances where the term may be disapplied. Section 8 also requires the Scottish Ministers to consult before making regulations under section 7. Regulation 2 introduces the schedule within which the statutory terms are set out.

Schedule 2 of the Act contains 6 statutory terms which outline provisions on: rent receipts; rent increases; notification about other residents; subletting etc. and access for repairs etc. With the exception of the terms on rent receipts, the terms in these Regulations remain the same as those contained in schedule 2. In addition, a statutory term has been added to clarify how a private residential tenancy may be terminated.

Paragraph 1 of the schedule sets out that where rent is paid in cash, a written receipt must be provided to the tenant which includes the date of payment, amount paid and either confirmation of any amount outstanding or confirmation that no arrears are outstanding. This term differs from the term in schedule 2 insofar as the term specified in these regulations also requires the date of payment to be included on any written receipt.

Paragraph 2 provides that the rent can be increased in accordance with the process set out in Chapter 2 of Part 4 and by this process alone.
Paragraph 3 specifies that the tenant cannot sublet the property (or any part of it),
take in a lodger, assign his or her interest in the let property (or any part of it), or
otherwise part with possession of the property, without the written agreement of the
landlord.

Paragraphs 4 and 5 make provision about the persons that may live with the tenant
without the requirement for the landlord’s written agreement. The let property must
be that person’s only or principal home and the tenant must tell the landlord in writing
that person’s name and relationship to the tenant. If a landlord has been told in
writing about such a person occupying the let property, the tenant must tell the
landlord if that person subsequently ceases to live there as the person’s only or
principal home.

Regulation 3 permits the landlord and tenant to agree that this term may be modified
where the person living with the tenant (who is not a joint tenant) is a person who is
not in a qualifying relationship with the tenant within the meaning in section 70(1)(a)
of the Act; not a member of the tenant’s family within the meaning of section
70(1)(b) of the Act; or not a resident carer as defined in section 69(5) of the Act. A
person mentioned in these sections of the Act may have an entitlement to succeed
to the tenancy under Part 6 of the Act. Landlords may have a greater interest in
those persons living in the property with the tenant rather than a person who would
have no right of succession.

Paragraphs 6 to 8 of the schedule provide that the tenant must allow reasonable
access to the let property for an authorised purpose. Authorised purposes are:
carrying out work on the property which the landlord is entitled or obliged to carry
out, inspecting the property in order to determine what (if any) work of that nature to
carry out, or inspecting it in pursuance of any other inspection right the landlord may
have, and valuing the let property.

Where the statutory term is invoked by the landlord, it may be used by him or her to
allow access by others – for example, by tradesmen or by Rent Officers who are
valuing the property or a particular improvement that has been made to it.

The tenant is obliged to allow reasonable access where either 48 hours’ notice has
been given or where access is required urgently for the purposes specified, but this
would not preclude a tenant from allowing more generous rights of access if both
parties want to resolve a non-urgent problem more promptly.

These access rights are not exhaustive and, as with all of the statutory terms, the
fact that certain rights will be included as statutory terms does not prevent the parties
from supplementing those terms, provided that the additional term does not directly
conflict with (and therefore displace) the statutory term.

Paragraph 9 is a new statutory term and provides that the private residential tenancy
may not be brought to an end by the landlord, tenant, nor any agreement between
them except in accordance with Part 5 of the Act.
Consultation

The Scottish Government publically consulted on the statutory terms to be included in these regulations in its consultation titled ‘Proposals for regulations and policy supporting the Private Housing (Tenancies) (Scotland) Act 2016’. A total of 70 responses were received to that consultation. The comments received were considered carefully and helped shape the terms included in these regulations. The consultation document, analysis paper and a full list of those who responded and who also agreed to the release of their response are available on the Scottish Government’s website at https://consult.scotland.gov.uk/private-rented-sector-policy/regulations-and-policy-private-housing/.

A number of consultation respondents called for the Scottish Government to repeat in these regulations the text of obligations which already appear in either other existing primary, or subordinate legislation. For example, including as a statutory term the requirements under the Equality Act 2010 or duties under the Repairing Standard. The Scottish Government confirms that duplicating these requirements is unnecessary as they already appear in the statute book and could lead to confusion over enforcement.

Impact Assessments

An Equality Impact Assessment and a Children’s Rights and Welfare Impact Assessment were undertaken in relation to the provisions in Private Housing (Tenancies) (Scotland) Bill prior to its introduction to the Scottish Parliament. The findings were:

*Equality Impact Assessment*

The Scottish Government found that none of the proposals are discriminatory and that there are no significant issues that we consider would impact negatively upon the various groups.

*Children’s Rights and Welfare Impact Assessment*

The Scottish Government has found that none of the proposals impinge upon articles on the UNCRC or the indicators of wellbeing (SHANARRI) and that there are no issues that will impact negatively upon children and young people in the PRS.

Financial Effects

The Scottish Government does not consider that implementation of these regulations will impose any additional costs on tenants or landlords.
Local Government and Communities Committee

25th Meeting, 2017 (Session 5), Wednesday 1 November 2017

Subordinate Legislation

Overview of instruments

1. The following instruments, subject to negative procedure, are being considered at agenda item 6 today’s meeting:

   • The Notice to Local Authorities (Scotland) Amendment Regulations 2017 (SSI 2017/295);
   • The Private Residential Tenancies (Information for Determining Rents and Fees for Copies of Information) (Scotland) Regulations 2017 (SSI 2017/296);
   • The Private Residential Tenancies (Prescribed Notices and Forms) (Scotland) Regulations 2017 (SSI 2017/297).

Procedure

2. Negative instruments are instruments that are “subject to annulment” by resolution of the Parliament for a period of 40 days after they are laid. All negative instruments are considered by the Delegated Powers and Law Reform Committee (on various technical grounds) and by the relevant lead committee (on policy grounds). Under Rule 10.4, any member (whether or not a member of the lead committee) may, within the 40-day period, lodge a motion for consideration by the lead committee recommending annulment of the instrument. If the motion is agreed to, the Parliamentary Bureau must then lodge a motion to annul the instrument for consideration by the Parliament.

3. If that is also agreed to, Scottish Ministers must revoke the instrument. Each negative instrument appears on a committee agenda at the first opportunity after the Delegated Powers and Law Reform Committee has reported on it. This means that, if questions are asked or concerns raised, consideration of the instrument can usually be continued to a later meeting to allow correspondence to be entered into or a Minister or officials invited to give evidence. In other cases, the Committee may be content simply to note the instrument and agree to make no recommendation on it.

Background

The Notice to Local Authorities (Scotland) Amendment Regulations 2017 (SSI 2017/295)

4. The Notice to Local Authorities (Scotland) Regulations 2008 (“the 2008 Regulations”) prescribe the form of notice to be given under section 11(1) of the Homelessness etc. (Scotland) Act 2003 (“the 2003 Act”) and various other enactments listed in section 11(5) of that Act.
5. These Regulations amend the 2008 Regulations to prescribe the form of notice for the purposes of section 56(1) of the Private Housing (Tenancies) (Scotland) Act 2016 ("the 2016 Act"). The policy note for this instrument is attached at Annexe A.

6. An electronic copy of the instrument is available at:


Delegated Powers and Law Reform Committee Consideration

7. The Delegated Powers and Law Reform (DPLR) Committee considered this instrument at its meeting on 26 September 2017 and determined it did not need to draw the attention of the Parliament on any grounds within its remit.

Background

The Private Residential Tenancies (Information for Determining Rents and Fees for Copies of Information) (Scotland) Regulations 2017 (SSI 2017/296)

8. Section 34(1) of the Private Housing (Tenancies) (Scotland) Act 2016 requires Rent Officers and the Tribunal to make publically available information on the rents they have taken into account in determining open market rents and the rents they have determined.

9. This instrument outlines how that rent data should be made publically available by specifying the rent information to be published, the manner in which that information must be published and the fee that will be charged for supplying the information. The policy note for this instrument is attached at Annexe B.

10. An electronic copy of the instrument is available at:


Delegated Powers and Law Reform Committee Consideration

11. The Delegated Powers and Law Reform (DPLR) Committee considered this instrument at its meeting on 26 September 2017 and determined it did not need to draw the attention of the Parliament on any grounds within its remit.

Background

The Private Residential Tenancies (Prescribed Notices and Forms) (Scotland) Regulations 2017 (SSI 2017/297)

12. These Regulations are made under the Private Housing (Tenancies) (Scotland) Act 2016. They prescribe certain notices and forms to be used in connection with a private residential tenancy. The policy note for this instrument is attached at Annexe C.
13. An electronic copy of the instrument is available at:


Delegated Powers and Law Reform Committee Consideration

14. The Delegated Powers and Law Reform (DPLR) Committee considered this instrument at its meeting on 26 September 2017 and determined it did not need to draw the attention of the Parliament on any grounds within its remit.

Committee Consideration

15. The Committee is not required to report on negative instruments, but should it wish to do so, the deadline for reporting on the instruments is 8 November 2017.

16. The Committee is invited to consider the above instruments and whether it wishes to report on any issues to the Parliament in relation to it.
The purpose of these regulations is to make consequential provisions which we consider necessary to give full effect to policy intentions that underpin the Private Housing (Tenancies) (Scotland) Act 2016 (the Act) in relation to the Homelessness (Scotland) Act 2003 and the Notice to Local Authorities (Scotland) Regulations 2008.

Policy Objectives

The Act will introduce a new type of tenancy for all future lets in the private rented sector. The purpose of the new private residential tenancy is to improve security, stability and predictability for tenants and provide appropriate safeguards for landlords, lenders and investors.

The purpose of these Regulations is to make an amendment to the Notice to Local Authorities (Scotland) Regulations 2008 to give full effect to the policy intentions which underpin the Act. Under section 56(1) of the Act a landlord cannot apply to the First-tier Tribunal for Scotland for an eviction order without first notifying the local authority. Section 56(2) requires that the Notice to Local Authorities (Scotland) Regulations 2008 are amended to add the form and manner prescribed to give notice. Those Regulations already have notices in relation to ending other types of private tenancies, such as an assured tenancy.

Consultation

This Order makes provision which is incidental, consequential or transitional to the provisions and policy aims of the Act. Therefore, no additional consultation has been undertaken in relation to the Order.

The Scottish Government consulted extensively on the policy aims and provisions in the Act, including undertaking 2 public consultations which received over 10,000 responses in total.

Impact Assessments

An Equality Impact Assessment and a Children's Rights and Welfare Impact Assessment were undertaken in relation to the provisions in Private Housing (Tenancies) (Scotland) Bill prior to its introduction to the Scottish Parliament. The findings were:
Equality Impact Assessment
The Scottish Government found that none of the proposals are discriminatory and that there are no significant issues that we consider would impact negatively upon the various groups.

Children’s Rights and Welfare Impact Assessment
The Scottish Government has found that none of the proposals impinge upon articles on the UNCRC or the indicators of wellbeing (SHANARRI) and that there are no issues that will impact negatively upon children and young people in the private rented sector.

Financial Effects
A Business and Regulatory Impact Assessment was undertaken in relation to the provisions in the Private Housing (Tenancies) (Scotland) Bill prior to its introduction to the Scottish Parliament.

The Scottish Government does not consider that these Regulations will impose additional costs on tenants or landlords.
Policy Note

The Private Residential Tenancies (Information for Determining Rents and Fees for Copies of Information) (Scotland) Regulations 2017

SSI 2017/296

The above instrument was made in exercise of the powers conferred by section 34(2) of the Private Housing (Tenancies) (Scotland) Act 2016 (the Act). The instrument is subject to negative procedure.

Policy Objectives

The Act will introduce a new type of tenancy for all future lets in the private rented sector. The purpose of the new private residential tenancy is to improve security, stability and predictability for tenants and provide appropriate safeguards for landlords, lenders and investors.

Under the Act, on receipt of a rent increase notice from their landlord, a tenant with a private residential tenancy can apply to a Rent Officer for a determination of the amount of rent payable in respect of the let property. On receipt of the Rent Officer’s provisional decision, a tenant or landlord can ask the Rent Officer to review their decision and both landlord and tenant have a final appeal to the First-tier Tribunal for Scotland Housing and Property Chamber (the Tribunal).

Section 34(1) of the Act requires Rent Officers and the Tribunal to make publically available information on the rents they have taken into account in determining open market rents and the rents they have determined.

This instrument outlines how that rent data should be made publically available by specifying the rent information to be published, the manner in which that information must be published and the fee that will be charged for supplying the information.

Regulation 2 specifies that a Rent Officer and the Tribunal must publish the amount of any rent determined by them and the address of the property to which that rent determination refers. They must also publish the amount of any rent which was used as a comparator when determining that rent and the location and description of the comparable property.

Regulation 3 sets out that all the information outlined in Regulation 2 must be published on a website.

Regulation 4 specifies that a fee of £3.00 will be charged for a hard copy of the information relating to a determination of rent for one let property. The information will include: the address of the let property; the amount of rent determined; the date of the determination; and details of any property used as a comparator in determining the amount of rent.
Consultation

The Scottish Government consulted extensively on the rent provisions in the Act, including undertaking 2 public consultations which received over 10,000 responses in total. The consultation analysis found that respondents wanted a structured and transparent rent adjudication process and the provisions contained in this instrument help achieve that aim by making data on rent decisions publicly available.

Impact Assessments

An Equality Impact Assessment and a Children’s Rights and Welfare Impact Assessment were undertaken in relation to the provisions in Private Housing (Tenancies) (Scotland) Bill prior to its introduction to the Scottish Parliament. The findings were:

Equality Impact Assessment

The Scottish Government found that none of the proposals are discriminatory and that there are no significant issues that it considers would impact negatively upon the various groups.

Children’s Rights and Welfare Impact Assessment

The Scottish Government has found that none of the proposals impinge upon articles on the UNCRC or the indicators of wellbeing (SHANARRI) and that there are no issues that will impact negatively upon children and young people in the PRS.

Financial Effects

The Scottish Government does not believe that implementation of these regulations will impose significant additional costs on Rent Officers or the Tribunal. Both currently publish their respective decisions on fair rents cases and assured tenancy regime rent adjudication cases.
POLICY NOTE

THE PRIVATE RESIDENTIAL TENANCIES (PRESCRIBED NOTICES AND FORMS) (SCOTLAND) REGULATIONS 2017

SSI 2017/297

The above instrument was made in exercise of the powers conferred by sections 17(3), 22(2)(b), 24(4), 43(1)(a), 61(3)(b), 62(1)(d) and 77(2) of the Private Housing (Tenancies) (Scotland) Act 2016 (the Act). The instrument is subject to negative procedure.

Policy Objectives

The Act will introduce a new type of tenancy for all future lets in the private rented sector. The purpose of the new private residential tenancy is to improve security, stability and predictability for tenants and provide appropriate safeguards for landlords, lenders and investors.

This instrument prescribes certain notices and application forms to be used in connection with a private residential tenancy.

Under the Act, if a landlord fails to provide a tenant with the written terms of their tenancy or any other specified information, a tenant can make an application to the First-tier Tribunal Housing and Property Chamber (the Tribunal) asking it to draw up the terms of the tenancy and sanction the landlord for failing to provide these items. Before applying to the Tribunal, a tenant must give their landlord 28 days’ notice of their intention to make an application to the Tribunal. Regulation 2 prescribes the notice that a tenant must use to notify the landlord of their intention to make a referral to the Tribunal.

Section 22 of the Act specifies that if a landlord wants to increase the rent they must give the tenant a rent-increase notice. The rent-increase notice must specify the rent that will be payable once the increase is to take effect and the day when the increase is to take effect. Regulation 3 prescribes the form the rent-increase notice must take.

The Act provides that within 21 days of receiving a rent-increase notice, a tenant can refer a case to a Rent Officer for adjudication if they consider the rent increase unreasonable. Regulation 4 prescribes the application form to be used when a tenant is making such a referral to a Rent Officer.

Section 37 of the Act enables Scottish Ministers, on application from a local authority, to designate an area as a rent pressure zone. If designated, rent increases will be capped in that area for existing tenants who have a private residential tenancy. The cap set by Ministers allows an increase in rent to reflect any improvements made to the property. A Rent Officer will decide any additional amount that a landlord can charge in respect of improvements and Regulation 5...
prescribes the form to be used by a landlord when asking a Rent Officer to determine that additional amount.

In order to bring a tenancy to an end, a landlord must serve a tenant or sub-tenant with a notice to leave. Regulation 6 prescribes the form of the notice to leave which a landlord must use when serving notice on a tenant to leave the property and regulation 7 prescribes the form of the notice to leave which a landlord must use when serving notice on a sub-tenant.

In terms of the methods for delivery for the notices in these regulations, section 26 of the Interpretation and Legislative Reform (Scotland) Act 2010 will apply, which means that a notice or application form can be served validly on a recipient only in the following ways:-

   a. by hand delivery
   b. by sending it by recorded delivery; or
   c. if electronic means have previously been agreed as the preferred correspondence method, by emailing the notice to the recipient.

Unless delivered personally, the sender must allow 48 hours for the recipient to receive the notice.

In relation to applications made to the Rent Officer, these may be made by post or electronically.

Consultation

The Scottish Government publically consulted on the content of the notices and application forms contained in these regulations in its consultation titled ‘Proposals for regulations and policy supporting the Private Housing (Tenancies) (Scotland) Act 2016’. A total of 70 responses to that consultation were received. The comments received were considered carefully and helped shape the notices and application forms included in these regulations. The consultation document, analysis paper and a full list of those who responded and who also agreed to the release of their response are available on the Scottish Government’s website at


Impact Assessments

An Equality Impact Assessment and a Children’s Rights and Welfare Impact Assessment were undertaken in relation to the provisions in Private Housing (Tenancies) (Scotland) Bill prior to its introduction to the Scottish Parliament. The findings were:
Equality Impact Assessment

The Scottish Government found that none of the proposals are discriminatory and that there are no significant issues that we consider would impact negatively upon the various groups.

Children’s Rights and Welfare Impact Assessment

The Scottish Government has found that none of the proposals impinge upon articles on the UNCRC or the indicators of wellbeing (SHANARRI) and that there are no issues that will impact negatively upon children and young people in the PRS.

Financial Effects

A Business and Regulatory Impact Assessment (BRIA) was undertaken in relation to the provisions in Private Housing (Tenancies) (Scotland) Bill prior to its introduction to the Scottish Parliament.

The Scottish Government does not consider that these Regulations will impose additional costs on tenants or landlords.
Local Government and Communities Committee

25th Meeting 2017 (Session 5), Wednesday 1 November 2017

City Region Deals: Note by the Clerk

Purpose

1. This paper provides background information on the Committee’s inquiry into city region deals.

Background

2. At its meeting on 22 March the Committee agreed that it wished to undertake an inquiry in City Region Deals. The remit agreed for the inquiry was:

To explore rationale, prioritisation and value for money in relation to city region deals, including the progress to date of city region deals in delivering job creation and economic growth, and the structure and governance of city region deals in Scotland.

3. On Tuesday 2 April the Committee launched its call for views with a deadline for responses of 2 May. A total of 39 written submissions were received and published. A Scottish Parliament Information Centre (SPICe) summary of the written views was undertaken and the results also published.

4. In addition the following briefings have been published on city region deals:
   - Scottish Parliament Information Centre (SPICe) briefing on City Region Deals (15 March 2017)
   - Accounts Commission/Audit Scotland briefing paper – City Deals Overview (May 2016)

Local Government and Communities Committee Consideration

5. Following receipt of the written submissions the Committee agreed the witnesses it wished to hear from at Committee meetings.

6. At its meeting on 1 November the Committee will hear from the following:
   - Policy Scotland
   - Centre for Urban and Regional Development Studies, Newcastle University
   - Coalition for Racial Equality and Rights
   - FSB Scotland
   - Transform Scotland

7. Written submissions from each witness are attached in the Annexe to this paper.
Fact Finding Visit

8. The Committee has agreed to undertake a fact finding visit to Glasgow Airport to learn more about the benefits and impact of the Glasgow Airport Investment Area and Glasgow Airport Access Projects which form part of the Glasgow City Region Deal.

Next Steps

9. The Committee will take evidence from the following witnesses on City Region Deals at subsequent Committee meetings:

**Wednesday 8 November 2017**

- Glasgow City Region Cabinet
- Edinburgh and South East City Region Deal Partners
- Highland Council
- Fife Council
- Aberdeen City Council

**Wednesday 15 November 2017**

- Ayrshire Growth Deal
- Falkirk Council
- Skills Development Scotland

**Wednesday 22 November 2017**

- Scottish Government
- UK Government
Policy Scotland is the University of Glasgow’s public policy research and knowledge exchange hub which offers a unique bridge between researchers and policy makers.

The authors of this submission have been actively researching the connections between devolution policy and urban policy, and have studied developments in Wales, England and Australia, in addition to the emerging Scottish context. The authors of this submission are members of, or provide research support for, the independent Commission for Economic Growth borne out of the Glasgow City-region City Deal. The views expressed in this submission do not reflect those of the Commission, but rather the views of the authors in their academic capacities within Policy Scotland at the University of Glasgow.

- **What is your understanding of the purpose of City Region Deals?**

City Deals have been promoted as tools to trigger and drive local economic growth. The former deputy Prime Minister (2011) noted: “As major engines of growth, our cities have a crucial role to play. But to unlock their full potential we need a major shift in the powers available to local leaders and businesses to drive economic growth”\(^1\). The growth focus - which the Scottish Government similarly ties to cities policy (“engines of our economy”)\(^2\) - sits within a long-running concern for spatial rebalancing in the UK, and concerns regarding the north-south divide\(^3\). The divide, in broad terms, relates to the economic fortunes and potential of places outwith London and the south-east of England.

Localism is a key underpinning logic of City Deals, with the rationale put forward that local leaders are in the best position to take decisions concerning the futures of their local areas. In the context of the Inverness deal, it has been noted by the Chief Secretary to the Treasury, Greg Hands MP: “This historic deal is expected to create more than 3,000 jobs and leverage £1 billion of private sector investment by handing real power to local decision-makers, who are best-placed to ensure the Scottish economy is fit for the future”\(^4\).

In the English context, City Deals can be regarded as an incremental step away from a highly centralised state system, where localities have few powers to act to shape

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2. [http://www.gov.scot/Publications/2016/03/3178/5](http://www.gov.scot/Publications/2016/03/3178/5)
economic development. In the Scottish and Welsh contexts, complexity is added to the deal-making process as devolved administrations have powers relevant to cities policy.

Coupled with localism, City Deals reflect a determination to move past “one size fits all” policymaking, to allow interventions to be geared to the unique needs of local places (in other words, what policies will support growth in Dundee may be different from the policies needed to support growth in Edinburgh). We note, for instance, commitments in the Aberdeen City Deal to progress initiatives connected to the natural resources sector (for example, the Oil and Gas Technology Centre).

Infrastructure features in a number of the deals and transport projects are prominent. In the deals agreed to date, housing is given less focus. Alongside infrastructure investments, City Deals may comprise a suite of labour market, business support and welfare interventions *inter alia*.

City Deals hinge on a quid pro quo – that is medium- to long-term funding commitments by the UK and Scottish governments for the development of strong capacities and accountable structures, at a local level, to manage the funding and financing responsibilities that City Deals present. The UK Government (2011) previously noted: “City Deals must be genuine transactions, with both parties willing to offer and demand things in return.”

- **Are City Region Deals on track to deliver local growth, innovation and infrastructure schemes which would not have otherwise been delivered?**

Success of the City Deals, in terms of growth outcomes, must be considered in the medium- to long-term. This is required for the effects of investments to be realised. A view on the delivery of projects can be signalled at an earlier point, however, how households and firms respond to changes in accessibility - as a result of a transport project, for example - need to be evaluated over a longer time horizon. Evaluation also poses complex questions about what would have happened in the absence of a City Deal programme (the counterfactual position), so we can evidence the impact of a City Deal.

The aforementioned points to a balance to strike in terms of closely monitoring the progress of deals, as would be required of any public intervention, and recognising and giving time for the effects of interventions to be realised. There is a tendency for

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“compulsive re-organisation” of sub-national institutions in the UK\(^8\), and this may be problematic for strategic policymaking where long time horizons need to be considered.

- **What is your understanding of the governance arrangements for City Region Deals, and how well are these arrangements working in practice?**

We can observe variation across City Deals within the UK and within Scotland. In Scotland and Wales, joint cabinets have been installed\(^9\,^{10}\). Such arrangements reflect an emergent phase of city-region governance with local authorities working together to negotiate and manage the deal. The multiple LA arrangements are compelled by a focus in City Deals to target investments and policies to reflect, as far as possible, functional geographic areas\(^11\), rather than be bound by administrative areas. Looking across the city-region deals in Scotland at present, however, it is clear that a wide range of geographic settings - from Inverness and the Highlands (a deal for a single authority) to the dual city bid of Dundee and Perth (the Tay Cities) - form the basis of current and potential City Deal areas.

In England, through successive stages of deal-making, notably devolution deals, arrangements for city-region governance have taken on greater formalism with the establishment of combined authorities, and, in early May, the appointment of city-region mayors\(^12\).

An issue emerging, attached to governance, are the capacities available at a local level to manage risk (that comes through project funding and delivery). In the English context, this was highlighted by the NAO in their review of Wave 1 City Deals\(^13\). As deals continue to develop and evolve, capacity issues require careful consideration. Part of a response to this may be to improve the quality of data to support policymaking, and this may involve strategic capacity brokered across local government and their partners (including Scottish Government, national agencies and universities).

- **Have local residents and businesses been kept informed and involved in the development and activities of City Region Deals?**

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\(^12\) https://www.gov.uk/government/publications/devolution-and-mayors-what-does-it-mean

This is an issue that warrants further consideration and scrutiny. A critique, in the English context, has emerged that deal-making has been a “secret” process\textsuperscript{14}, conducted behind “closed doors”\textsuperscript{15}. In one sense, where limited engagement is proven to be the case, this may be seen to reflect the nature of the contractual process underpinning deal-making. However, limited consultation may be seen to be problematic, particularly given the transformational aspirations attached to the deals.

- **Are regions not covered by City Region Deals able to access equivalent funding and support for growth, innovation and infrastructure schemes?**

As is being reflected in the preliminary steps made by councils in Ayrshire, “growth deals” have emerged as tools to support investment and policy approaches for other non-metropolitan places\textsuperscript{16}. Growth deals have been put in place for local enterprise partnerships (LEPs) in England\textsuperscript{17}, and progress is underway to establish a growth deal for authorities in North Wales\textsuperscript{18}.

It is also important to be mindful that City Deals and Growth Deals, involving the support of the UK Government, are not the only mechanisms to support infrastructure financing and delivery in Scotland. In this respect, Growth Accelerator Models (GAMs), developed by the Scottish Futures Trust, are being applied to development projects in Edinburgh and Dundee. GAMs operate on similar principles to “tax increment financing” (TIFs) – where up front borrowing hinges on future returns stemming from a development - but take into account a wider range of outcomes beyond immediate development effects.\textsuperscript{19} Like the allocation mechanism in a number of City Deals, where future funding is predicated on performance or achievement against key “gateways” (set out every 5 years), a “payment-by-results” mechanism underpins GAMs\textsuperscript{20}.

- **Are City Regions Deals supporting a shift towards local decision-making on major investment projects?**

Local decision-making is emerging through discretion as to how to spend funding allocations (subject to agreement with the Scottish and UK Government’s and compliance with Green Book guidance). The ethos of deal-making is that localities need to present to the UK Government, and the devolved administrations, a compelling investment case\textsuperscript{21}. New tools for fiscal devolution, designed to give

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\textsuperscript{14} http://blogs.lse.ac.uk/politicsandpolicy/beyond-secret-deals-rethinking-devolution-in-england/
\textsuperscript{15} https://www.publications.parliament.uk/pa/cm201516/cmselect/cmcomloc/369/36902.htm
\textsuperscript{16} http://www.scdi.org.uk/news/626-ayrshire-growth-deal-prospectus-submitted-to-governments
\textsuperscript{17} https://www.gov.uk/government/news/growth-deals-gain-momentum-firing-up-local-economies
\textsuperscript{19} http://www.scottishfuturetrust.org.uk/files/publications/Growth_Accelerator_-_Guidance.pdf
\textsuperscript{20} http://www.scottishfuturetrust.org.uk/files/publications/Growth_Accelerator_-_Guidance.pdf
\textsuperscript{21} http://www.walesonline.co.uk/business/business-news/local-authorities-join-forces-give-9744388
localities greater control over income streams stemming from growth investments - such as “earn back” in Greater Manchester – have raised questions about the “funding formulas” and “data sources”, and whether “sufficient stability or certainty” is given for local investments to be based on such an approach.\(^\text{22}\)

- **Any other issues relating to City Region Deals which you wish to bring to the attention of the Committee?**

We think it is useful to distinguish the merits of individual deals – some of which may contain a series of useful interventions to address local growth needs – and the system of policymaking that City Deals have stemmed from. Regarding the latter, we take the view (along with others)\(^\text{23}\), that the piecemeal ad hoc nature of city dealing may prove to be problematic given the process for agreeing deals does not appear to be clearly set out. This is not to argue for a “one size fits all” approach, but to make the case that greater clarity regarding the principles, phases and criteria of deal-making may help to provide parity of treatment across the varying localities seeking funding.\(^\text{24}\)

In the Scottish context we believe there is an important task ahead to consider how City Deals align and cohere with other strands of policymaking, from the National Planning Framework to the National Outcomes and the ongoing Enterprise and Skills Review. Has city dealing changed, or will it have a bearing on the way in which such strategies and approaches should be taken forward and developed?

Related to the above, we believe there is an important question to pose about how growth is being approached and treated, as this exhibits greater complexity in a tripartite deal-making context. We are mindful, for example, that “inclusive growth” features centrally in the Scottish Government’s economic strategy, yet how this fits with the UK Government’s aspirations for, and indicators of, economic success warrants further consideration. Inclusive growth is a term increasingly referred to by policymakers but remains elusive in terms of providing a precise definition or policy focus. A concern for distribution in growth systems or effects rests at its core, however. The RSA Inclusive Growth Commission have recently called for devolution deals to be considered within an inclusive growth framework.\(^\text{25}\)

\(^{24}\) http://www.ippr.org/publications/rebooting-devolution  
Finally, it may be useful to consider urban policy through decentralisation as an ongoing process, rather than a one-off event\textsuperscript{26}. This has proven to be the case in England - with successive phases of deal-making to places (through growth and devolution deals) – and, through ongoing discussion, this may offers a means to consider where and at what levels of government policy levers are best placed.

David Waite, Des McNulty and Duncan Maclennan

\textsuperscript{26} UK Government (2016) Government Response to CLG Select Committee Report: “Devolution: the next five years and beyond”.
Written Submission from the Centre for Urban and Regional Development Studies, Newcastle University

1. About CURDS

1.1 The Centre for Urban and Regional Development Studies (CURDS), Newcastle University, is a research centre renowned for its academic excellence and policy relevance in urban and regional development, policy and governance. Founded in 1977, CURDS has been part of the £3.5m EPSRC and ESRC-funded iBUILD research centre examining new funding, financing and business models for local infrastructure. Our research contribution to iBUILD has drawn upon CURDS’ existing knowledge, expertise and understanding in local and regional development, decentralisation, regional and local governance, and the financialisation of infrastructure. CURDS is also a partner in the ESRC-funded ‘City Evolutions’ research project, alongside the University of Cambridge, University of Southampton, Aston University, Cambridge Econometrics and Centre for Cities, examining the economic evolution and adaptation of UK cities. CURDS is also working on a project for the Joseph Rowntree Foundation examining cities and demand-side policies for inclusive growth, building upon its research on uneven growth and tackling declining cities.

2. What is the problem City Deals are trying to address?

2.1 The UK is marked by longstanding and persistent spatial disparities in economic and social conditions. Cities are interpreted as engines of city-regional and national growth yet the growth paths of major UK cities have diverged in recent years (Figure 1, Appendix). The City Deals are part of the UK and devolved government’s policy responses to addressing economic under-performance and ‘unlocking’ city-regional growth. The need to address spatial disparities has been articulated in the aim of rebalancing the UK economy sectorally and spatially following the global financial crisis and economic downturn of 2008-. In the wake of the EU referendum result and concern about the people and places left behind, this aim has been remade by the UK government in terms of the “...need to rebalance the economy across sectors and areas in order to spread wealth and prosperity around the country” (Theresa May, Speech to the Conservative Party Conference, 5 Oct 2016).

3. The origins of deals, deal-making and informal governance

3.1 Deals and deal-making are an innovation in political and administrative governance in the UK context. Their origins can be traced to several sources:

27 https://research.ncl.ac.uk/ibuild/
28 http://www.cityevolutions.org.uk/
3.2 Deals and deal-making are a kind of informal governance characterised by:

- Decision-making with deliberate lack of codified protocols and procedures shaped by social relationships, webs of influence and patronage
- Experimentation
- Brokering of confidential bargains
- Limited consultation and deliberation.

3.3 Deals and deal-making contrast the more common formalised, codified and structured agreements within clear constitutional frameworks with demarcated separation of powers between city, state and national levels evident in other areas of UK public policy and OECD countries.

4. The UK City Deals

4.1 The City Deals introduced in the UK from 2011 by the Conservative and Liberal Democrat coalition government involve central national government and over 30 city-regional groups of local authorities in England, Scotland and Wales. As a novel and experimental kind of centre-local relations, public policy-making and governance in the UK setting, City Deals are being promoted, sold and attracting international interest and debate in Australia, the US and the Netherlands.

4.2 The UK and devolved governments have used City Deals to incentivise coalitions of local state actors at the city-regional scale to develop visions, strategies and priorities especially for funding and financing urban infrastructure and reforming governance structures to “unlock” city-regional growth: “The aim of these deals is to empower cities to forge their own path, to play to their own strengths and to find..."
4.3 CURDS has undertaken the first national comparative study of the UK City Deals. The main findings are:

- Local state actors in the city-regions are moving towards an ‘investment-led’ approach to funding and financing urban infrastructure, focused on economic returns, assessed and managed through ‘payment by results’ reviews, and involving elements of experimenting with new practices (e.g. recycling funds), devising new mechanisms (e.g. ‘earn-back’) and adapting existing techniques (e.g. borrowing, grants, tax increment financing). These changes constitute a shift in the approaches to funding and financing infrastructure at the city/city-region scale (Table 1).
- As governance mechanisms, the City Deals are being used by actors to rework the role of the state internally at the national and local levels and through changed central-local and inter-local (city-regional) relations. Urban public policy and governance are being recast as asymmetrical and transactional ‘deal-making’ and negotiation between central national and local (city-regional) actors unequally endowed with information and resources leading to highly uneven social and spatial outcomes.

4.4 By June 2016, 31 City Deals had been signed across 3 waves, with wave 3 extending to the devolved territories (Table 2). In total, by June 2016, the 31 City Deals covered 51% of the population, 45% of the Gross Value Added (GVA), 51% of the jobs, and 45% of the enterprises in Britain (Figures 2 and 3). This footprint has since extended following the more recent and currently negotiated deals in wave 3. City Deals have been vehicles for governance reform and a variety of new and adapted models are apparent across the 3 waves but very little evaluation of their effectiveness has been undertaken (Table 3)\(^{35}\). Relating the City Deals to the different forms of decentralisation, the nature of local decision-making appears more like administrative decentralisation (Table 4). As a result of the uneven geographies and negotiating process involved in the deals and deal-making, the allocation of funding in the City Deals is highly uneven (Figure 4). While the geographical footprint of City Deals is substantive, the differential layering of decentralisation over time and space means areas of the UK have increasingly different powers, responsibilities and funding arrangements. Substantive claims and forecasts of additional GVA and employment have been made as part of the City Deals agreed with government to date (Figures 5 and 6). Devising robust evaluation frameworks to assess the progress of the City Deals is currently work in progress framed by the ‘Gateway Reviews’ and conditions on the release of future funding tranches. This work is bedeviled by issues about additionality, attribution, displacement and the long-term

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\(^{35}\) See, for example, National Audit Office (2015) Devolving Responsibilities to Cities in England: Wave 1 City Deals, NAO: London.
nature of many of the City Deal investments and their potential outputs, outcomes and impacts. The nature of the deal-making and negotiating processes lends itself to the over-claiming on potential benefits by local actors as part of attempting to leverage higher levels of central government support and a more advantageous deal. Robust assessment of the difference that City Deals make or not is fundamental.

5. Learning from the UK City Deals

5.1 CURDS research revealed several positive attributes of the City Deals:

- Local-centre conduit
- Local ‘empowerment’, central delegation
- Local-centre *quid pro quo*
- Vision and strategy-making
- Encouragement and promotion of innovation
- Project and programme integration and outcome focus
- Local governance reform device.

5.2 Several negative attributes were evident also:

- Austerity, fiscal squeeze and capacity constraints
- Asymmetric information
- Centre as supporter and appraiser
- Negotiating power resides centrally
- Lack of accountability, transparency and scrutiny
- Uneven outcomes of political haggles
- Slippage from announcement to implementation, innovation diluted
- Limited evaluation.

6. Reforming the UK City Deals

6.1 On the basis of the CURDS analysis, several areas of reform can be identified to help make the City Deals work more effectively in the future:

- Clarifying the principles, rationales, criteria and indicative timetables for deals
- Providing ‘menus’ for deal elements
- Incorporating independent components of appraisal and approval
- Strengthening monitoring and assessment of delivery
- Designing mechanisms for sharing knowledge, experience and practice for central and local actors
- Enabling local capacity and power to enforce, adapt and amend deals.

7. Conclusions

7.1 The City Deals fit into a long history of *ad hoc* and piecemeal institutional and policy approaches to the UK’s particular problems of spatial disparities and
centralised governance. With the prospect of an ongoing and extended Wave 3 of further deals and deal-making for different groupings of local authorities and geographies across the UK, it is appropriate to pause and reflect on progress to date. Is there a need for a more thoroughgoing urban and regional (industrial) strategy, policy and funding instruments better able to address the potential and problems of the UK's cities and regions? The context of the current economic, social, political and environmental uncertainties and risks including weak productivity and low growth, social and spatial inequalities, high levels of indebtedness, Brexit, rapid technological change, climate change and ageing societies make such deliberation important and pressing.

Peter O'Brien and Andy Pike

Appendix

Figure 1: Divergent growth amongst major UK cities, GVA per capita 1981-2013 (PUAs)

Source: Cambridge Econometrics
Table 1: Transitions in approaches to governing infrastructure funding and financing at the city/city-region scale

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Traditional approaches</th>
<th>Emergent approaches</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rationale(s)</td>
<td>Economic efficiency (and social equity)</td>
<td>Unlocking economic potential (e.g. GVA, employment)</td>
</tr>
<tr>
<td></td>
<td>Market failure</td>
<td>Expanding future revenue streams and/or tax base</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Releasing uplift in land values</td>
</tr>
<tr>
<td>Focus</td>
<td>Individual infrastructure items (e.g. roads, bridges, rail lines)</td>
<td>Infrastructure systems and interdependencies (e.g. connectivity, telecommunications, district heating)</td>
</tr>
<tr>
<td>Timescale</td>
<td>Short(er) 5-10 years</td>
<td>Long(er) to 25-30 years</td>
</tr>
<tr>
<td>Geography</td>
<td>Local authority administrative area</td>
<td>‘Functional Economic Area’/‘Travel to Work Area’, city-region, multiple local authority areas</td>
</tr>
<tr>
<td>Scale</td>
<td>Small, targeted</td>
<td>Large, encompassing</td>
</tr>
<tr>
<td>Lead</td>
<td>Public sector</td>
<td>Public and/or private sectors</td>
</tr>
<tr>
<td>Organisation</td>
<td>Projects</td>
<td>Programmes</td>
</tr>
<tr>
<td>Funding</td>
<td>Grant-based (e.g. from taxes, fees and levies)</td>
<td>Investment-led (e.g. from existing assets and revenue streams, grant, borrowing)</td>
</tr>
<tr>
<td>Financing</td>
<td>Established and tried and tested instruments and practices (e.g. bonds, borrowing)</td>
<td>Innovative, new and adapted instruments and practices (e.g. value capture, asset leverage and leasing, revolving funds)</td>
</tr>
<tr>
<td>Process</td>
<td>Formula-driven allocation, (re)distributive, closed</td>
<td>Negotiated, competition-based, open</td>
</tr>
<tr>
<td>Governance</td>
<td>Centralised</td>
<td>(De)centralised</td>
</tr>
<tr>
<td></td>
<td>Top-down</td>
<td>Bottom-up and top-down</td>
</tr>
<tr>
<td></td>
<td>National government and single local authority-based</td>
<td>National government and multiple local authority-based</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(e.g. Combined Authorities, Joint Committees)</td>
</tr>
<tr>
<td>Management and delivery</td>
<td>Single local authority-based, arms-length agencies and bodies</td>
<td>Multiple local authority-based, joint ventures and new vehicles</td>
</tr>
</tbody>
</table>

Source: Authors’ research
Table 2: City Deals Waves 1, 2 and 3

<table>
<thead>
<tr>
<th>Wave 1</th>
<th>Wave 2</th>
<th>Wave 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Birmingham and Solihull (GBS)</td>
<td>Black Country (BC)</td>
<td>Glasgow and Clyde Valley (GCV)</td>
</tr>
<tr>
<td>Bristol and West of England (BWE)</td>
<td>Plymouth (P)</td>
<td>Aberdeen (AB)</td>
</tr>
<tr>
<td>Greater Manchester (GM)</td>
<td>Brighton and Hove (BH)</td>
<td>Cardiff Capital Region (CCR)</td>
</tr>
<tr>
<td>Leeds City Region (LECR)</td>
<td>Preston, South Ribble and Lancashire (PSRL)</td>
<td>Inverness (IV)</td>
</tr>
<tr>
<td>Liverpool City Region (LVCR)</td>
<td>Greater Cambridge (GC)</td>
<td>Stirling (ST)</td>
</tr>
<tr>
<td>Nottingham (NO)</td>
<td>Southampton and Portsmouth (SP)</td>
<td>Swansea Bay City Region (SBCR)</td>
</tr>
<tr>
<td>Newcastle (NCLG)</td>
<td>Coventry and Warwickshire (CW)</td>
<td>Tay Cities?</td>
</tr>
<tr>
<td>Sheffield City Region (SCR)</td>
<td>Stoke and Staffordshire (SS)</td>
<td>Edinburgh?</td>
</tr>
<tr>
<td>Liverpool Mayoral Deal</td>
<td>Hull and Humber (HH)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Own elaboration from Cabinet Office data
Figure 2: City Deal areas (as of June 2016)*

* See Table 3 for City Deal areas

Source: Own elaboration from Cabinet Office
Figure 3: Population and economic ‘footprints’ of the 31 City Deals, 2016

Source: Own elaboration from ONS, NOMIS and City Deal documents data
Table 3: Governance models in the City Deals (as of June 2016)

<table>
<thead>
<tr>
<th>Governance model</th>
<th>Example</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elected Mayor</td>
<td>Liverpool City; Bristol City</td>
<td>Mayor plus ‘strong decision-making across wider economic area’, Skills Board (Bristol and West of England) and Transport Board (Liverpool City Region)</td>
</tr>
<tr>
<td>Combined Authority</td>
<td>West Yorkshire (Leeds City Region)</td>
<td>A statutory body created under the terms of the 2009 Local Democracy, Economic Development and Construction Act. In Leeds and Sheffield City Regions these are West Yorkshire and South Yorkshire-based – i.e. covering former metropolitan unitary authorities</td>
</tr>
<tr>
<td>Elected 'metro mayor' and Combined Authority</td>
<td>Greater Manchester; Sheffield City Region; Liverpool City Region; North East (Newcastle, Sunderland); Tees Valley; Greater Birmingham and Solihull</td>
<td>An elected metro mayor will chair a Combined Authority, but will be directly elected by voters in the Combined Authority area. The 2016 Cities and Local Government Devolution Act confers powers to the mayor and the Combined Authority</td>
</tr>
<tr>
<td>Statutory Joint Committee</td>
<td>Bristol and West of England; Black Country; Coventry and Warwickshire; Hull and Humber; Oxford and Oxfordshire; Plymouth; Thames Valley Berkshire; Glasgow and Clyde Valley; Cardiff Capital Region; Aberdeen</td>
<td>A statutory body comprising local authorities established under the terms of the 1972 Local Government Act</td>
</tr>
<tr>
<td>Single Local Authority</td>
<td>Inverness</td>
<td>Single Local Authority but involvement of other stakeholders (e.g. business, universities)</td>
</tr>
<tr>
<td>LEP or private sector-led</td>
<td>Greater Birmingham and Solihull; Greater Ipswich; Preston; South Ribble and Lancashire; Swindon and Wiltshire</td>
<td>Private sector leadership. Greater Ipswich Board is a sub-committee of the LEP</td>
</tr>
<tr>
<td>Economic Board</td>
<td>Nottingham; Greater Brighton; Greater Cambridge; Greater Norwich; Leicester and</td>
<td>A strategic entity bringing together local authorities and the private sector (including LEP). In</td>
</tr>
</tbody>
</table>
Leicestershire; Solent; Southend; Stoke-on-Trent and Staffordshire
Cambridge, the board is advised by a joint assembly of local councillors and educational representatives

Source: Authors’ research and Marlow (2012)

Table 4: Forms of decentralisation

<table>
<thead>
<tr>
<th>Increasing decentralisation</th>
<th>Administrative</th>
<th>Deconcentration</th>
<th>Delegation</th>
<th>Political</th>
<th>Fiscal</th>
<th>Devolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative functions and responsibilities undertaken at the sub-national level</td>
<td>Dispersion of central government functions and responsibilities to sub-national field offices. Powers transferred to lower-level actors who are accountable to their superiors in a hierarchy</td>
<td>Transfer of policy responsibility to local government or semi-autonomous organisations that are not controlled by the central government but remain accountable to it</td>
<td>Political functions of government and governance undertaken at the sub-national level</td>
<td>Autonomy over tax, spending and public finances ceded by central government to sub-national levels</td>
<td>Central government allows quasi-autonomous local units of government to exercise power and control over the transferred policy</td>
<td></td>
</tr>
</tbody>
</table>

Figure 4: ‘New funding’ (for all projects) by selected City Deal (£ per capita)

Source: Own elaboration based on Cabinet Office announcements and City Deal agreements
Figure 5: Forecast of additional contribution to GVA (£billion) in 12 City Deal areas*

*Analysis based upon 12 City Deals with major infrastructure components: Greater Birmingham and Solihull; Bristol and West of England; Greater Manchester; Leeds City Region; Liverpool City Region; Newcastle; Nottingham; Sheffield City Region; Greater Cambridge; Preston, South Ribble and Lancashire; Glasgow Clyde Valley; and Cardiff Capital Region.

Source: Own elaboration based on City Deal document data
Figure 6: Forecast of additional contribution to employment in 12 City Deal areas*

*Analysis based upon 12 City Deals with major infrastructure components: Greater Birmingham and Solihull; Bristol and West of England; Greater Manchester; Leeds City Region; Liverpool City Region; Newcastle; Nottingham; Sheffield City Region; Greater Cambridge; Preston, South Ribble and Lancashire; Glasgow Clyde Valley; and Cardiff Capital Region.
Written Submission from the Coalition for Racial Equality and Rights

CRER is an independent NGO working to eliminate racial discrimination and promote racial justice across Scotland. Through capacity building, research and campaigning activities which respond to the needs of communities, our work takes a strategic approach to tackling deep rooted issues of racial inequality.

CRER works closely with BME communities and public bodies to advance racial equality and support best practice. The evidence included in our submission has been gathered through CRER’s research and stakeholder engagement on the impacts of local and national polices on BME communities.

Have local residents and businesses been kept informed and involved in the development and activities of City Region Deals?

Whilst there is no legal duties explicitly placed on the City Deal partnerships to advance the Public Sector Equality Duties, there are legal obligations required of each of the local authority partners to eliminate discrimination, advance equality of opportunity and to foster good relations between those who share a protected characteristic and those who do not.\(^37\) Again whilst these duties are not explicit as part of the City Region deals, they do extend to all of the functions of the partnership. CRER would welcome further details on how PSED has been considered by public bodies as part of their partnership working.

In both the City Deal Procurement Strategy 2015-2020\(^38\), and the Glasgow City Region – City Deal Cabinet Joint Committee 2015/16 annual audit\(^39\) there is no mention of equalities practices or details of how individuals with a protected characteristic will benefit from the investment and commitments within the scheme. CRER is aware that there have been several events organised by public and voluntary organisations in Glasgow and the surrounding local authority areas to inform residents of the City Deals projects. However there are areas for improvement to ensure that local residents are continually involved in the development and activities of City Region Deals.

At an absolute minimum there must be a strong commitment to equality impact assess the regional deals to ensure they do not exacerbate inequalities. CRER also believes that each local authority must enact their equalities duties by ensuring the needs of individuals within their communities are met as part of this wider


\(^{38}\) Glasgow City Region Deal “City Deal Procurement Strategy 2015-2020” http://www.glasgowcityregion.co.uk/CHttpHandler.ashx?id=16877&p=0

programme of investment. We were pleased to note the Scottish Government’s declaration as a part of their 2017/2018 budget\textsuperscript{40}, in which they stated they would be equality impact assessing the City Region Deals. CRER would urge the Scottish Government to ensure that these assessments are shared and used as a tool for improved equalities working.

All too often equalities issues are seen as an “add-on” to existing programmes. Ensuring that they are built into the everyday working of the City Deal partnerships through local consultation, stakeholder management and detailed planning would be a vital step forward in overcoming this.

**Are City Region Deals supporting a shift towards local decision-making on major investment projects?**

CRER would welcome greater transparency on the level of decision making that has been made at a local level. At present there is limited information available on how communities have been consulted and how their views have been used. There is also very little information on how community groups can engage with City Deals in order to put forward project ideas. Setting out a robust strategy for engagement would, in the longer term, help to meet the aims of the City Deals partnerships and better serve the communities that they represent.

**Any other issues relating to City Region Deals which you wish to bring to the attention of the Committee?**

In the case of Glasgow City Region Deal there are 26 projects planned over 20 years to improve the region’s infrastructure, employability and the growth of new business. Over £1billion of public funding has already allocated to Glasgow City Region Deal. As part of their engagement with local residents they have highlighted the importance of collaborative procurement and the need to address common issuing being faced by buyers to meet their collective goals.\textsuperscript{41}

Earlier this year CRER hosted a roundtable meeting with the EHRC and public sector bodies in Glasgow to discuss the Public Sector Equalities Duties and how they apply to procurement. Below are some bullet points of issues that were raised in relation to delivering improved equality through procurement. With such large sums of money being set aside for the City Region Deals initiative the Committee may wish to explore some of the existing issues of implementing equality practices into procurement to ensure that there is a clear commitment to use this money to

\textsuperscript{40} Scottish Government, Scottish Draft Budget 2017/2018 \url{http://www.gov.scot/Publications/2016/12/8841/11}

\textsuperscript{41} Glasgow City Region Deal “City Deal Procurement Strategy 2015-2020” \url{http://www.glasgowcityregion.co.uk/CHandler.ashx?id=16877&p=0}
advance equality, as well as supporting public sector workers delivering these projects.

Key points on procurement:

- It was suggested that equalities must be made high profile enough that it becomes a fully implementable, workable strategy to all practices. This then needs to be coupled with making procurement equalities high profile enough that they are fed into organisational outcomes. There is often too many different priorities which aren't on the Scottish Government agenda, yet there is a burden on public bodies to deliver them.

- There have been considerable changes enforced in relation to the sustainability requirements, and many of the regulatory bodies have been quick to implement the new regulations brought in through the EU. This said they seem slow to react to or enforce the equalities duties.

- Each body has different regulations, meaning that they are all individually feeding into the Scottish Government work plans, but with no leadership from the top.

- There is often a lack of equalities expertise in local councils, with West Lothian for example dealing with 250 to 300 contracts per year but only having one dedicated equalities staff member.

- The need to learn from other sectors about how to improve in this area was highlighted. The current set-up relies on leadership from equalities specialists who often have tight competition on resourcing meaning it often falls off of work plans.

- One organisation highlighted that they had sought engagement with organisations who had scored poorly on their equalities indexes. This was done to ensure that they improved, and that there is an ever growing pool of organisations that can deliver services with an equalities interest.

Conclusion

CRER welcomes this Committee call for evidence on City Region Deals. As mentioned, these region deals have the potential to tackle disadvantage and encourage local involvement on large scale projects across Scotland. We recommend that the Committee investigate whether Equality Impact Assessments have already been undertaken for the City Region Deals, and how these are to be carried out as part of the Scottish Government’s 2017/2018 budget pledge.
Further to this, CRER would welcome greater transparency on how local authorities have applied their PSED requirements to their partnership working within City Region Deals. CRER would particularly welcome further details on how local residents have been consulted and if there has been considerations from local authority partners to tackle disadvantages faced by those with a protected characteristic.

Jatin Haria
Executive Director
Coalition for Racial Equality and Rights
Written Submission from FSB Scotland

Introduction

The Federation of Small Businesses (FSB) welcomes the opportunity to respond to the Committee’s inquiry into City Region Deals (‘City Deals’). The inquiry is timely given the growth of City Deals in Scotland.

FSB offers expert support and advice to over 18,000 smaller businesses, many of whom operate in areas covered by a City Deal and are both directly and indirectly affected by new arrangements. We also have a long-standing interest in economic development, skills and regeneration issues and regularly comment on the development and implementation of national and local economic strategies. Questions

1. What is your understanding of the purpose of City Region Deals?

The UK Government introduced the City Deals model in 2011, via its ‘Unlocking Growth in Cities’ White Paper, to boost regional and local economic growth and devolve more power to a sub-national level. It is central to the UK Government’s drive to create a ‘Northern Powerhouse’ and is a high-profile intervention co-funded by the Scottish Government, albeit the latter has a stronger focus on inclusive growth and regional cohesion.

Each deal aims to encourage local authorities to work together more effectively to identify local economic development opportunities. Overall, they aim to:

- Give powers and tools to drive growth
- Unlock projects and initiatives to boost economies
- Strengthen governance arrangements
- Lever private sector finance

Unlike traditional funding between national and local governments, City Deals are transactional in nature and based around government investment being conditional upon specific outcomes from the region. For example, Stirling may want finance to build a new digital hub but governments will want to see tangible improvements in productivity, employment or innovation.

City Deals initially focused on the eight largest English cities (and associated wider city region area) outside London. The model was extended across the UK in 2014 when the Glasgow and Clyde Valley deal was secured. More recently, deals have been agreed with Inverness and Highland city region and the Aberdeen city region.

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42 A list of publications can be accessed via the link - http://www.fsb.org.uk/standing-up-for-you/national-offices/scotland/scotland-publications
44 See: http://www.gov.scot/Topics/Economy/EconomicStrategy
The total amount set to be invested in these deals is over £2bn. In addition, the Edinburgh and South-East Scotland City Region has been in negotiation with governments for over a year; the Tay cities have submitted a plan; and a Stirling and Clackmannanshire City Deal is in development. It is expected that the majority of Scotland will be covered by a City Deal in the near future, with total investment of around £5bn.

We welcome the capital investment provided by the City Deal approach and recognise the potential opportunities created by many of the projects, particularly in the medium to longer term. However, it is unclear whether the planned investment represents any significant policy shift towards boosting the wider city region. Further, it is worth emphasising that the purpose and rationale of City Deals is often lost on smaller businesses who question how the investment will boost their local economies:

“City deals aren’t just about big businesses and sectors such as creative industries, life sciences and digital media. If they are going to make a difference to local communities and economies, they need to involve the existing business base, rural businesses, the self-employed and home-based businesses. If not, it will be the same old economic strategies that we’ve seen before.” FSB member, Perth

2. Are City Region Deals on track to deliver local growth, innovation and infrastructure schemes which would not have otherwise been delivered?

Although no one deal is the same, the three agreed in Scotland aim to create new jobs and boost economic growth and productivity. The operational deals expect to generate an additional 35,455 jobs and unlock billions of private sector investment – the Glasgow and Clyde Valley deal alone is set to deliver £2.2bn in additional Gross Value Added (GVA) per annum. Principally, this will be delivered through large capital infrastructure projects and the creation of new innovation centres, employability programmes and improving digital connectivity. A plethora of projects are currently underway including:

- A new direct link between Glasgow central station and Glasgow airport
- Science Skills Academy
- A Northern Innovation Hub
- Oil and Gas Technology Centre
- Expansion of Aberdeen Harbour

City Deals are substantial investments which are intended to deliver returns in the medium to longer term. With the model operating in Scotland for just over two years, it is almost certainly too early to assess whether the deals will, in the words of one developing bid, represent a “once-in-a-generation opportunity”45 or a failed attempt to boost Scotland’s economy. The lack of policy evidence relating to City Deals provides an additional barrier to making evidence-based judgements.

Nonetheless, it is worth considering the feedback provided by the review of the first wave City Deals by the National Audit Office.\textsuperscript{46} The review highlighted a number of challenges in evaluating the deals and their impact on local growth. This ranged from difficulties in assessing what would have happened without the deals in place, to the lack of capacity and expertise to appraise, monitor and evaluate programmes. It also noted that different deals use different methodologies to evaluate, impact and monitor progress (for example, key measures such as jobs are defined differently by different deals) and the difficulties in identifying or discounting displacement between cities to gauge the net national impact.

This last point is worth emphasising. City Deals will find it challenging to prove additionality – progress in one city (e.g. Glasgow) may be to the detriment of another (e.g. Edinburgh) – and as such local authorities and governments will be unable to rigorously state that the deals have generated x growth or y jobs. These problems are compounded by the deal-making nature of these arrangements, as the Centre for Urban and Regional Development Studies at Newcastle University\textsuperscript{47} point out in their submission:

“The nature of [City Deals]...lends itself to the over-claiming on potential benefits by local actors as part of attempting to leverage higher levels of central government support.”

Ultimately, City Deals may be successful in Scotland and deliver additional economic growth. Certainly, the scale of public investment warrants a transformational impact. However, at this stage and in the absence of evidence, FSB believes that adopting the model without careful scrutiny and analysis will make it difficult to pinpoint the difference made by the City Deal process.

3. What is your understanding of the governance arrangements for City Region Deals, and how well are these arrangements working in practice?

It is our understanding that Scottish City Deals all have similar governance arrangements and are overseen by Cabinets or Joint Committees of representatives from local authorities and local partners. A Programme Management Office (PMO) undertakes the operational functions of the Cabinet, in which councils are assigned lead status on different aspects of the deal. For instance, the enterprise portfolio in the Glasgow and Clyde Valley deal is led by Renfrewshire Council.

While there is an element of private sector representation in some deals, the governance arrangements are complex and largely driven by local authorities. This is unsurprising given the arrangements have been established under the Local Government (Scotland) Act 1973, with a central focus on facilitating intra-local authority partnership working and delivery. An unintended consequence, however, is that the governance arrangements of City Deals are opaque, officious and public sector dominated. As we outline in the next question, this has resulted in poor


\textsuperscript{47} See: \url{http://www.parliament.scot/S5_Local_Gov/Inquiries/20170427_CRD_CURDS.pdf}
attempts to engage with businesses in the development and implementation of the deals.

Although there are positive signs that some City Deals, such as Inverness and Highland, are adopting a more open and participative approach, overall we believe that greater external transparency is required to monitor progress across Scotland’s City Deals. Specific suggestions for improving transparency are set out below.

Firstly, FSB believes that appointing an independent Small Business Champion for each City Deal, embedded within the Joint Committee, would provide greater transparency and achieve additional positive outcomes, including boosting supply chain opportunities to maximise return on investment and bringing forward additional ideas to make it easier to do business across the city region.

Secondly, given the long term nature and scale of the investment, the Scottish Parliament should have an ongoing role to provide additional scrutiny on City Deals. Notwithstanding the outcome of the Committee’s inquiry, we believe there may be a case for a one-off, multi-committee investigation to examine the cross-cutting nature of City Deals – supported by the expertise of Audit Scotland. In addition, or alternatively, given the long-term nature of the deals, such an inquiry should be followed up by recurring scrutiny by committees (such as an annual evidence session) where operational City Deals are reviewed and contributions sought from the Scottish Government, the UK Government and external stakeholders. This could also include consideration of evidence from elsewhere in the UK on progress of City Deals.48

4. Have local residents and businesses been kept informed and involved in the development and activities of City Region Deals?

There is certainly some evidence of good practice within operational City Deals (as highlighted by SURF).49 For example, the website for the Glasgow and Clyde Valley deal50 is a useful resource to keep up to date with developments, albeit it was launched almost two years after the deal was established. However, overall, FSB has been underwhelmed by the efforts made by City Deals to communicate with their small business community. This is exceptionally disappointing given that these businesses are a significant part of regional and local economies. Communication has also generally been poor, both in relation to the development of deals as well as implementation. In particular, local firms and citizens appeared to have few opportunities, if any, to lend their input and expertise at the crucial project identification stage. As one FSB member in Glasgow said:

“As both a resident and a business, I have had no information, no consultation and no knowledge of the City Deal despite it impacting massively on an area that is but a few hundred yards away from where I live and where my business is based.”

48 Such as the current inquiry by the Welsh Assembly Committee on Economy, Infrastructure and Skills: http://senedd.assembly.wales/mgIssueHistoryHome.aspx?Id=18468
49 See: http://www.parliament.scot/S5_Local_Govlnquiries/20170421_CRD_SURF.pdf
50 See: http://www.glasgowcityregion.co.uk/
Efforts made by local authorities to pool budgets, resources and priorities to focus on long-term economic improvements beyond their own boundaries are certainly welcome. However, given the scale, scope and duration of City Deals, we have not seen the standard of open and transparent consultation and engagement we would expect.

5. Are regions not covered by City Region Deals able to access equivalent funding and support for growth, innovation and infrastructure schemes?

In local economic development, the scale of City Deals means they have clearly become the focus for many areas in Scotland. The nature of the deals and the resources required to service these arrangements is likely to leave little spare capacity for other economic and infrastructure projects. Unsurprisingly, a number of the local authorities outwith City Deals are exploring regional partnership models to leverage additional public sector investment from Scottish and UK Governments – for instance, the Ayrshire Growth Deal is requesting over £350m of public investment – as well as seeking investment from the private sector.

Although City Deals and Growth Deals represent a departure in how councils and governments intervene in the economy, it is worth recognising that Scotland continues to be supported by a vast enterprise and skills network. How this pre-existing network of support, as well as Community Planning Partnerships, align with new arrangements like City Deals, is unclear, albeit exploring regional partnerships is part of the ongoing Enterprise and Skills Review. Likewise, it is unclear how much of the investment associated with City Deals will achieve the Scottish Government’s inclusive growth ambitions, including improving local economies across the wider city region. If Inverness grows as a result of investment from the City Deal, for example, how will this benefit firms and citizens in Fort William?

6. Are City Regions Deals supporting a shift towards local decision-making on major investment projects?

City Deals are complex arrangements between central and local governments and occasionally private sector partners. As such, brokering agreement between all parties takes considerable time and effort. Undeniably, they have been successful at fostering a more collaborative culture in local government, which we welcome.

Whether they represent a true shift in power to local levels in Scotland is difficult to answer at this stage. Certainly they provide a greater role for councils in large-scale investment projects, but ultimately the proposals must align with the priorities and agendas of the governments who fund the projects. In addition, and in contrast to deals in England, devolving power to a local level through mayors or combined authorities have not featured in the Scottish model.

A further complicating factor is the nature of the deals themselves, where in essence a payment by results model operates. The Scottish and UK Governments provide

51 For example: Business Gateway, Scottish Enterprise, Highlands and Islands Enterprise, Scottish Development International, Skills Development Scotland and VisitScotland.
funding over a set time-period in five year blocks subject to the deals delivering agreed outputs and outcomes. Considering the Glasgow and Clyde Valley Infrastructure Fund as an example, despite publicly stating that over £1bn will be invested in the economy, the UK and Scottish Government have only committed to providing £150m for the first five years. The remaining £850m is conditional upon local authorities demonstrating sound governance, a record of project delivery and good value for money to an Independent Commission on Urban Economic Growth.

7. Any other issues relating to City Region Deals which you wish to bring to the attention of the Committee?

FSB broadly welcomes the significant capital investment City Deals contribute to our city regions. As this submission has outlined, however, we are concerned about the lack of transparency inherent within the deals, the inaccessible governance arrangements and the lack of engagement with smaller businesses. This latter point is worth emphasising given nearly one in two of all small Scottish firms are covered by the three operational City Deals and contribute billions to these regional economies.

In our recent manifesto for the local government elections, we made a number of recommendations to improve developing and operational City Deals for smaller businesses and local economies. As outlined above, a central idea was the creation of an independent small business champion for each deal. This individual would be charged with promoting supply chain opportunities, tackling late payment, increasing regulatory consistencies and ensuring local firms have their voice heard on key spending decisions.

Barry McCulloch
Senior Policy Adviser

Written Submission from Transform Scotland

1. About Transform Scotland

Transform Scotland is the national sustainable transport alliance, campaigning for a transport system which is environmentally sustainable, economically responsible and socially inclusive. We have around 60 member organisations across the private, public and third sectors. We are politically independent, evidence-based and strictly not-for-profit, with an elected board of directors drawn from business, local government and charities.

Transform Scotland welcomes the opportunity to submit these comments.

2. Introduction

The Committee invited ‘views on whether City Region Deals will deliver local economic growth and major infrastructure projects in line with their original proposals’, in particular:

1. What is your understanding of the purpose of City Region Deals?
2. Are City Region Deals on track to deliver local growth, innovation and infrastructure schemes which would not have otherwise been delivered?
3. What is your understanding of the governance arrangements for City Region Deals, and how well are these arrangements working in practice?
4. Are regions not covered by City Region Deals able to access equivalent funding and support for growth, innovation and infrastructure schemes?
5. Are City Region Deals supporting a shift towards local decision-making on major investment projects?
6. Have local residents and businesses been kept informed and involved in the development and activities of City Region Deals?

Our comments closely follow this format. As Transform Scotland is specifically concerned with transport, our comments primarily relate to those components of City Region Deals which concern transport initiatives.

3. The Committee’s questions

1. What is your understanding of the purpose of City Region Deals?

There is no universal description of City/City Region Deals and how they are agreed, as each Deal is tailored to local circumstances. Nevertheless, the concept was originated by the Westminster Government to fund economic development, responsive to local priorities, in the major cities outside London. The Deals are agreements between the UK Government and local authorities giving them specific powers and freedoms to support economic growth, create jobs or invest in local projects. They entail some restructuring of municipal governance in participating cities, as the Government considers that existing structures often inhibit local economic development.
Although the Scottish Government established its ‘Agenda for Cities’ in 2011, the first ‘City Deal’ similar to the English model was the Glasgow City Deal agreed in 2014. In Scotland, the Deals focus on City-Regions rather than cities, and municipal governance has not been reformed in the participating areas. The Scottish Government considers that they offer the potential for new collaborative regional partnerships, focused on long-term strategic approaches in line with the Scottish Government’s economic strategy. From the local authorities’ perspective, they are a means to secure funding to progress local economic priorities.

2. Are City Region Deals on track to deliver local growth, innovation and infrastructure schemes which would not have otherwise been delivered?

The conclusion from the published literature is that it is too early to tell whether the English City Deals are on track to deliver local growth which would not have otherwise been delivered.\(^{54}\) Given the timescales of local and national economic cycles this is hardly surprising. This is even truer of the Scottish City Region Deals, being at an earlier stage of development. Indeed, whilst the first ‘Gateway Review’ of the Glasgow City Region Deal (in 2019)\(^{55}\) might reasonably assess whether some individual projects are on time, on budget and meeting specific targets, we doubt whether it is realistic to assess its wider, more strategic achievements until perhaps ten years after the Deal commenced.

Whilst the Deals anticipate that the central and local government funding will ‘unlock’ or lever in additional private sector investment (e.g. Glasgow £3.3bn, Inverness £1bn),\(^{56}\) no mechanism to achieve this is set out. Neither is it clear how these estimates have been calculated.

3. What is your understanding of the governance arrangements for City Region Deals, and how well are these arrangements working in practice?

The Glasgow City Deal is governed by a Joint Committee comprising the leaders of the eight councils involved. A number of officer groups, at different levels, oversee detailed progress. The Inverness Deal, involving only one Council area, appears to fit within existing local authority structures. The Aberdeen City Region Deal involves three local partners, and appears to have a more complex governance structure, like that in Glasgow.\(^{57}\) As Joint Committees and Boards have been a feature of government in Scotland for many years, in principle this should cause no difficulty. Whether that is the best arrangement for keeping local residents and businesses informed and involved may be another matter.

\(^{54}\) City Deals Overview Briefing paper, Audit Scotland, May 2016
\(^{55}\) Glasgow and Clyde Valley City Deal signed agreement, 2014
\(^{56}\) SPICe briefing. March 2017. www.highland.gov.uk/cityregiondeal
\(^{57}\) Aberdeen City Region Deal signed agreement, 2016
4. Are regions not covered by City Region Deals able to access equivalent funding and support for growth, innovation and infrastructure schemes?

Areas not covered by City Region Deals have not, to date, secured equivalent funding and support for growth, innovation and infrastructure. However, growth deal bids have been prepared (e.g. Ayrshire) and it appears that the Governments are willing to listen to their representations. Conversely, Fife appears to be able to participate in two planned City Region Deals (Edinburgh and Tayside).

5. Are City Region Deals supporting a shift towards local decision-making on major investment projects?

Just as it is too early to tell whether the Deals are on track to deliver local growth, it is too early to assess whether they are supporting a shift towards local decision-making on major projects. Only in Glasgow and Aberdeen are they sufficiently advanced even to begin to consider their impact. The Glasgow City Region Deal’s £1.13 billion Infrastructure Fund is a significantly greater resource than local decision-makers usually have access to, even in the larger cities. At least one planned project, the Glasgow Airport Rail Link, is of a scale that, in recent years, has been the Scottish Government’s preserve. It might be argued, however, that this merely restores the status quo ante of the 1990s; when, for example, city bypasses or reopening railway lines would be local authority projects.

However, while GARL may be fundable through the City Deal, implementation requires the active support and participation of the Scottish Government and Network Rail because of its interfaces with the existing railway. It is not entirely in the gift of local decision-makers.

6. Have local residents and businesses been kept informed and involved in the development and activities of City Region Deals?

We do not consider that local residents and businesses have been fully informed and involved in the development of City Region Deals. It appears that they are shrouded in a degree of secrecy on the basis of being sensitive, or confidential, at least until they are agreed. Indeed, even after agreement, some of the transport projects are vague and non-specific.

For example, the Aberdeen Deal includes £200 million to improve journey times and increase capacity on key links between Aberdeen and the Central Belt. It is not clear what this means in practice, though there are indications that this includes strategic transport appraisals. The question then arises of how recommendations made by these appraisals will be delivered.

58 Exploring the growing importance of City Deals to Scotland, http://us3.campaign-archive2.com/?u=00e86e4f795b3722410373cd1&id=dd502caaa6&e=529e9f438b
Meanwhile, the Glasgow Deal will “improve public transport over the next 10-20 years”. It will address the “weaknesses in the area’s transport”. Its website cites construction of the Cathkin Relief Road as the first completed transport project.

4. Transform Scotland’s particular focus

Whilst Transform Scotland would wish to see investment in sustainable transport in the cities, the lack of transparency around the City Deals processes leaves us unconvinced they are good for sustainable transport. In particular, there is no clear analysis of their impact in terms of climate change or equalities.

The Deals should provide significant opportunities to investment in sustainable transport. However, without a commitment to include sustainable transport or for to have proper regard to national objectives for carbon emissions reduction, there are no mechanisms to ensure that sustainable infrastructure is prioritised.

We recommend:

- The Scottish Government's forthcoming Transport Bill should require that Local Authorities adopt and monitor up to date Local Transport Strategies, and the Government should require that access to City Deal and similar funding be conditional on this requirement being met.
- Local Authorities involved in City Deals should publish in a form easily accessible to the public all expenditure intended in them.
- The Scottish Government should review City Deals to establish whether they contribute to the transport components of the Scottish Government's National Performance Framework.
- Local Authorities involved in City Deals should publish the climate change emission implications of the intended investments. The Scottish Government should consider this as part of its Climate Change Plan.
- The Scottish Government should consider within the forthcoming Transport Bill could provide new revenue-raising powers to Local Authorities to raise funds locally.
- The Scottish Government should review regional transport and land use planning in its National Transport Strategy Review. At minimum, we favour redrawing boundaries where necessary to provide geographical consistency between Regional Transport Partnerships and Strategic Development Planning Authority areas.

Colin Howden
Director

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59 Report to Strathclyde Partnership for Transport, 19 August 2014