



Daniel Johnson MSP
Convener
Economy and Fair Work Committee
The Scottish Parliament
Edinburgh
EH99 1SP

Email: economyandfairwork.committee@parliament.scot

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Dear Daniel,

Scotland's City and Regional Growth Deals

Thank you for your letter of 10 February 2026 to the Secretary of State for Scotland, which highlights the Committee's recommendation for a second phase of growth deals in Scotland. I am responding on his behalf as the ministerial lead on this matter.

The UK Government welcomes the Committee's recognition of the successes achieved by the Deal programme to date. Regarding ongoing dialogue on future regional strategies, rather than developing a second round of deals, both the UK and Scottish Governments are currently focusing our shared efforts on the substantial project delivery that remains in the existing programme, while using the lessons learned to shape improvements to the current Deal programme.

The current Deals programme still has significant delivery ahead of it, with the twelfth and final Deal only recently signed in 2025. There is a range of Deal closure dates extending all the way to March 2035, with the Aberdeen City Region Deal being the first due to complete in March 2027. Crucially, 55.7% of Deal funding is still to be utilised over the coming decade. Therefore, our immediate shared priority is to support this existing pipeline of work to generate economic benefits and drive regional growth over the next ten years.

Beyond the Deals programme, the UK Government is also driving regional economic transformation across Scotland through several other vital mechanisms. We are delivering Investment Zones in the Glasgow City Region and the North East of Scotland, backed by significant joint funding to drive innovation, boost high-skill jobs, and support our strategic sectors. We are working to ensure that Scotland's strategic sectors are fully integrated into the broader UK Industrial Strategy, maximising our

shared potential for innovation and productivity. We are also exploring the impact of specialized approaches, such as Defence Growth Deals, to capitalize on local industrial and military footprints to support highly skilled jobs and boost local economies. Furthermore we are focused on targeted initiatives such as the Pride In Place funding commitments across Scotland and the Local Growth Fund to deliver tangible community benefits.

Looking to the future of regional economic development, the UK Government aligns with the Scottish Government's perspective that the current deals have laid a strong foundation for Regional Economic Partnerships (REPs). We recognise that REPs represent a strong vehicle and model for future regional empowerment and delivery. As such the Local Growth Fund is using the REP structure to deliver £140 million of investment over the next three years.

I hope this clarifies our current focus and reassures the Committee of our continued commitment to maximising the long-term regional impact of the current Deals.

*yours sincerely,
Kirsty McNeill*

**KIRSTY MCNEILL MP
PARLIAMENTARY UNDER-SECRETARY OF STATE**