



LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE

AGENDA

26th Meeting, 2017 (Session 5)

Wednesday 8 November 2017

The Committee will meet at 10.00 am in the James Clerk Maxwell Room (CR4).

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

Cllr Susan Aitken, Chair, Glasgow City Region Cabinet and Leader of Glasgow City Council;

Kevin Rush, Director of Regional Economic Growth, Glasgow City Region Deal;

Cllr Adam McVey, Leader, City of Edinburgh Council, and Andrew Kerr, Chief Executive, City of Edinburgh Council, Edinburgh and South-East Scotland City Region Deal Partners;

Cllr Graham Ross, Depute Provost and Leader of Inverness and Area, and John Robertson, Programme Manager, City Region Deal, Highland Council;

Cllr David Ross, Co-Leader, Fife Council;

Cllr Jenny Laing, Co-Leader, and Richard Sweetnam, Head of Economic Development, Aberdeen City Council.

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

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Clerk to the Local Government and Communities Committee
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Edinburgh
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The papers for this meeting are as follows—

Agenda item 1

Note by the Clerk

LGC/S5/17/26/1

PRIVATE PAPER

LGC/S5/17/26/2
(P)

Local Government and Communities Committee

26th Meeting 2017 (Session 5), Wednesday 8 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)
 - [Scottish Parliament Information Centre \(SPICe\) Overview Update on City Region Deals](#) (1 November 2017)

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 heard from the following:
 - 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.

[Link to papers for the meeting on 1 November 2017](#)

[The Official Report of the meeting on 1 November will be available at 6.00 pm on 6 November.](#)

7. At its meeting on 8 November 2017 the Committee will take evidence from the following:
 - a. Glasgow City Region Cabinet
 - b. Edinburgh and South East City Region Deal Partners
 - c. Highland Council
 - d. Fife Council
 - e. Aberdeen City Council
8. Written submissions from the above are attached in Annexe A.

Fact Finding Visit

9. On 6 November 2017 the Committee will 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. This is followed by an informal discussion with community groups and businesses.

Next Steps

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

Wednesday 15 November 2017

- Ayrshire Growth Deal
- Falkirk Council
- Skills Development Scotland

Wednesday 22 November 2017

- Scottish Government
- UK Government

Written Submission from Glasgow City Region Cabinet

Glasgow City Region City Deal: Introduction and Background

Glasgow City Region, one of the largest regions in the UK, is Scotland's powerhouse. With a population of 1.8 million, it is home to 29% of Scotland's businesses and the location of 33% of the nation's jobs.

It comprises of eight Member Authorities: East Dunbartonshire Council; East Renfrewshire Council; Glasgow City Council; Inverclyde Council; North Lanarkshire Council; Renfrewshire Council; South Lanarkshire Council and West Dunbartonshire Council.

The eight City Region Member Authorities have an established history of successful collaboration which has been vital to the economic transformation of the region in recent decades, following the decline of its traditional industries. Working with partners, the Member Authorities have played a key role in the transformation of the region by delivering policies, infrastructure and services to allow successful diversification through the development of new sectors, the revitalisation of existing ones and the regeneration of communities and place.

As a result of action taken to date, the city region has undergone economic transformation, re-emerging as a major economic centre in the UK. Evidence of this includes: the development of sectors, such as knowledge intensive business services and life sciences; increasing numbers of start-ups; significant inward investment; comparatively high levels of labour productivity and skills within the workforce; significant improvements to the employment rate; the region's emergence as an internationally recognised centre of education and research; the 2014 Commonwealth Games; enhancements to infrastructure including recent improvements to the region's motorway system and the construction of the new South Glasgow Hospital Campus, the largest hospital complex in Western Europe.

However, major socio-economic challenges remain and there is a pressing need for inclusive growth. Over the last forty years GVA and employment growth has been below the UK average. Furthermore, economic growth has been largely driven by the expansion of public services, knowledge intensive business services and retail and personal services; while the manufacturing sector, a critical component of regional GVA creation and competitiveness, has decreased markedly. Like many other urban regions, occupational growth has been at the extremes of the employment and skills spectrum, creating an "hour Glass" labour market. The loss of employment caused by long term economic restructuring and the more recent impact of the 2008 crisis created and entrenched, localised unemployment and inactivity.

The agreement with the UK and Scottish Governments for one of the largest UK City Deals was formally signed in August 2014. The partnership of eight neighbouring local authorities, with Glasgow as lead authority was the first ever City Deal in Scotland and the first to benefit from funding from both governments - with £500 million each provided from both the UK and Scottish Governments for infrastructure funding and local authorities borrowing a further £130 million. Further funding of £18.8 million from BEIS (Department of Business, Energy and Industrial Strategy) and £4.8 million from Department of Work and Pensions will fund the Business Growth and Innovation and the Employability schemes respectively over three years. It is anticipated that this City Deal investment builds on the region's advantages and address its challenges. In doing so, the City Deal will facilitate the creation of 29,000 jobs and engagement with 19,000 unemployed residents supporting over 5,500 back into sustained work; deliver £2.2 billion in additional Gross Value Added (GVA) per annum across the city region; lever an estimated £3.3 billion of private sector investment and spread the benefits of economic growth across the whole region, ensuring deprived areas benefit.

In February 2017, building on the success of the City Deal, the eight partner councils launched an ambitious joint economic action plan, kick-starting an unprecedented long-term collaboration on jobs, skills and inclusive growth. This move, a first in Scotland, will see City Region Member Authorities pursue a common economic strategy between now and 2035. Through the Economic Strategy and Action Plan, the City Region Cabinet has pledged to work together to deliver a range of ambitious targets - including 100,000 extra jobs; 6,500 new businesses, and big improvements in qualifications, training and skills. Thousands of hectares of vacant and derelict land will also be brought back into use, supporting the building of 110,000 new homes, underpinned by a regional land use spatial strategy.

Over the coming months, the ambition is to see a significant increase in the level of collaboration with public sector partners in government, universities and colleges, and in the skills and enterprise agencies. Deeper engagement with the business community and the private sector will help to guide the City Region to setting the right conditions for growth.

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

The Glasgow City Region City Deal, one of the largest in the UK, is a partnership of eight local authorities, with the principal aim of generating regional economic growth. The City Deal, is a formal agreement, with funding provided by the UK and Scottish Governments for a £1.13 billion infrastructure investment programme together with innovation and skills and employment interventions - delivered over a period of twenty years, on the understanding that partners will work together to achieve significant economic growth and development.

City Deals were introduced as agreements between the UK Government and cities to give local areas across the UK specific powers in relation to their own areas to support economic growth, create jobs and invest in local projects. In a time of global and national economic uncertainty and modest growth, the scale of investment represents a meaningful stimulus for engendering significant, positive long term economic change and inclusive growth. All City and Growth Deals are unique, with projects selected specific to local needs. Although all projects are determined by robust assessment and selection processes, and subject to formal evaluation.

The Glasgow City Region City Deal will fund major infrastructure projects, drive innovation and growth through the support of key sectors such as life sciences, and address challenges in the region's labour market. These projects will enable a programme of work which will greatly add to the value of the local economy over the next 20 years. It is anticipated that an additional 29,000 jobs will be created and that £3.3 billion of private sector investment will be levered. In addition, there will be significant long-term uplift in the area's GVA, while also addressing the need for inclusive growth.

The City Deal investments directly support the Scottish Government's economic ambitions of Increasing Competitiveness and Tackling Inequality as identified in Scotland's Economic Strategy (March, 2015), and promote its four priorities of investment (people, infrastructure and assets), innovation, inclusive growth and internationalisation. In order to ensure alignment, Glasgow City Deal Member Authorities recognise the importance of working with partner agencies, such as Scottish Enterprise and Skills Development Scotland.

The City Deal agreement was formally signed in August 2014 by the eight Glasgow City Region Member Authorities with the UK and Scottish Governments. This agreement sets out partner commitments in relation to funding, governance and reporting and explains how the City Deal will support the local area to achieve its shared long term vision for the local economy.

It is worth noting that the City Deal has helped to maximise a range of funding/support from various government sources. This includes complementary funding and resources for projects, such as from DWP, Scottish Enterprise, Skills Development Scotland and Scottish Cities Alliance.

Building on the economic context provided earlier in this response, there are key reasons why the Glasgow City Region makes a compelling case for the City Deal investment of its scale; ones that ensure that benefits of growth within the city region will also be felt at the Scottish and UK levels. Glasgow City Region:

- is the largest region in Scotland / one of the largest in the UK,

- is a key engine of economic growth for both Scottish and UK economies,
- generates around 32% of Scotland's GVA and 33% of Scottish jobs,
- is home to over 29% of all businesses in Scotland, and
- has 91% of people living and working in the region.

The Region benefits from numerous economic assets:

- existing strengths in financial services, life sciences, engineering, manufacturing and construction as well as creative and media industries,
- successful universities, further education and research institutes provide the space for both innovation and the people who will drive the city's development, and we also
- benefit from a highly skilled workforce across a wide range of industries.

However, it also faces various challenges that act as barriers to future economic growth:

- high rates of long-term unemployment,
- poor survival rates for business start-ups (compared to similar UK cities),
- a high number of stalled development sites in key locations, and
- pressures facing existing transport infrastructure.

The original bid for the City Deal and Programme assembly process was developed by the Member Authorities and other organisations and partners, recognising such advantages and challenges. The City Deal seeks to maximise the economic benefits for the Glasgow City Region and Scotland through the delivery of a programme of high impact investments. In order to ensure this occurs, at the outset Member Authorities engaged in an exercise to identify projects which not only maximise the economic outputs at a project level, but which also deliver positive economic benefits for the Glasgow City Region and Scotland collectively as a programme. A brief history of the process is highlighted below:

- During 2013, a Programme Assembly exercise was carried out that involved modelling the economic impacts of a list of approximately 80 potential Infrastructure projects, and prioritising them in order of GVA return.
- At the beginning of 2014, twenty high level projects were selected.
- These formed the basis of the City Deal infrastructure submission.
- Recognising the challenges in relation to labour market and innovation, a further 6 projects were introduced.

From the initial list a programme Business Case was created and individual project business cases were developed to ensure the outcomes from the initial modelling exercise remained valid and relevant.

The City Deal Member Authorities are ambitious in their plans for growth in the context of a challenging economic climate, public sector financial constraints, other

evolving city deals and more established city regions across the UK. The Glasgow City Region City Deal provides an example of what can be achieved when all levels of Government, businesses, universities and other agencies work together to promote economic growth.

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

The projects that are being delivered by the Glasgow City Region City Deal are those which would not otherwise have been progressed, or have been implemented at a significantly later timescale.

Glasgow City Region City Deal is subject to a gateway review process at five 5 yearly intervals within the programme. The first of these will take place in 2019 and the national framework for the evaluation is currently being developed by the National Evaluation Panel. Further detail on this is expected in the summer of 2017. A local evaluation framework within the context of the national framework is guided by the Commission on Economic Growth (chaired by Professor Anton Muscatelli, the Principal of the University of Glasgow) and this will include a specific focus upon how the City Deal has helped to deliver on inclusive growth, in line with the Scottish Government's economic strategy.

The Glasgow City Region City Deal is a twenty year programme. As with any large capital programme, project timelines can be subject to variance due to a range of factors. However, in the three year period since the programme was initiated the City Deal has already achieved a number of milestones with significant funding approved towards the delivery of infrastructure projects and a number of projects already successfully completed or underway.

May 2016 saw the opening of The Tontine, a new £4 million centre for business incubation and development in Glasgow's Merchant City. This five year project, delivered with support from the eight Member Authorities, Business Gateway and Scottish Enterprise, is designed to improve the medium and long term sustainability and growth rates for start-ups in the Glasgow City Region area. It is anticipated to create 536 new jobs and inject £53.6million into the economy of the City Region over the five year period of the project.

MediCity Scotland, a dedicated medical technology incubation facility has opened in Newhouse, North Lanarkshire, established with the support of £1.012million in capital investment from the Glasgow City Region City Deal, with funding from the UK Department of Business Innovation and Skills, matched with contributions from BioCity Scotland Limited, North Lanarkshire Council and Scottish Enterprise. The facility brings together academics, entrepreneurs, clinicians and business support services to assist the development of new healthcare services and medical

technology. Over the next five years the facility aims to support up to 50 new med-tech businesses and 150 jobs, develop links between the commercial and academic communities and showcase Scotland to inward investment opportunities in this growing field.

In July 2016, East Renfrewshire Council completed ten new commercial units at Crossmill Business Park in Barrhead, a community with socio-economic challenges. This was the first infrastructure project to be completed as part of the City Deal and an adjacent 17-acre former factory site is being prepared for private sector investment, supporting business growth and providing employment opportunities. The Cathkin Relief Road, the first major City Deal transport project opened in South Lanarkshire in February 2017. This new road will enhance the local strategic road network, improve infrastructure to employment areas across Rutherglen and Cambuslang and reduce traffic impacts on neighbouring residential type roads.

More recently, in March 2017, the world-leading Imaging Centre of Excellence officially opened at the Queen Elizabeth Hospital in Glasgow. This unique medical research facility was built in collaboration with NHS Greater Glasgow and Clyde and with £16m funding from the Medical Research Council and Glasgow City Region City Deal. ICE brings together world-leading research, cutting edge technology and international business investment under one roof and will act as a hub for translating science into economic and patient benefit for Glasgow, Scotland and the UK. The project will bring 396 new high-value jobs to the city region over a seven year period and has been independently assessed to contribute £88m to the local economy.

Progress has been made in relation to the three Skills and Employability initiatives. Firstly, Working Matters provides specialist support tailored to meet the individual needs of vulnerable residents whose ability to work is affected by illness or disability. The recent independent Interim Evaluation Report (Jan 17) clearly demonstrates the positive impacts the program is having on participants and shows the early success of the innovative project in meeting the complex challenges of providing an effective service that addresses the tangible and intangible barriers faced by participants. Evidenced by both the analysis of data and qualitative research the initiative provides those furthest from the labour market with a new and unique experience that is making an enormous difference to their lives. In addition, In-Work Progression is a pilot project in the Care sector supporting the training and development of staff in low income jobs, boosting wages and reducing reliance on in-work benefits. The third employability project, Youth Gateway, an integrated employment programme for young people (Aged 16 - 24), will work with 15,000 people over the next three years, helping 5,000 into sustained work. It is on track to exceed targets across the region.

A further important outcome of City Deal work is the Skills Investment Plan, commissioned by Skills Development Scotland on behalf of SDS and the City Deal

Skills and Employment Working Group which includes the eight local authorities, DWP, college sector, Scottish and UK governments. The Skills Investment plan sets out a vision, ambitions and aspirations for the City Region for the next twenty years - a plan to match education and training provision in the City Region to upcoming job opportunities in relation to CD projects.

The economic and employment benefits of these projects, and all City Deal projects, will be realised over the lifetime of the deal and progress will be measured during the gateway reviews in 2024 and 2029.

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

The Glasgow City Region City Deal Programme is underpinned by a robust governance process and arrangements designed to ensure that public money delivers agreed outcomes.

Following agreement to enter into a City Deal with both the UK and Scottish Governments, the eight Member Authority Leaders agreed to establish a Joint Committee constituted under Section 57 of the Local Government (Scotland) Act 1973. The Joint Committee is known as the Glasgow City Region Cabinet and was constituted on the 19 January 2015. The Cabinet is responsible for decision making in relation to the Glasgow City Region City Deal. Additionally, the Cabinet deals with issues relating to economic development and regeneration across the Glasgow and Clyde Valley Region, and any other areas of activity agreed by them. Meetings are held every eight weeks. The schedule of meetings and Cabinet papers are made available to the public through the City Deal website. The Cabinet approves the Business Cases for the respective investments.

The Assurance Framework is the formal document which sets out how the Glasgow City Region City Deal will be governed and managed. Approved by the Cabinet in March 2015, it consists of three parts: The Glasgow City Region Cabinet; guidance on programme and project implementation; Programme and Project Governance, including management arrangements and the Programme Management Office.

A number of groups support the Cabinet including: the Chief Executives' Group; Finance Strategy Group; Economic Delivery Group, the Local Commission on Urban Growth and the Glasgow City Region Economic Leadership Board. Representatives from Department for Work and Pensions and Jobcentre Plus play an active role, in matters relating to the delivery of the labour market programmes.

A Project Management Office administers and manages the Programme; manages project business case approvals, liaises with the UK and Scottish Governments and

other stakeholders; analyses and reports on the benefits and delivery of projects and the overall programme.

Each Member Authority also has its own local committee reporting arrangements and processes in place.

Funding provided by the UK and Scottish Governments will be paid over a twenty year period and unlocked in five-year blocks, subject to the City Deal delivering agreed outputs and outcomes, assessed through a Gateway Review mechanism.

A Publication Scheme which sets out the information that is made available and how to access this is provided on the Glasgow City Region City Deal website.

In relation to how governance arrangements are working in practice, the Programme is subject to an ongoing series of Audits, with a formal Audit Plan produced and implemented annually. This is managed by Glasgow City Council as lead authority. Progress, findings and any recommendations from these activities are reported to Cabinet and available to the public.

Further governance arrangements have evolved in relation to the delivery of the Glasgow City Region Economic Strategy and Action Plan, through the development of the eight Portfolios, with responsibilities as follows:

- Land Use and Sustainability - East Dunbartonshire Council
- Infrastructure and Assets - East Renfrewshire Council
- Inward Investment and Economic Growth - Glasgow City Council
- Tourism and Destination Marketing - Inverclyde Council
- Transport and Connectivity - North Lanarkshire Council
- Enterprise - Renfrewshire Council
- Skills and Employment - South Lanarkshire Council
- Housing and Equalities - West Dunbartonshire Council

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

The Member Authorities have conducted a range of public and business engagement in regard to the City Deal Programme and Projects via public consultation events, exhibitions, charrettes and business forums.

A Communication, Marketing and Stakeholder Engagement Strategy for the Glasgow City Region City Deal was approved by Cabinet in June 2016. The strategy was informed by the findings and recommendations from an independent consultation exercise across 70 stakeholders held in late 2015 / early 2016. This exercise identified partner priorities for the City Deal as:

- Economic growth: bringing additional jobs, homes, infrastructure and investment to the region;
- Collaboration: a vehicle for increasing cross-authority working and co-operation.

The exercise supported the decision and subsequent development of a brand for the Glasgow City Region City Deal and Glasgow City Region.

The strategy sets out the role, approach and principles for communication and marketing activities and provides a framework for their delivery. This included the development of a number of communication channels: the City Deal website www.glasgowcityregion.co.uk, the Twitter account @GlasgowCityDeal and a Glasgow City Region City Deal YouTube channel. The City Deal website is the key channel for information about the City Deal and the City Region, including background; an online map and summary details on each of the 26 projects; regular news updates on progress and key milestones and contact details for getting in touch.

Partner update briefings are also produced quarterly and issued by e-mail to Member Authorities and key partners, with copies posted on the website and promoted via Twitter. Media releases continue to be issued by the PMO and Member Authorities in relation to updates on the Programme and projects, with ongoing positive media coverage generated locally, regionally and nationally. Communication and Marketing Plans are being developed by Member Authorities for all City Deal projects. These set out activities at a local level to promote projects underway, their benefits, impacts and timelines.

Individual Member Authorities promote information about City Deal news, regional and local projects at a local level through a range of channels and activities, including websites, newsletters and public meetings. A range of short films produced to promote ongoing progress and engagement activities at Sighthill in Glasgow provide a good example - www.glasgow.gov.uk/index.aspx?articleid=19839. Projects are also subject to planning legislation which determines stakeholder engagement activities. To illustrate this, further detail is provided on two Glasgow City Region City Deal projects set for planning applications in June, shaped through extensive community engagement and partnership working across three local authorities.

The Clyde Waterfront and Renfrew Riverside project aims to regenerate the Clyde Waterfront as an attractive area supporting residential, industrial, business, retail and leisure opportunities. It will see the construction of a new opening road bridge across the River Clyde and new roads and cycle routes to better link the communities of Renfrew with Yoker and Clydebank. The Glasgow Airport Investment Area will deliver a world class business and commercial location in the heart of Renfrewshire, connected by air, sea and land links. It will deliver realignment of Abbotsinch Road,

construction of a new bridge over the White Cart and new cycle routes, improving connections between the Westway, Inchinnan and Airport business parks.

Public exhibitions on both projects have taken place across Renfrewshire, Glasgow and West Dunbartonshire throughout 2016 and are continuing in 2017. More than 1500 people have participated in nine public exhibitions so far and there have been presentations to community councils on both sides of the Clyde. Almost 450 people responded to project surveys and 350 people receive regular project email updates. Throughout the community engagement, there has been sustained support and feedback has helped shape each stage of project development, from identifying preferred route locations to addressing congestion concerns, adding improved walking and cycling routes and minimising impact on wildlife and the environment. Regular cross-Council team meetings between Renfrewshire Council, Glasgow City Council and West Dunbartonshire Council review all aspects of the projects, including traffic projections, planning, bridge design and operation. Further exhibitions in May will give the public another opportunity to meet the project team, discuss the details and shape the final plans.

More generally, presentations on the City Deal have been delivered by the PMO to more than 2,000 individuals / businesses over the past three years.

Engagement with the business community to date has largely been in the form of supplier engagement sessions to provide information about City Deal projects and contract opportunities. Since May 2015, five sessions have taken place, led by six of the local authority areas. An initial session for Tier One Suppliers was held in Glasgow in May 2015, with over 500 attendees. Four further sessions have since taken place specifically for SMEs and attended by a further 645. Events were supported by the Supplier Development Programme (SDP), a partnership of local authorities with the Scottish Government which provides support and supplier training in all aspects of tendering. A marketplace was held at every session where attendees can meet discuss projects and upcoming contracts. A summary hand-out was also made available providing an overview of the City Deal projects, value and procurement timelines. Events were promoted by the SDP and through the local press and social media. Feedback on the sessions has been largely positive.

The City Region City Deal will be represented at the annual Meet the Buyer Event in September at Hampden, attended by over 1,000 SMEs. It is intended that further details of upcoming contracts, value and timings will be made available at the event and also posted on the City Deal website.

Finally, a structured approach to optimising Community Benefits has been developed, ensuring that close links are made between the employment aspirations of young people, graduates and those distanced from the labour market and the jobs created by companies engaged with delivery of the City Deal. Member Authorities

are also introducing a menu of community benefits in order that project suppliers deliver a range of relevant, tangible benefits for communities.

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

The Glasgow City Region Deal and other City Deals are premised on the recognition that these economic areas represent significant drivers of extra-regional and national economic growth. The City Deals are only one part of wider Scottish and UK Government policies and investments for stimulating economic growth. The City Deals also work with other public and private funding streams to optimise growth at the regional, extra-regional and national levels.

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

The Glasgow City Region City Deal through its Cabinet, consisting of the eight Leaders of the constituent local authorities, has proven to be an effective mechanism for promoting and ensuring local decision making on major investment projects. All business cases relating to the City Deal investments are considered and approved by the Cabinet. These business cases will have been previously considered by the pertinent local authority. The Cabinet has also signified an intent, through the Glasgow City Region Economic Strategy, to significantly improve the co-ordination of non-city deal funded infrastructure and socio-economic investment at a regional level. As noted earlier, communities are actively engaged via a range of consultations.

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

As partners, we are bold in our ambition to increase our economic competitiveness and tackle intergenerational inequalities, ensuring that our residents and businesses have the opportunity to reach their full potential to contribute to and benefit from the economic success of the City Region.

In February 2017, building on the existing partnership to deliver the City Deal, we launched the Glasgow City Region Economic Strategy and Action Plan. The move, a first in Scotland, sees the City Region Member Authorities pursue a common economic strategy between now and the year 2035. The plan identifies key priorities for the region's economy; along with 50 specific actions, both short and long-term, to deliver them.

We recognise we will only achieve this through a partnership that is broad, open and ambitious. Our partnership is underpinned by a commitment to genuine and

meaningful collaboration between the eight local councils, the Scottish and UK governments, related agencies and wider business community. Such a partnership, based on our bold ambition, will require new ways of working, with shared information, aligning resources and decision making. This will see decisions about the strategic direction of policy and delivery of services, previously taken by individual councils, integrated at a regional level.

The Glasgow City Region is already the powerhouse of the Scottish economy and the eight Member Authorities are united in our determination to aim higher on jobs, skills and growth that benefits every community. This strategy and action plan represents a step-change in our approach.

Only by working together will we build a more resilient and dynamic city region that delivers jobs for a skilled workforce and prosperity for all its' people. In order to allow this to happen new governance models are developing that allow distributed leadership of the economic development agenda across the eight Member Authorities and support close working with public and private sector partners, such as Scottish Enterprise and Skills Development Scotland. The tangible delivery of City Deal projects and associated governance processes and their development to facilitate the implementation of the Regional Economic Strategy provide the structure and direction for future regional partnership development.

Colette Keaveny
Communication and Marketing Manager
Glasgow City Region City Deal PMO

Written Submission from Edinburgh and South-East Scotland City Region Deal Partners

The ESESCR Deal partners are:

Local authorities:

The City of Edinburgh Council, East Lothian Council, Fife Council, Midlothian Council, Scottish Borders Council, West Lothian Council

Universities and Colleges:

Borders College, Edinburgh College, Edinburgh Napier University, Fife College, Heriot-Watt University, Queen Margaret University, University of St Andrews, University of Edinburgh, West Lothian College.

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

City Region Deals are mechanisms for accelerating growth through pulling in significant government investment, and allowing greater autonomy and decision making powers for regions.

By investing funding in infrastructure, skills and innovation, city regions' economic performances will be significantly improved, which will not only generate economic activity to pay back this initial investment but also draw in significant additional funding from the private sector.

By allowing greater autonomy and decision making powers, city regions can deliver public services more effectively than can be achieved by one local authority alone, and can make inroads into long-standing inequalities and deprivation across the region.

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

It is important that the investment from Government is additional to what would have been funded in city regions if this mechanism were not in place.

In the ESESCR, funding is sought for infrastructure to unlock stalled development sites, where the private sector has been unwilling to invest on its own for some time. It is therefore crucial that the investment from Government is of sufficient scale for the private sector to co-invest so that sites can be unlocked. Should this investment not be of sufficient scale, the local authority partners may be unwilling to co-invest and may exit the deal as partners.

In terms of innovation, the region's universities and colleges are key partners in the ESESCR Deal. It is important that Government co-invests with the universities/colleges to reduce the risk of uncertainty so that the private sector can invest. There is a significant opportunity for the capital city region to be world-leading in data-driven innovation, but this requires a step-change, which Government funding can help to set off. Should this investment not be of sufficient scale, universities and colleges may be unwilling to co-invest and may exit the deal as partners.

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

There are various structures; some are more complex than others. The ESESCR is proposing a transparent, simple yet strong and fair governance structure at the outset which will comply with the existing statutory framework that exists in Scotland to deliver regional planning and transport policy. Partners recognise the importance of a simple and fluid at the start of the process, to allow the funding interventions to gather momentum. It is important that partners can flex the governance arrangements to reflect the scale and complexity of each deal, or even between phases of each deal.

This ESESCR Deal will be delivered through a Joint Committee of the Leaders of each local authority, along with business and Higher Education representation.

The Joint Committee will be supported by a delivery team which will be responsible for programme and performance management. In addition, support for existing regional structures such as SESTRan and SESPlan will be managed collectively to aid the integration process.

It is important that regional Governance will be clearly based on the principle of subsidiarity, ensuring the right activity is taken forward at the right geographic level.

In time, the joint committee will examine the potential for assuming further strategic responsibility in related areas, including cross border transport provision, and are keen to work closely with the Scottish Government through Phase 2 of the Enterprise and Skills Review. It will consider establishing a range of thematic groups as the deal progresses.

A new cross-regional Business Leadership Council will also be established at the outset to bring together voices from across the private sector, higher education and local government to play a full role across the City Regional development and delivery process. Partners recognise that the private sector is a key partner and that it will ultimately invest more funds the public sector contributes at the start of the

process. It is vital that their views are represented at the outset and that the proposed interventions suit match their needs as much as partners’.

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

For the ESESCR Deal, there have been several awareness raising events, including a launch in August 2015. Over 300 people attended attend the launch, among them key businesses, public sector organisations, third sector organisations and community groups from across the region.

The website www.acceleratinggrowth.org.uk was also launched at this time. This includes a short film and downloadable booklet explaining the need for a Deal and the potential benefits it might bring. The website is targeted at both the general public and regional businesses. The news section has been updated as major milestones have been reached, and news stories have been linked to. 222 different businesses have pledged support to the Deal on the website. Over 150 people are subscribed to the mailing list to receive updates. Local residents have had the opportunity to share their views on what the Deal might look like through the website and dedicated email address.

There has also been ongoing engagement with the local business forums and Chambers of Commerce, and residents have also been kept informed through the community planning process.

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

The City Region Deal mechanism is just one mechanism of regions funding for growth, innovation and infrastructure. Other mechanisms that are in place for all areas of Scotland include Government grant, European funding, Tax Increment Funding and local authority funding.

Partners believe that the Edinburgh and South-East Scotland region matches the ethos of City Region Deals. The capital city region already drives Scotland’s economy as it contributes disproportionately to GVA, and has great potential to further accelerate productivity and growth. Therefore, Government investment in success will not only be value for money for Government, but will benefit all of Scotland and its regions.

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

A very important element of the ESESCR Deal is to increase local decision-making power. Partners believe that, while it is important to integrate projects with national priorities, partners have the best understanding of what the region requires. The confidentiality surrounding the negotiation process has meant that local politicians and the communities they represent will have little understanding of the Deal until Heads of Terms are agreed.

Several propositions have been put forward that will achieve this. These include proposals to establish an Integrated Regional Employability and Skills programme, a housing infrastructure fund for partners to phase and prioritise mechanisms for unlocking strategic sites and a land commission to allow the partners to have a say in the final use of disposed sites from the public sector.

Infrastructure and housing candidate projects were taken from the Delivery Plans for the Strategic Development Plan, Local Plan and Regional Transport Strategy if they could contribute to the overall economic ambition for the City Deal. These came from local engagement with residents and other stakeholders and were confirmed as priorities through the Council's own decision-making process.

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

The process to develop a City Region Deal is unique to each deal. The ESESCR Deal has been an iterative process with both Governments. A large number of workshops and senior-level negotiating meetings have taken place for over two years.

There was an uncertainty of the type of Deal which will be delivered, which made it difficult to plan, and required a considerable investment of Council and Government resources to develop the "asks", supporting evidence of need and prioritisation process.

An early requirement for City Deals was to develop a regional Economic Model to model potential impacts on the regional economy from the candidate projects. These did not replace regional transport models or detailed project appraisals but were designed to compare different types of projects using Treasury Green Book assumptions for displacement etc. so that they could then be prioritised on the same basis. Early City Deals e.g. Manchester continue to use their economic model as a management tool to continually prioritise their investment so that they can make sure that those with the greatest impact on the economy are delivered. The ESESCR Deal partners commissioned models for projects at considerable expense at the outset in 2015. The lack of clarity from Government on the need for these has been a challenge.

Written Submission from Highland Council

Introduction

The heads of terms agreement for the Inverness and Highland City Region Deal was agreed between the Highland Council and the Scottish and UK Governments in March, 2016 with the Deal being formally agreed on 30 January, 2017.

The responses to specific questions are answered from the perspective of The Highland Council as the accountable body for the Inverness and Highland City Region Deal.

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

City Region Deals are a form of localism through the development of collaborative regional partnerships and approaches with the objective of making a significant contribution to the region's economic growth and productivity.

The ability to operate strategically at the regional level is supported by funding being provided for investment in infrastructure, innovation, connectivity and other initiatives that can support a long-term focus on the priorities required to deliver economic growth and other benefits to an area. Part of the philosophy is that the local understanding of problems and opportunities will help to ensure the money is spent as effectively as possible. These local priorities clearly need to align with the policy objectives of the Scottish and UK Governments.

The vision behind the Inverness and Highland City Region Deal is to position the Highlands of Scotland as a region of digital opportunity by promoting it as the best digitally connected rural region in Europe.

We have developed a collaborative partnership between Highlands and Islands Enterprise, the University of the Highlands and Islands and Albyn Housing Association to deliver a step change in digital connectivity, digital healthcare, skills, innovation and infrastructure.

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

We believe in Highland that we are making good progress in terms of demonstrating that the Inverness and Highland City Region Deal has the right projects managed in the right way to deliver real benefits to the Highlands. Funding has commenced for the first three projects following recent government approval of the business cases, and work is now happening on the ground to deliver the projects.

While it is too early to quantify the outcomes, the Council is confident that completion of the projects in the Inverness and Highland City Region Deal, will lead to the outputs and outcomes that have been set out in the city-region deal agreement. .

However, there are two projects set out below which received advance funding and it is possible to provide some early data on these projects.

Early funding from the UK Government has been spent on a Viewpoint and other improvements at Inverness Castle and an Inverness city centre Wi-Fi project. Both of these projects were designed to enhance the visitor and resident experience of the city centre and promote the economy of Inverness. The Wi-Fi scheme was launched on 6 February 2017 and the Castle viewing platform was opened 17 April, 2017. Both of these projects provide an early indication of what is possible with City Region deals and also provide momentum for the other projects. The WI-FI project has seen numbers grow since its launch.

WI-FI Count	Feb	March	April
New visitors	1152	1025	1149
Repeat visitors	329	715	846
Users (Cumulative)	2943	4683	6678

The castle viewpoint opened to the public on 17th April and had 600 visitors in the first week which was free of charge.

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

The Highland Council acts as the Accountable body for the Inverness and Highland City Region Deal. Through the Council's Planning, Development and Infrastructure Committee and a Programme Board the Council will amongst other things:

- ensure compliance with the Inverness and Highland City Region Deal;
- approve final project funding allocations;
- scrutinise and monitor progress as well as programme spend;
- ensure delivery of business cases and the implementation plan;
- ensure effective co-ordination between partners;
- ensure the on-going overall alignment of the individual projects within the programme;
- resolving strategic and operational issues between projects;

The joint UK Government and Scottish Government Scottish City Deal Delivery Group will have responsibility for oversight, monitoring and delivery of the Inverness and Highland City-Region Deal.

The Scottish City Region Deal Delivery Group will receive reports from the City Deal Programme Board on a quarterly basis or as and when it requests. The joint Government Delivery Group will receive regular reports from the Programme Board to an agreed process and timescale.

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

In addition to the City Region Deal being regularly discussed at Council meetings and being a prominent feature in the local media, the Council has been actively engaged with the business community.

Examples of local consultation have included:

- workshop with Inverness Chamber of Commerce and members
- Highland Economic Forum meeting
- Scottish Council for Development and Industry business breakfast meeting and
- Federation of Small Businesses meeting.

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

City Region Deal funding is one mechanism to support economic growth, however it is not the only route and regardless of whether a region has access to City Region Deal funding or not; they will be seeking to maximise any and all funding opportunities to deliver growth for their area.

The Council is aware that other cities and regions are developing city region deals or “growth” deals and that these are at various levels of maturity. When we have been asked, the Council has been very willing to provide insights and guidance from its experience to those developing their own deals. This has included the proposed Islands Deal for example. Membership of the Scottish Cities Alliance, a partnership of Scotland’s seven cities and the Scottish Government has also been useful for information-sharing and best practice guidance.

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

We believe that this is an inevitable outcome of city region deals and should be welcomed. However it is acknowledged that there is a balance to strike between national strategic objectives and local priorities. The successful City-Region Deals are those that blend the two.

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

The process of developing and refining the Inverness and Highland City Region Deal and been a steep learning curve for all those involved in terms of identifying suitable projects and in satisfying both governments' requirements in terms of business cases and governance. However it has been a hugely beneficial way of delivering real and meaningful partnership working both with our local public, private and third sector partners but also with the UK and Scottish Governments.

John Robertson
Programme Manager City Region Deal Inverness and Highland City Region Deal
The Highland Council

Written Submission from Fife Council

Please note that this submission was revised on 18 October 2017. The revisions are set out below in red.

Background

In April 2017, the Scottish Parliament's Local Government and Communities announced an investigation into City Region Deals in Scotland. In particular, the Committee wished to gather views on:

"...whether City Region Deals are on course to deliver local economic growth and major infrastructure projects in line with their original proposals... [Including] views on the effectiveness of shifting responsibility for local economic development to local leaders."

Fife Council submitted a response in May 2017. The Council is a partner in both the Tay Cities Deal and the Edinburgh and South East Scotland City Region Deal. It is also working with Clackmannanshire and Falkirk Councils to tackle the long term economic impact on the upper Forth area from the closure of Longannet Power Station. Since then the Council has entered into Heads of Terms with the UK and Scottish Governments for the Edinburgh and South East of Scotland City Deal. Negotiations are about to commence for the Tay Cities Deal. So the Council has updated its response to the Committee's call for evidence to reflect the clarity on the Edinburgh and South East of Scotland City Deal from the Heads of Terms.

The Committee's call for evidence asked respondents to address the following questions:

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

1. To encourage Local Authorities to collaborate to develop a clear, long-term programme of regional investment, prioritised to deliver Gross Value Added ("GVA") [using GVA as a local measure of jobs and productivity growth]. To integrate and prioritise all investment priorities e.g. from the Strategic Development Plan, Transport, Housing, Economic Development, Innovation, Skills and Employability etc. to achieve a step change in regional economic growth and unlock opportunities for all. All parties to the Heads of Terms for the Edinburgh and South East of Scotland City Deal agreed that "A key driver for the investment in this deal is the opportunity to address inclusion across the region. Prosperity and success is not universal across the region: 21% of children are living in poverty; there is a lack of mid-market and affordable housing; and too many people are unable to move on from low wage/low skill jobs." However, the partners also want a "transformational and inclusive city deal that will:

- Build on the city region's strengths such as its high growth sectors that will provide the jobs of the future, its world class universities that are working with businesses on ground breaking R&D and innovation and Edinburgh's world class cultural offer.*

- *Address key economic barriers with significant new investment in housing and transport.*
- *Address issues which are constraining the region's economic potential and which match the strategic priorities for growth as outlined in the Scottish Government's Economic Strategy and the UK Government's emerging Industrial Strategy."*
- *The Edinburgh and South East of Scotland City Deal has also agreed to use the Scottish Governments emerging Inclusive Growth Framework to monitor and evaluate the programme. It is too early to know how this will influence the final business case as this has still to be developed.*
- All parties to the Heads of Terms agree that *Strong and effective leadership and governance is paramount to both successful implementation and in providing assurance to governments, local authorities and wider regional partners.* Fife Council committed to entering into a Joint Committee with the partners including representatives from Higher and Further Education and Business on 5th October 2017. This model will encompass the best practice approaches identified within the regional partnerships work stream of phase 2 of the Enterprise and Skills Review. To establish robust regional governance and delivery arrangements across the geography over which the investment will be targeted. By allowing greater autonomy and decision making powers, city regions can deliver public services more effectively and can make inroads into long-standing inequalities and deprivation across the region. This would help develop a more effective labour market for the City region; to open up access to a wider job market and to develop regional tools to support these ambitions.
- However, the Heads of Terms for the Edinburgh and South East of Scotland **has not yet enabled a** City Deal infrastructure approach that would achieve a degree of scale and management of the project portfolio that could not be achieved by one local authority alone. Initial objectives were to:
 - Improve the regional transport network, including enhancing public transport and active travel infrastructure to improve access to jobs;
 - Unlock strategic development areas;
 - Support key industry sectors; and
 - Deliver sustainable places.
- The UK Government, Scottish Government and local partners have agreed a transformational Research, Development and Innovation programme for the city region. All are agreed that innovation is the lifeblood of the region's economy. The region is already home to world class research and development activity, much of which acts as an anchor for the development of new products and services through innovation in the private sector. This will drive further growth in data science, robotics, financial services and fintech, agritech, the creative and digital sectors throughout the city region's economy and will support wider reform and improvement in public service provision. A university-led innovation support programme will assist new and existing companies to undertake Research Development and Innovation activities to ensure the benefits of this growth are spread across the region.

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

The Heads of Terms for the Edinburgh and South East Scotland City Region includes the following for Fife:

An Edinburgh and South East Scotland programme of investment in economic infrastructure, to ensure that businesses and communities across the region are fully able to engage in the data driven innovation opportunities including industrial and business premises, to ensure maximum impact from the innovation investment. Local partners and the private sector will invest significant additional funding to deliver key regional economic priorities including new industrial and business premises at Tweedbank and across Fife.

This investment is critical to deliver local growth, innovation and economic infrastructure in Fife. It would not proceed without the City Deal funding. The City Deal enables delivery of a ten year programme rather than on a project by project basis as funding is secured. The Council intends to invest in this programme but does not have sufficient resources to complete this without the City Deal funding.

Fife Council is proud of its track record in achieving local benefit from its investment in infrastructure through community benefit clauses that create apprenticeships in its procurement contracts and through its market and supplier development programmes that help Small and Medium Enterprises succeed in the public sector market. The City Deal investment will enable this to continue over the longer terms and to greater scale to deliver local growth.

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

Strong delivery governance is a fundamental requirement from the UK Government for a City Deal. The Manchester City Deal is seen as a good example where the partners efficiently and effectively prioritise investment, are able to deliver on this, managing risks to develop a proven reputation that drives the investment of further funds e.g. devolved health budgets.

Without it, City Deals are high risk, complex programmes with different levels of delivery expertise in individual Local Authorities.

Fife Council committed to participation in Joint Committees for the Tay Cities and Edinburgh and South East of Scotland City Deals on 5th October 2018. It is early days to comment on how these will work in practice but the Council will actively participate and support these as it has done for other regional partnerships.

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

All the candidate infrastructure projects came from the Strategic Development Plan, Local Plan or Regional Transport Plan where they had been subject to considerable

consultation with local residents and businesses to develop these as priorities. These stakeholders also included national agencies and organisations.

Regular update briefings have been made to Council members at committee which are available to local residents and businesses online.

This has been supplemented by consultation events organised regionally with businesses and other stakeholders that help develop regional priorities.

One of the disappointments for Fife Council was that no transport infrastructure projects in Fife were included in the Edinburgh and South East of Scotland Heads of Terms. There was no investment in transport infrastructure, including the Levenmouth rail link, the Standing Stone Road link, the A92 and the Charleston rail corridor in South Fife that had been included in the proposals to the Governments.

Since the Heads of Terms was announced, The Minister for Transport and the Islands has stated in Parliament that he is minded to instruct his officials at Transport Scotland to take on responsibility for governance for railway investment projects 4— or GRIP 4 — study of the Leven rail link. The Council is very supportive of this. The Minister acknowledged that almost a third of the local population supports the Leven Rail link. He also acknowledged that this is the only way that we can arrive at a definitive business case, in close collaboration with the council, due to the costs involved in the transport process. For the Council, this indicates that keeping local communities and stakeholders informed is not sufficient to make the case for investment in a City Deal – they must be actively involved in championing a project as they have done in Leven. However, not all projects have this level of community activism but are still of merit. The Council supports the comments in the Parliamentary debate on the Leven Rail Link that “the (transport appraisal) process involved is tiresome, lacks transparency and, is an antiquated approach to public engagement”.

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

A City Deal is only one form of funding available. Other funding sources such as Tax Incremental Finance (TIF), Growth Accelerator Model (GAM), SPRUCE, RSA, Scottish Growth Fund, Transport Funding e.g. Station Fund and EU funding are available to all regions. The issue is the process to keep informed of these funding options, their potential uses and eligibility criteria.

As mentioned, the regional governance proposals for Edinburgh and South East Scotland and Tay Cities deals supports the recommendations of the national review of the Skills and Enterprise agencies. Fife Council is also beginning discussions with adjoining Local Authorities to the west to take forward regional economic plans to mitigate the long term impacts from the closure of the Longannet Power Station.

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

The Leven Rail Link example above would indicate that this is not the case. However the Heads of Terms for Edinburgh and South East Scotland does include commitment by the Scottish Government to continuing to work collaboratively with the city region partners on identified regionally-led local transport investment priorities through the establishment of a Transport Appraisal Working group, with an agreed and mutually shared remit and proposed outcomes. Partners will have the opportunity to be involved in and influence the second Strategic Transport Projects Review.

As mentioned previously, candidate projects were taken from the Delivery Plans for the Strategic Development Plan, Local Development Plan and Regional Transport Strategy if they could contribute to the overall economic ambition for the City Deal. These plans included local engagement with residents and other stakeholders and through the Council's own decision-making process.

Many of these projects have had the priority challenged by national agencies as part of wider, Scotland wide focus, processes for strategy and funding arrangements and were considered "aspirational" despite the local decision-making process. So effectively these projects were stalled due to the lack of local funding. If they can be funded through the City Deal process the City Deal approach will provide much needed support to deliver local priorities in investment that will contribute to a regional step-change in economic performance.

The City Deal process has also provided a means of constructively supporting the delivery of major investment projects in neighbouring Local Authorities e.g. the expansion of Edinburgh Airport, the advancement of the Rosyth International Gateway and the exploitation of the arrival of the V&A in Dundee where the potential benefits are regional.

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

The lack of inclusion of local Transport projects within the Heads of Terms for the Edinburgh and South East of Scotland City Deal reflects the challenges in collecting the required evidence and the high cost involved in developing the necessary business cases. It's a chicken and egg situation where as a Council with severe budget pressures, it is hard to justify the investment in these activities without some degree of assurance that the business case will be looked on favourable. There is cross-party and community frustration with the process—with the fact that it takes too long and that the answer to any question is to commission a further report, study or investigation. It is almost as if the decision is being put off rather than collaboration to solve the problem. Speed can also be lacking in the process.

The process to develop a City Deal is unique to each deal. It is an "ask" of government and negotiations to agree mutual priorities for investment that can take several iterations over a period of years to secure a deal. There is no application form and transparent grant criteria. This requires considerable investment of Council and Government resources to develop the "asks", supporting evidence of need and

priority. In parallel it requires investment of time and resources to develop the City Deal partnership, to understand and commit to individual priorities and challenges. The competitive nature of the process is a potential challenge, as to date City Deals have not been in a position to share information more widely across developing bids, not just in Scotland but also across the UK. A consequence of a national economic strategy is that all areas are pursuing the same strategic ambitions yet the city deal process demands differentiation and distinctiveness. It is accepted that there cannot be multiple, similar big ticket items e.g. centres of innovation for individual sectors but without the detail of other proposals, it is not possible to ensure that one city region differs from another.

A potential benefit from City Deal engagement on housing has been the development of shared objectives to introduce greater innovation in how housing is funded and constructed. Joint working has widened beyond the Local Authority partners but also with the Further and Higher Education organisations. A regional approach has meant that investment by one partner into alternative funding models has been shared with all, so that they can develop it further locally if appropriate. Early appraisal work indicate significant employment and productivity benefits from this approach.

One of the engagement strands for the City Deals has been a regional approach to engagement with infrastructure partners and stakeholders. Feedback from these organisations is that they would welcome the development of an agreed set of regional infrastructure investment priorities and the opportunity to align investment plans and priorities. This is not intended to replace local engagement but establish a shared strategic agenda for delivery.

There is also a potential issue of market capacity to deliver in given timescales across the range of City Deals and content.

Equally as there is now substantial coverage across Scotland by City Deal proposals or similar, is this getting to the point where a re-appraisal of Scotland wide policy would be beneficial, and more effective and efficient, than a series of apparent, discrete bid and partnership arrangements.

Keith Winter
Executive Director - Enterprise and Environment
Fife Council

Written Submission from Aberdeen City Council

Aberdeen city is the third largest city in Scotland measured by both population and economy. In response to a jointly agreed economic strategy for the North East of Scotland, Aberdeen City Council, Aberdeenshire Council and Opportunity North East have formally signed a City Region Deal with the UK Government and the Scottish Government in November 2016 at an estimated programme value of over £800m over the ten-year life of the programme, and the UK Government and the Scottish Government committed £250m, on a 50: 50 basis towards the deal.

The investments include: an Oil & Gas Technology Centre, digital infrastructure, supporting infrastructure for the Aberdeen Harbour expansion, appraisal of strategic infrastructure investments, and support to a Bio-Therapeutic Innovation Hub and an Agri-Food and Nutrition Innovation Hub.

The Aberdeen City Region Deal agreement was developed intensively over two years as a partnership between the UK Government, Scottish Government, Aberdeen City Council, Aberdeenshire Council, Opportunity North East, Scottish Enterprise and other local partners. It is governed by a Joint Committee of representatives from Aberdeen City Council, Aberdeenshire Council and Opportunity North East. For further information visit www.abzdeal.com.

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

'City Deal' policy aimed to provide local areas in the UK with powers to support economic growth. These have developed over the first wave of deals in the UK, to a greater commitment to give greater power and incentives to cities and their regions. For Scotland, these would need to be set in the context of existing devolution arrangements.

By definition they are focused on devolution of powers (decision making) and resources to invest in city and regional interventions that maximise Scottish, regional and local economic impact.

Depending on the nature of the 'deal', they can provide greater autonomy and fiscal incentives to the region. The Aberdeen City Region directly supported specific projects in the Regional Economic Strategy, and in this sense it is essentially a mechanism to fund regional infrastructure priorities, that, in turn, will support regional economic growth. They also contribute to the Scottish Economic Strategy priority areas of innovation, internationalisation, infrastructure investment and inclusive economic growth. It builds on existing competitive strengths in key sectors of oil and gas and food and drink particularly, higher education (two universities located in the city), and a proven track record of attracting global investment.

The Aberdeen City Region Deal therefore prioritised delivery of these investments in the context of a fall in the unit cost per barrel of oil to a low of c\$26 in January 2016, the resulting direct and indirect jobs losses, at the Scottish and UK levels, and to ensure that as oil prices increased, the deal was supporting diversification within the energy sector, and across the wider economy. Conventional funding would not have delivered the support as quickly as the collaboration between the two governments, the local governments, industry, and the education sector.

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

Implementation of the Aberdeen City Region is at an early stage, and this needs to be acknowledged in terms of evaluating success to date. However, the interventions supported in the Aberdeen deal have gone through an intensive business case approval process. Before the formal agreement, SE was engaged to provide support at Strategic and Outline Business Case stages. And since a Programme Management Office was established, full business cases have been provided, working collaboratively with officials from the two governments. All business cases are:

- Peer reviewed by relevant experts in the sector;
- Recommended for approval by the Programme Board; and
- Approved by the Joint Committee.

The PMO is working with both governments to ensure that a consistent monitoring and evaluation framework is in place to track the impacts of the projects at the city, regional and national levels. However, already we have seen additionality in relation to delivering these projects sooner than they otherwise would have happened without the City Region Deal.

As a long term programme, there will be a lag between the development of and investment in projects, and economic impact. However, already we have seen the Oil and Gas Technology Centre open for business, and the construction of the Aberdeen Harbour expansion is underway. There has also been good progress in the development of a regional solution to the digital connectivity issues in an urban/ rural economic area, characterised by close working between the regional leads in the digital working group and both governments. In this sense, the city deal mechanism is offering new ways of approaching and delivering solutions in response to the needs of the Aberdeen region.

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

The Aberdeen City Region Deal is characterised by a unique governance arrangement whereby three elected members from each of the two Councils sit on a formal committee with three industry leaders from Opportunity North East. As the deal was being developed and negotiated, both Councils agreed to establish a Joint Committee to monitor the implementation of the programme. It was constituted under the Local Government (Scotland) Act 1973 and deals with the specific delivery of the deal itself.

A Programme Board 'sits' below the Joint Committee with an operational remit to ensure the deal is developing and delivering to plan. This is supported by a full-time Programme Manager, who also sits on sectoral teams/ project groups:

- Oil & Gas Technology Centre
- Transport Working Group
- Digital Working Group
- Innovation Working Group
- Communications Group
- Legal Services Group

These working groups are led by individual project leads from each Council or Opportunity North East. The financial management of the programme is through the Section 95 Officer at Aberdeenshire Council. Each Council will provide a regular report to its appropriate Committee on progress. The terms of reference and details of minutes for the Aberdeen City Region Deal Joint Committee are on provided at:

<https://committees.aberdeencity.gov.uk/mgCommitteeDetails.aspx?ID=546>

The partners have also developed a Communications Protocol to ensure all messages to the media and in publications are consistent and clear.

The governance arrangements were developed simultaneously to the negotiation and formalisation of the deal itself. They are operating well, benefitting from the commitment of a full-time programme resource to provide the requisite interface between projects and decision making, throughout the business case process. However, and following its first year of operation, the Terms of Reference of the Committee are being reviewed to ensure any improvements, post-implementation, are being responded to.

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

Aberdeen City Council and Aberdeenshire Council have undertaken a significant level of public and business engagement during the development phase of the Deal. As projects were developed, they were subject to a series of development workshops with key sector leads. Working closely with business groups, awareness of the deal was enhanced amongst industry – for example, the Aberdeen & Grampian Chamber of Commerce, Oil and Gas UK and individual companies themselves. A dedicated communications team, from the three partners, have led the dissemination of information through an integrated and collaborative communications plan and the #abzdeal 'brand'. Individually, both Councils promote the programme on their own webpages. Despite this, there is still inevitable confusion over what a 'city deal' is, what it can fund, and that it offers a source of funding to implement existing or planned projects.

Since implementation, engagement with business continues in terms of delivery of the projects, for example demand for the Oil & Gas Technology Centre support, or, for construction, supplier engagement events as part of the Aberdeen Harbour Expansion. There is a commitment in the formal agreement to ensuring that all interventions are assessed to ensure that procurement and community benefit clauses are maximised where appropriate.

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

Given the overall purpose to support and maximise economic growth, inevitably the 'city deal' mechanism will 'cluster' around the functional economic geography of a city travel-to-work-area. While the Aberdeen City Region Deal includes the administrative areas of Aberdeen City Council and Aberdeenshire Council areas, it supports economic growth at the wider regional level, with its focus on the Aberdeen city travel to work area and supply chains, that operate within both Council areas. However, it will work with other schemes that are focussed on supporting wider regeneration, and particularly in the rural hinterland.

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

The extent to which the deals can support this shift will depend on the specific projects being implemented. For example the Oil and Gas Technology Centre is being developed by the private sector locally, who are engaging with national agencies and governments. With regard to our transport infrastructure, much of this work is led in tandem with Transport Scotland and the two local authorities.

The extent to which a shift occurs will also be driven by what is possible under the wording of the Local Government (Scotland) Act 1973, although the Aberdeen City Region Deal illustrates, through its governance arrangements, there is local decision making on major investment projects.

However, there were a number of fiscal/ non-fiscal 'asks' in the original Statement of Intent for the Aberdeen City Region Deal that did not materialise within the formal agreement, but relate to the broader commitment in the Programme for Government to review the role and responsibilities of local authorities, the subsequent review by the Scottish Government of the enterprise and skills' agencies, and its planning review. Aberdeen City Council's response to these emphasise that the economic growth of the north east of Scotland will require a shift to local decision-making on the timing of investment on major or enabling infrastructure, by agencies such as Scottish Water or Transport Scotland.

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

From above, City Region Deals are being developed at a time when the Scottish Government is reviewing the role and responsibilities of its enterprise and skills agencies. As 'regional partnerships' emerge, city region deal governance models could inform how these new collaborations are shaped.

Richard Sweetnam
Head of Economic Development
Aberdeen City Council