

Local Government and Communities Committee

City Region Deals

UK Government Response to the Committee's Report "City Regions: Deal or No Deal?"

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The Scottish Parliament
Edinburgh
EH99 1SP

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Dear Bob,

UK GOVERNMENT RESPONSE TO THE REPORT 'CITY REGIONS – DEAL OR NO DEAL'

Thank you for your letter of 8 January. I apologise for the delay in responding but this did allow me to reflect on the constructive debate which took place in the Scottish Parliament on 27 March and for the Secretary of State to discuss many of the issues when he met with Cabinet Secretary Keith Brown MSP recently.

I welcome the opportunity to respond to the findings of the Local Government and Communities Committee report and enclose my comments in response to the conclusions and recommendations.

I would also like to add that our recent experience is that local partners tend to have asks of the Scottish Government (e.g. in areas such as transport, culture and housing) that in fiscal terms outweigh the asks of the UK Government. The UK Government will continue to work hard to meet our reserved responsibilities while working closely with the Scottish Government to ensure that proposals in the devolved space are of a range and extent that can properly complement our investment.

Please convey my congratulations to the Committee for a job well done.

**LORD DUNCAN OF SPRINGBANK
PARLIAMENTARY UNDER SECRETARY OF STATE FOR SCOTLAND**

Conclusions and Recommendations – UK Government Response

The rationale for, and purpose of, City Region Deals

175: I am pleased that the committee recognises and welcomes the commitment of both Governments, local authorities and private sector partners in their involvement in the various City Region Deals. It is vital to the programme that all partners continue to co-operate so that we can maximise the economic benefits that are available both regionally and nationally.

176: There are multiple economic drivers, made even more complicated when we consider that the economy operates at different levels (local, regional, national etc.) Different priorities are attached to different outcomes by different partners and in a mixed economy we ought to be able to reconcile these. For example, the promotion of economic growth is not unrelated to the objective of reducing wealth inequality. It is in order to reflect this complexity and meet the various expectations that the UK Government ensures that Deals are endorsed from the outset by local partners.

177: I do not agree that the line between reserved and devolved matters is artificial. Put simply, the Scottish Government is resourced to meet its devolved responsibilities while the UK Government is resourced to meet its reserved responsibilities. To be clear, each Government should, in consultation, decide whether or not to fund a project that falls within its area of responsibility.

Project selection and budgets

182: The responsibility for developing a project lies with the local partners in the first instance. The UK Government will then take that project and, if it sits in the reserved space, test the case with the relevant policy Department. Having received advice on the strengths and weaknesses of a proposal, it is then a matter for Ministers to decide whether or not to include a particular project in a Deal, working with local partners to understand any cross-dependencies as appropriate.

183: There is no issue with explaining how Ministers reach a decision and this is done as a matter of course with the partners as we work through proposals. It is also the case that all projects are different and are set against the particular needs of a City or Region. This makes a “one-size fits all” approach difficult, and we think that bespoke consideration in the context of a unique set of circumstances is the best way to proceed. We will however consider how to make information relating to the decision-making process more widely available, noting that projects are often qualitatively assessed and that views on the relative merits will differ and can be irreconcilable where perspectives on local and national benefits diverge.

184: I will ask the Scottish City Region Deal Delivery Group (SCRDDG) to reflect on current arrangements and to consider how such assessments and audits might be incorporated.

Monitoring, evaluation and governance

186: The Glasgow and Clyde Valley City Region Deal will be the first of the Deals to engage in the Gateway Review process. I will ask the SCRDDG to ensure that an assessment of displacement is included in the process and that the results of the assessment should be made public.

187: UKG has an aspiration to cover in all areas of Scotland either through City Region Deals or Growth Deals. The timing of future announcements is currently under discussion within Government and the timetable has still to be agreed. It is most likely that the timetable will be gradually extended on a deal-by-deal basis rather than published all at once. In this context, I am pleased to note that the Prime Minister announced an Ayrshire Growth Deal on 29 March.

189: UKG supports this recommendation in principle, however these registers are maintained by the Programme Management Office for each Deal and as such, publication is a matter for them.

190: The SCRDDG exists to consider all aspects of the respective City Region Deals including governance. As for the response to recommendation 183, each Deal is bespoke which makes standardised guidance impractical. I will however seek to agree with the Scottish Government that the Terms of References of the SCRDDG and minutes of meetings are published.

191: The cabinets/boards set up for each of the City Region Deals are accountable to the Local Authority partners.

192: The resourcing of local authorities in Scotland is a devolved matter and is therefore the responsibility of the Scottish Government. The UK Government would also welcome an assurance that local authorities have the capacity to make the most of the opportunities that the UK Government has placed on the table.

193: It is important to employ a degree of flexibility to ensure that projects remain relevant. However it is also important that any changes are agreed with both Governments so that any new outcomes can be considered against the original objectives. There can be no guarantee that if a project is failing funding will continue.

194: The UKG looks forward to receiving the update from the Glasgow City Region Deal Cabinet.

Engagement

195: The UKG welcomes the acknowledgement that good practice is being shared through the SCRDDG.

196: The UKG agrees that local engagement is important and expects local authorities to do this in a way that improves understanding of how the City Deal process works, what the benefits are, and the Government role in the process.

Other parts of Scotland not covered by City Region Deals

198: I refer to the response to recommendation 187.