



Local Government and Communities Committee

City Region Deals

Summary of written evidence

Introduction

On 4 April 2017 the Local Government and Communities Committee launched a [call for views on City Region Deals](#) (CRDs) with the intent of informing an inquiry with the following remit—

To explore rationale, prioritisation and value for money in relation to city region deals, including the progress to date of city region deals in delivering job creation and economic growth, and the structure and governance of city region deals in Scotland.

The Committee received 39 submissions, broken down as follows—

- 9 submissions from local government bodies, including City Region Deal and Growth Deal cabinets;
- 8 submissions from public sector bodies;
- 10 submissions from professional and other bodies;
- 8 submissions from third-sector organisations;
- 3 submissions from academics; and,
- 1 submission from a private business.

This paper provides a summary of the main points raised in the submissions, and is structured around questions asked in the call for views. It is not designed to repeat submissions in detail – all submissions can be read in full [on the inquiry webpage](#).

Further background reading on City Deals and City Region Deals can be found in SPICe Briefing SB 17-19 [City Region Deals](#).

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15 June 2017

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The Scottish Parliament, Edinburgh, EH99 1SP www.scottish.parliament.uk

Question 1: What is your understanding of the purpose of City Region Deals?

Question 1 aimed to establish the general awareness and understanding of CRDs. Perhaps because responses came largely from organisations as opposed to from individuals, there were no submissions which suggested a lack of knowledge. Instead, submissions served to highlight how broad the features of CRDs can be.

The following lists the features of CRDs identified in submissions—

- CRDs are tripartite deals between the UK Government, Scottish Government and Local Government, and can also include investment from the private sector and universities.
- CRDs are inclusive of the wider regions around Scotland's cities.
- CRDs are developed through a collaborative process of deal-making between involved partners.
- CRDs are all bespoke to their particular region, and thus unique.
- CRDs need, and should support, robust regional governance.
- The roll out of CRDs in Scotland has been an iterative process.
- CRDs aim to offer a meaningful stimulus to trigger and drive local economic growth, with many having specific aims relating to job creation, GVA uplift, and leveraging of private investment.
- There is a focus on localism, with a step away from centralised power and devolution of decision-making powers to a local level.
- CRDs represent a move away from a "one size fits all" policy approach.
- There is a key focus on infrastructure projects within CRDs.
- Other common features of CRDs are a focus on local labour market support, business support, and welfare.
- In addition, CRDs should stimulate innovation and support key industries.
- CRDs can help to develop digital infrastructure (this is a particular focus of the Inverness deal).
- CRDs help local authority partnerships to maximise funding support.
- CRDs can be flexible and accommodate changes in the economic climate.

There were some areas of confusion, and concerns, which will be covered in more detail under other questions. These included—

- The link to national Scottish Government policies, for instance Cities policy, the Economic Strategy and the National Planning Framework, and the enterprise and skills agencies.
- The variance in the levels to which areas like housing, sustainability, the environment and health are included in CRDs.
- The level to which inclusive growth is a focus of CRDs, and whether this is too narrow.
- The level of transparency the deal-making process allows.
- The additionally of CRDs, i.e. what they can offer that conventional funding could not, and the level to which projects funded are new ideas or existing projects which would otherwise have struggled to find funding.
- The impacts on and opportunities for areas which do not have proximity to cities.

- Whether CRDs represent a significant policy shift.

It is worth noting that **Audit Scotland**, in its submission, explains that their forthcoming performance audit of CRDs would cover all of the key areas the Committee highlighted in its call for views. This work was planned for later in 2017.

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

The majority of responses to Question 2 acknowledge that even the most advanced CRD in Scotland, Glasgow, is barely three years into its 20 year lifespan. **Policy Scotland** suggest that the delivery of projects gives an early indicator but that it in fact will take much longer to establish that the deals are on track. It suggests that it is important to strike a balance between close monitoring of progress and understanding the long-term effects of deals. It also notes that any reorganisation of sub-national institutions could damage the long-term strategic aims of CRDs. **Transform Scotland** suggest that it could take as long as 10 years to establish whether an individual CRD is on track. It also highlights that it isn't clear within CRD documents how estimates on private sector investment have been reached.

Montagu Evans, in its submission, expresses concern that the Committee's inquiry is premature and that it is too soon to review the effectiveness of CRDs. Its submission highlights the progression of a number of projects which had previously planned but did not have the appropriate funding to go ahead, such as the Glasgow Airport Investment Area. The **Scottish Urban Regeneration Forum (SURF)**, highlight that the sums of money involved in CRDs are modest, and suggest that it is important to consider whether the projects being delivered should have been part of traditional local government spending.

The **Centre for Urban and Regional Development Studies (CURDS)** state that there has been very little evaluation of the earlier City Deals in England. They raise concerns around the uneven distribution of funding, issues around the practical running of gateway reviews, and the over-claiming on potential benefits of City Deals.

Local authority submissions from those involved in CRDs, including those from CRD governance boards, speak of good progress following the commencement of funding. **Highland Council** highlights the early success of projects relating to Inverness Castle and public Wifi. **Glasgow City Region Cabinet** echo Montagu Evans' evidence, highlighting a number of early milestones, and projects which would either have not progressed, or would have taken much longer. It notes the work the National Evaluation Panel is undertaking on developing a national framework for evaluation. It also highlights the involvement of the Commission for Economic Growth in developing a local evaluation framework which will include a specific focus on how the Glasgow CRD has helped to deliver on inclusive growth in line with the Scottish Government's economic strategy. **Aberdeen City Council** highlights the effectiveness of the business case model for obtaining funding and linking this to local priorities and **Opportunity North East** argue the importance of the private sector involvement that it has been able to catalyse.

A number of submissions raise the issue of whether funding is delivering 'additionality'. **Highlands and Islands Enterprise (HIE)** notes a number of

Inverness CRD projects which it sees as bringing additional economic impacts and unlocking investment. The **Scottish Local Authorities Economic Development Group (SLAED)** emphasise the importance of both additionality, and of collaborative approaches to sourcing and agreeing funding, and suggest that a key element of CRDs should be a demonstration of how collaboration will work. SLAED also express concerns that if investment isn't considered to be of sufficient scale then local authority partners and investors might exit the deal-making process. The **Federation of Small Businesses (FSB)** say that the lack of policy evidence-based judgements make proving additionality challenging. The **RSPB** speak of the challenges when timelines for bidding aren't clear, and when budgets, as part of the closed-door nature of deal-making, can't be made available for public scrutiny. The RSPB also highlight the importance of funding all sectors equally, and suggests that one measure of CRD success could be that all sectors have been involved.

Falkirk Council expresses concerns about the link between CRDs and other funding, and suggests that a strong national framework for growth is needed. It says that focus on CRDs "risks and over-reliance on the promotion of the economic prospects in urban areas to the detriment of the economy as a whole" and notes that "very few of Scotland's cities have genuine metropolitan scale". **RTPI** also highlights the need for CRDs to better integrate with other strategies.

Scottish Natural Heritage expresses concerns around the lack of transparency and community empowerment in the deal-making process, and suggests that to date there has not been enough demonstration of innovation on low-carbon development. Similarly, the **Scottish Property Federation (SPF)** suggest there has been little evidence of funding for employment initiatives in Glasgow, and **Sustrans** feel that important stakeholders have been left out of the deal-making process.

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

On the whole, submissions are supportive of the governance procedures that have been put in place for CRDs, however there are some concerns about the structuring of CRDs and the development process.

A number of submissions acknowledge that governance arrangements are unique within each CRD, though the overarching model seems to be one of City Region Cabinets with all involved bodies represented, and varying ways of involving private sector stakeholders. **Aberdeen City** highlights that the Aberdeen CRD uniquely involves the inclusion of Opportunity North East (ONE), a private sector initiative aimed at tackling the long-term challenges of North East Scotland. The terms of reference of this particular CRD are due to be reviewed after one year of operation to ensure they were current. **Glasgow City Region Cabinet** confirmed that there was an annual audit of its governance arrangements.

Policy Scotland notes that the English City Deals were based on functional economic areas, whereas in Scotland CRDs reflect a wider range of geographic settings. It also notes that as a result of successive stages of deal-making in England, arrangements for city-region governance have taken on greater formalism with the establishment of combined authorities. In the context of English City Deals, Policy Scotland reference National Audit Office evidence on the potentially limited capacity at a local level to manage risk, and suggest that capacity issues will require

greater consideration as deals continue to be developed. In terms of the English City Deals, the governance arrangements for Manchester are cited in a number of submissions as a good example.

A number of submissions place strong emphasis on the importance of solid governance because of both the complexity of CRDs, and the risk involved. The importance of independent evaluation is also raised.

A common theme in submissions is a concern about the transparency of both the development of CRDs and their ongoing governance. **Scottish Natural Heritage** suggests that consultation on proposals has not been inclusive or collaborative, and the **SPF** feel that there has been insignificant private sector engagement. Both the **RSPB** and **Scottish Environment LINK Economics Groups** feel that that lack of transparency has made it difficult to establish the level of environmental assessment that has taken place in the project planning stage of CRDs. The **FSB** suggest that, in order to allay these concerns, there should be an independent business champion for each CRD, and increased scrutiny of the process by Scottish Parliament committees.

Question 4: Have local residents and businesses been kept informed and involved in the development and activities of City Region Deals?
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Following on from evidence about governance, the key concern raised in submissions relates to the transparency, and in particular the limited nature of consultation, on CRD projects. **Transform Scotland** suggests that CRDs are “shrouded in a degree of secrecy on the basis of being sensitive, or confidential, at least until they are agreed”. **Audit Scotland** confirmed that this will be a focus in its forthcoming performance audit, specifically in terms of private sector engagement.

The councils involved in CRD delivery all give examples of how they are using strategies, branding, websites, social media, surveys and public exhibitions to keep the public and businesses informed about CRD projects. **Glasgow Chamber of Commerce** speak positively of updates specifically related to the Glasgow CRD. **SLAED**, however, suggests that there are still misconceptions and a lack of understanding about what a CRD is and what funding is for. **Aberdeenshire Council** admits that supporting public knowledge of CRDs has taken time.

The **SPF** suggests that the Glasgow CRD was not initially effective on private sector engagement but that later deals have been more positive. The **FSB** reports that engagement with SMEs has been underwhelming. The **RSPB** notes that, whilst CRD websites may have information of deal projects, not many people know to look at these sites. It also expresses disappointment at the limited opportunities to feed into projects and suggests that projects should be subject to full public consultation.

SURF notes that progressing and implementing a CRD is complex, and that capacity challenges within governing bodies could restrict community engagement. It suggests that increased links with the third sector and SMEs could help with this. **SURF** highlighted a positive example in Renfrewshire Council’s engagement programme. **RTPI** suggests that a better focus on community planning could better align community and stakeholder engagement. **Scottish National Heritage** expresses concerns that, because CRDs have removed certain projects from the traditional planning process, then it is possible that stakeholders who might be

engaged through the traditional planning process have been missed. **Historic Environment Scotland** suggests that CRDs are lacking in links to local development plans, and **Scottish Environment LINK**, expressing that consultation has been inadequate and too late in the process, agree with the use of full consultation linking CRDs to local development plans.

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

Views on Question 5, along with the understanding of the alternatives to CRDs, are mixed. A number of organisations making submissions are aware of the development of the Ayrshire Growth Deal, and a number also highlight the other mechanisms for stimulating economic growth. Only one submission, from **Montagu Evans**, suggests that it is inappropriate for the Committee to consider this line of questioning.

The organisations that showed awareness of the growth deals being developed in Scotland recognised that these had features in common with CRDs, including the tripartite model and uniqueness of each deal. In addition to the Ayrshire Growth Deal, submissions cite discussions being held on growth deals for the South of Scotland and for the Islands. The **Joseph Rowntree Foundation** recognise that there is a greater challenge in generating inclusive growth outside cities and supports the development of growth deals to tackle this problem. The **FSB** also expresses concerns about inclusive growth outside cities. The **Ayrshire Growth Deal (AGD)** submission suggests that the lack of regional policy in Scotland has “resulted in a miss-match” of areas covered by CRDs and growth deals. Both it and **SLAED** suggest that the upcoming departure from the EU will create a policy vacuum for Scotland and the UK to consider a comprehensive regional policy with funding to match that lost from the EU. **AGD** argue that other areas that develop proposals for growth deals should be given the same level of attention from the Scottish and UK Governments as those developing CRDs. The **RSPB** suggest that guidance for non-CRD areas on funding options and how to submit bid proposals for growth deals would be useful.

On the impacts of CRDs on areas not covered, **SCDI** note that market-led investment would always seek the highest returns, which may lie within cities and their associated regions. It suggests that an audit process could ascertain the impact on areas not covered by CRDs, however this would be challenging due to the uniqueness of both CRDs and areas not covered by them. **SURF** pose the question of whether it is appropriate to look at Scotland as a collection of city regions given the geographical and social makeup of the country. **Fife Council** and **SLAED** echo this, and question whether the structure of current CRDs reflects authentic regional economic boundaries and suggest that further guidance on this from the Scottish Government would be useful. **SLAED** notes that there is a risk of issues such as ageing and declining populations in rural areas being exacerbated by a lack of infrastructure investment in these areas. **Falkirk Council** argue for the development of a strong national framework for growth, and say that focus on CRDs “risks and over-promotion of the economic prospects in urban areas to the detriment of the economy as a whole”. The Council states that it considers the economic growth potential in Falkirk and Grangemouth to be equivalent to that of several of the proposed CRDs, which is echoed by the **SPF**.

On alternative models of supporting economic development, the cited mechanisms include the Growth Accelerator Model (tax incremental funding), the Scottish Growth Fund, transport funding, EU funding, Regional Selective Assistance, and the support of the enterprise and skills agencies, The Scottish Partnership for Regeneration in Urban Centres, the Scottish Cities Alliance and Community Planning Partnerships. The **FSB** feel that it is unclear how existing models interact with CRDs, however its submission, along with others, notes that some of this interaction and overlap is being explored as part of the Scottish Government's review of the enterprise and skills agencies. **Scottish Enterprise** and **Skills Development Scotland** reference their involvement in CRDs and growth deals. **RTPI** suggests that integration of CRDs and growth deals into the National Planning Framework would ensure complementarity with other programmes.

Question 6: Are City Regions Deals supporting a shift towards local decision-making on major investment projects?

Submissions in general seem to suggest that it is too soon to gauge whether CRDs and growth deals represent a meaningful shift towards local decision-making. **SCDI** suggest that this had not happened in Scotland to the same extent as in England. The **FSB** notes that unlike England, combined authorities and mayoral powers have not been introduced in Scotland. **Scottish Enterprise** highlights the fact that CRDs have been good for promoting partnership working and establishing and building on governance, and suggests that these things and the support in building the capacity for local authorities to carry out project appraisal will be the legacy of CRDs.

AGD and **SLAED** suggest that there has been a shift, but that this opportunity should be extended to areas beyond those covered by CRDs. **Glasgow City Region Cabinet** suggests that decisions made as part of CRDs would previously have been taken at local authority level. **Scottish Natural Heritage** points out that the new structure for decision-making has removed certain activities from the traditional local planning process. The **SPF** feels that CRDs have not supported a shift towards local decision-making, but suggest that they should be an additional activity not a replacement for existing structures and new initiatives.

Policy Scotland, referencing the work of the National Audit Office, say that new tools for fiscal devolution have "raised questions about the "funding formulas" and "data sources", and whether "sufficient suitability or certainty" is given for local investments to be based on such an approach". **SURF** feel that meaningful decentralisation has not taken place, however it highlights that it is up to local authorities to shape this. **Highland Council** suggests that successful CRDs will balance national strategic objectives with local priorities, but **Aberdeen City Council** notes that decision-making at a local level is limited by the powers contained within the Local Government (Scotland) Act 1973.

Falkirk Council says that more clarity is needed about the respective roles and relationships between those involved in CRDs and the other mechanisms for economic growth. It feels that currently there is too much overlap and that a national framework is needed to clarify matters. The **RSPB** echo this, and call for greater consistency with the National Planning Framework, Scottish planning policy and local development plans. They argue that this would improve environmental assessment, community empowerment and engagement, and transparency. **Homes for Scotland** also call for stronger links to local development plans, and the

Coalition for Racial Equality and Rights (CRER) calls for greater transparency around consultation. **SEStran** suggest that CRDs have both local and national outcomes, and that regional transport partnerships would be well-placed to provide a link between different local outcome improvement plans.

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

Issues raised on Question 7 relate primarily to concerns about the interaction between CRDs and national policy, transparency, and areas which could be added or strengthened in the focus of CRDs.

The **Joseph Rowntree Foundation** feels that a stronger focus on inclusive growth is needed, but suggests that this did not need a mandate from Government. It states that CRDs require an “organising purpose”, and suggests that this should involve four key principles – setting an inclusive growth agenda; an education and skills system; shaping a more inclusive economy; and, connecting people to economic opportunities.

Policy Scotland feels it is important to distinguish the merits of individual deals and the system of policy-making, but also suggests that the process of deal-making isn’t clearly set out. It calls for greater clarity on the deal-making process, how CRDs align with other policies, and how inclusive growth is built in to the longer-term approach to decentralisation. **AGD** suggest that a link to the UK Government’s Industrial Strategy would be useful, and **RTPI** call for a greater community planning link.

Aberdeen City Council notes that emerging regional partnerships could inform how any new collaborations developed following on from the enterprise and skills review could evolve. **Highlands and Islands Enterprise** suggests that greater co-ordination on labour market issues, such as understanding local labour markets and capacities, is needed. It also suggests that a deal for the Island regions focused specifically on digital infrastructure would be welcome. **Scottish Enterprise** highlights that involving the enterprise agencies as early as possible in the deal-making process would help to maximise their contribution to the process. **FSB** suggest that a small-business champion for each deal would be desirable.

SURF suggest that there are challenges to be overcome in measuring the impact of CRDs, particularly in light of the claims made at the bid-stages of CRDs around job creation and GVA uplift. The **Glasgow City Region Cabinet** highlights that it has already built on the CRD partnership by launching a Glasgow City Region economic strategy and action plan. **Fife Council** and **SLAED** suggest that the competitive nature of the CRD bidding process can be a challenge as it could limit information sharing between prospective CRDs.

Scottish Natural Heritage, Sustrans, Transform Scotland, Cycling Scotland, Paths for All, Scottish Environment LINK and **RSPB** all raise concerns about the lack of a focus on low-carbon initiatives and sustainability in CRDs. **Cycling Scotland** emphasise the need for the infrastructure plans in CRDs to be developed in a way that won’t form a barrier to active travel. **RSPB** suggest on the issue of sustainability that a link to climate change and biodiversity strategies would be useful.

On other matters where it is felt emphasis is lacking in current CRDs, **CRER** feel there is a need for greater transparency on how Public Sector Equality Duties have been met. **Historic Environment Scotland** feels there needs to be an emphasis on protecting Scotland's historic built environment. Finally, **the Scottish Federation of Housing Associations** feels that that priority needs to be given to housing issues, particularly the provision of affordable housing, and that CRD links to national housing strategy need to be made clearer.