

Local Government and Communities Committee

City Region Deals

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.