

Local Government and Communities Committee

City Region Deals

Submission from SEStran

1. What is your understanding of City Region Deals?

SEStran's understanding is that the CRD is a fund, largely provided in equal shares by the UK and Scottish governments and supported to a lesser degree by local authorities, to promote sustainable economic development and thus to create jobs with a focus on getting people who are currently out of work, and who have difficulty in accessing work, back in to the market within a city region geographical perspective. A pay-back from housing development is anticipated and would be included in the funding mix.

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

The Edinburgh and South East Scotland City Deal (ESESCD) has not yet been submitted and so not yet on a track. However, the proposal which is now well advanced is focussed on the above. The ESESCD's stated aim is –

In a fast growing city region, it intends to positively influence the type and pace of growth through a focus on:

- *A more competitive regional economy which acts as a focus of innovation and investment for all of Scotland. A better connected region, providing an international gateway for businesses and people.*
- *A fairer regional economy in which inequality in income and opportunity are reduced. A region in which the benefits of growth are shared by all our citizens, and whose communities are exemplars for sustainable living.*
- *A more resilient and balanced regional economy, capable of withstanding external shocks, and responding to new opportunities. A growing economy which conserves and enhances the built and natural environment.*

In respect of the judgement as to, “would not otherwise have been delivered”, some infrastructure schemes may be delivered sooner as a result of CRD funding and this should be expected where regions are following formal and agreed strategies consistent with the aims of the CRD philosophy, such as SEStran's Regional Transport Strategy.

SEStran in its response to the recent Scottish Government Planning Consultation also highlighted that it is fundamentally important to retain and strengthen regional planning and plans within the wider package of reform proposals. Any package of reforms, that does not include provision for strong regional planning would seem to place Scotland at a strategic disadvantage relative to other economies with whom

we are competing for inward investment to drive inclusive growth and for the local communities within regions who benefit from social and environmental outcomes of such regional and strategic planning.

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

Again, for SEStran, it is too early to comment on what is working in practice.

SEStran's understanding of governance arrangements is that a joint member council committee will be formed at a political level to oversee the development of the deal with subordinate, hierarchical teams of officials representing the councils' various disciplines along with the RTP managing the process. SEStran intends to pursue a model 3 status, as described in the Transport (Scotland) Act 2005, which would allow SEStran to carry out a range of duties on behalf of the constituent councils with improved efficiency by taking a regional focus and thus to take a lead role in delivery of a Deal. A link to an initial research report on Model 3 by Professor Tom Rye is included below:

<http://sestran.gov.uk/wp-content/uploads/2017/02/1482242589.pdf>

SEStran have also had initial discussions with SESplan local authorities about the strategy for alignment of SESplan and other regional planning functions with SEStran as a statutory regional partnership.

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

No Comment.

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

SEStran, as a Regional Transport Partnership (RTP), includes 8 local authorities. However, the ESESCD has been led by the SESplan group of 6 local authorities, which excludes both Falkirk and Clackmannanshire. Clackmannanshire is currently pursuing a City Deal with Stirling. SEStran's understanding is that Falkirk on its own will be unable to take part in a CRD.

There are also potential complications relating to CRD boundaries, particularly where the competing priorities on infrastructure are concerned.

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

Broadly yes in the respect that each council, as participants in a CRD will first of all establish its own priorities, consistent with the aims of the Deal before engaging with the wider partnership to set the regional priorities which will ultimately form the bid to the two governments. That said, central government officials appear to be in a position to exert considerable influence over the bid content in taking a role in approving, for example, the infrastructure element of a bid.

SEStran cited, in its response to the Planning Review, the Royal Society of the Arts (RSA) Inclusive Growth Commission final report^[i] which highlights the need for an integrated economic and social policy emphasising the need for place-based strategies to deliver inclusive growth across the UK. Therefore it would appear that the need to align, integrate and renew regional planning across all policy spheres is a fundamental requirement for Inclusive Growth if we are to create shared binding missions/visions for the South East of Scotland. At a sub-national level, the report proposes an approach based on: deep understanding of local assets; connecting people to quality jobs; resourcing place regeneration as well as business investment; and helping all sectors to stay ahead of the EU's Article 50 negotiation context. SEStran, in our evidence to the Enterprise and Skills Review in summer 2016, highlighted the clear land-use and transport planning and labour market outcomes^[ii]. These are clear challenges going forward for the investment aspects of CRDs but also the evolution of governance arrangements as part of CRDs and the wider suite of legislative and strategic reviews ongoing at present: Enterprise and Skills, National Transport Strategy and Planning Review.

In the development of SEStran's planning consultation response, SEStran noted the Royal Town Planning Institute comment in their 2016 "Poverty, Place and Inequality" policy paper^[iii] highlights the significant severance effect of area-based disadvantage for individuals. Those living in certain less affluent areas are from evidence less mobile, more reliant on public transport and less able to commute to job opportunities given expensive and/or fragmented transport networks. Previous studies have highlighted that those who are least skilled or most remote from the labour market have the least locational flexibility in seeking new job or training opportunities and that this spatial deficiency rather than lack of skills or training has particularly afflicted some communities and individuals within them in terms of receipt of positive outcomes. This for us highlights the need for CRDs to deliver more not regional planning/strategy to bridge the gap between national and local outcomes delivery especially concerning the sustained delivery of economic and employability outcomes. Regional Transport Partnerships (RTPs) such as SEStran could be a key mechanism for addressing these gaps and delivering the connectivity, mobility and accessibility outcomes required across several Local Outcome Improvement Plans (LOIPs) on strategic cross-boundary matters.

[i] <https://www.thersa.org/discover/publications-and-articles/reports/final-report-of-the-inclusive-growth-commission/>

[ii] [https://consult.scotland.gov.uk/enterprise-and-skills/call-for-evidence/consultation/view_respondent? b index=120&uuld=788229653](https://consult.scotland.gov.uk/enterprise-and-skills/call-for-evidence/consultation/view_respondent?b_index=120&uuld=788229653)

[iii] http://www.rtpi.org.uk/media/1811222/poverty_place_and_inequality.pdf

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

For any CRD to be effective, both governments must be prepared to provide substantial, additional funding to that which could be regarded as routine and possibly earmarked for projects already in a pipeline. Edinburgh's status as capital and, that it is the vanguard in a region that is rapidly growing, should be recognised. There are a number of very significant infrastructure restraints evident at present which, if not addressed, will inevitably begin to stifle further economic development and work against the stated aims of CRD funding. The regions involved in developing CRDs should be given the freedom to prepare a bid, designed to fulfil the aims of a deal, unfettered by either indicated or imagined funding limits so that a sound strategy can be established to be financed in a timescale that funding dictates.

It is essential too that a successful bid encompasses a realistic delivery timescale and a degree of flexibility particularly to accommodate substantial infrastructure projects with associated legal process related to, for example, land acquisition and traffic orders, both of which can lead to public enquiry.

Regional planning including CRDs potentially adds the greatest value by reflecting the desire for national inclusive growth within a regional context, which will enable value to be added by a more granular focus on regionally specific issues, assets and inequalities present across the distinct regional economies of Scotland. This ensures that cross boundary issues such as transport networks, accessibility and labour market mobility can be actively implemented, monitored and governed within a devolved regional accountability context. It also enables the creativity and flexibility of planning to add value to the national growth aspirations.

It is evident that there has to be a full, proper and effective regional overview of the relationship between a whole range of things that have an impact on where and how we encourage and guide development. With the present spread of responsibilities that does not seem to be happening and the government appears to recognise this and wants action. SEStran has previously concluded that there are potential benefits to be realised from closer integration of strategic development activities and the Edinburgh City Region Deal. These could include more efficient working and a clear alignment of activities. Support arrangements are currently progressed on a joint basis at a regional level for planning, transport, housing and economic development.

Clearly, there is a strong case for integrating the support and service arrangements for planning, transport, housing and economic development at a regional level. This could result in a single team with appropriate professional expertise which would

service the interests of each subject area but at the same time would exploit the benefits of the synergy arising from a joint management of the disciplines. However, it's not been possible to reach an agreement at present within the context of reviewing all internal consultative and governance structures but there was agreement of the potential for delivering improved outcomes and efficiencies between all parties through integration of planning systems.

Recent national reviews such as the Community Planning Review^[i] and prior to that the Christie Commission on Public Sector Reform have provided a focus and the building blocks for a stronger, more joined up and extensive approach to prevention, early intervention and a focus on local place, which can equally be applied to transport as to other policy areas. This is in addition to the recent work of the Commission on Strengthening Local Democracy with its focus on equality, diversity and environmental justice, as key outcomes for local communities. These points are especially relevant to what we have just heard about the stark challenges around carbon emissions and economic inequalities and for us demonstrates that planning can add greatest value through forward planning, avoiding significant regional negative outcomes and delivering regional prosperity.

SEStran firmly believes that Scotland needs to be bolder in our pursuit of decentralisation of planning. Scotland needs to actively engage and foster more inclusive local design and implementation as necessary building blocks for inclusive economic growth and to eliminate inequality. However, being proponents of greater decentralisation doesn't mean there isn't a place for local aggregation such as through Regional Partnerships. In the simplest terms we might be talking about a merger of SEStran and SESplan (a) to feed into NPF's vision using its information base and knowledge of issues and (b) to provide the necessary regional manifestation and delivery vehicle for what NPF envisages integrated with a regional transport strategy and related projects. However, that may not be enough to achieve the degree of integration needed. What might be closer to what the government seeks is the creation of something like a 'Regional Delivery Partnership', still made up of elected and non-councillor members but with a much closer involvement - possibly through forums or sub committees - of all relevant agencies and infrastructure/service providers. As well as influencing NPF this could be given the responsibility of producing an integrated and comprehensive Regional Delivery Strategy with funded action programmes.

Indeed the RSA Inclusive Growth Commission 2017 Final report^[ii] highlights that central to the delivery of inclusive growth is a requirement for connecting people to quality jobs by embedding sectoral and cluster analysis into the wider place-based strategy for inclusive growth – including skills, housing, transport and wider quality of environment factors – to attract people to live, work and stay in the place is needed.

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[i] <http://www.gov.scot/Topics/Government/local-government/CP/soa>

[ii] https://www.thersa.org/globalassets/pdfs/reports/rsa_inclusive-growth-commission-final-report-march-2017.pdf