

Local Government and Communities Committee

City Region Deals

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.

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