



## Local Government and Communities Committee

### City Region Deals – Summary Paper

#### Introduction and background

This paper provides a summary of City Region Deals and captures any recent updates.

This paper does not provide a full overview of City Region Deals; instead it is a high level summary paper of the current status of City Deals in Scotland as of October 2017. Members should look to [SB 17/19 City Region Deals](#) (March 2017) for an in-depth look at the inception and progress of City Region Deals in Scotland and alternative mechanisms for encouraging local approaches to economic growth, and an overview of City Deals and subsequent local growth and devolution deals in England.

Scotland's cities and their surrounding regions represent the most significant concentrations of economic assets in the country. The City Region Deals are intended to act as enablers to unlock these assets in order to fully realise their potential and drive economic growth and maximise impact. Each deal is bespoke to its city region and includes a package of measures designed to come together as a coherent whole, taking account of local economic assets and strengths.

#### Current status of City Region Deals

There are currently four agreed City Region Deals in Scotland, which represent a partnership of funding between the Scottish Government, UK Government, local government and regional partners. As with other UK City Deals, these cover the wider regions around Scotland's cities. Scotland's remaining three cities are currently engaged in discussions with the Scottish and UK Governments to progress deals.

The following three deals are in delivery:

- [Glasgow City Region Deal](#) (final agreement signed August 2014)
- Aberdeen City Region Deal (final agreement signed November 2016)
- [Inverness and Highland City Region Deal](#) (final agreement signed January 2017)

The [Heads of Terms](#) were agreed and signed for [Edinburgh and South East Scotland City Region Deal](#) in July 2017. The heads of terms will be further developed into a full deal agreement, expected during 2018.

The remainder of City Region Deals are still work in progress in terms of development - Stirling and Clackmannanshire and the Tay Cities Regions (Angus, Dundee, Fife, and Perth & Kinross). A recent Scottish Government (October 2017) [statement](#) on other deals stated that:

"Scottish Government is committed to securing Heads of Terms agreements for Stirling and Clackmannanshire and the Tay Cities Regions (Angus, Dundee, Fife, and Perth & Kinross) and to work to secure the first regional deal in Scotland for the three Ayrshire Councils".

## **Policy direction**

The [Enterprise and Skills Review](#) commits to Scotland having Regional Partnerships (including City & Region deals) which represent every community in Scotland. In June 2017, the [Enterprise and Skills Review: Report on Phase 2 Regional Partnerships](#) was published.

It states:

"...in Scotland we want to encourage the development of regional economic partnership arrangements which are self-assembled around the bespoke requirements of particular regions. These will build and expand on the experiences, structures and learning from City Deals and we envisage that these partnerships will evolve over time and will be underpinned by the participation of the region's key private, public and third sector interests including Community Planning Partnerships (CPP), universities and colleges".

Thus, following the publication of the Enterprise and Skills Review Report, Regional Partnerships have been cemented as a new dimension to the regional policy landscape. These Partnerships will learn from, and build on, the foundations laid by City Region Deals.

The approach to Regional Partnerships and the delivery of City/ Region growth deals is intended not to be prescriptive. The Scottish Government believe this will empower Local Authorities to work closely with the private sector and key regional partners to identify the economic assets and opportunities that provide a foundation for the regional economy. And from this develop and deliver strategic interventions to strengthen the regional economy.

Reflecting the policy emphasis on Regional Partnerships, discussions are underway to secure a regional growth deal for the three Ayrshire Councils and the Borderlands (this involves Dumfries and Galloway Council and Scottish Borders Council, working with Carlisle City Council, Cumbria County Council and Northumberland County Council in England). In addition, there are discussions in hand with Moray, Falkirk and Argyll & Bute. Parallel discussions are taking place with Orkney, Shetland and the Western Isles Councils for an "Islands Deal". In all cases, there is a commitment for growth deals to be delivered by Regional Partnerships which show strong governance, and have a key role for the private sector in their design and implementation.

## Overview of agreed City Region Deals

The Deals include large scale projects that are intended to deliver long-term and sustainable economic benefit, all are relatively new. It is worth noting each City Region Deal has taken a different approach to its governance in terms of structure, set-up, priorities, business and industry partnership, etc. meaning there is a lot of variation across the deals. However, this also means unique regional circumstances are reflected. Summary highlights of the agreed deals are set out below.

The most established is the **Glasgow City Regional Deal**, approximately 3 years into a 20 year plan, which seeks to address longstanding and persistent challenges such as levels of unemployment and entrepreneurship, as well as delivering a number of major physical regeneration projects. The Glasgow City Region Deal has three themes.

- A £1.13bn fund will support twenty major infrastructure projects across the region for roads, bridges and improved transport infrastructure, quay walls, remediation, construction, public realm works, assisting further capital developments for housing, retail and commercial, and all of the supporting services to deliver these.
- Three labour market projects aim to help to address local employment challenges
- Innovation and Growth projects to support the growth of small and medium enterprises and enhance the life sciences sector.

The lifespan of the **Aberdeen City Region Deal** is over 10 years with funding of £826 million. The key themes within the Aberdeen City Region Deal are innovation, internationalisation and diversification. It has six key project areas: Oil and Gas Technology Centre (OGTC), Agri-Food and Nutrition Hub for Innovation, Bio-Therapeutic Hub for Innovation, Digital Connectivity, Harbour Expansion, and Strategic Transport Appraisal.

- Unique to the Aberdeen City Deal the industry-led and privately funded economic development body Opportunity North East (ONE) led the development of the innovation projects included in the Aberdeen City Region Deal. These were awarded £210m and the new Oil & Gas Technology Centre (OGTC), now established as a separate company and fully up and running, will support innovation in the sector, maximise economic recovery of the reserves in the UK Continental Shelf, and anchor the supply chain for oil and gas in the UK.

The **Inverness and Highland City Region Deal** covers a 10 year period with funding of £315 million. The Deal contains a number of proposals under three broad headings.

- Growing the economy includes establishing a North Innovation Hub, developing Inverness Castle as a key tourist destination, supporting commercialisation, and delivering an innovative approach to assisted living.

- Enabling the economy includes establishing a Joint Digital Highland Action Plan to accelerate provision of effective broadband and mobile coverage, road infrastructure, and provision of 6,000 homes.
- Skilled economy involves delivering the Science Skills Academy to promote STEM subjects.

Also there are some elements that are included within the Inverness and Highland City Region Deal but have no explicit funding commitment associated with the Deal (e.g. ensuring regional air links, piloting of a joint Highland Employability Programme), as these were pre-existing funding commitments that have synergies with the wider Deal objectives.

The **Edinburgh and South East Scotland City Region** secured a £1.1bn deal from the UK and Scottish Governments. The heads of terms set out that both the UK and Scottish governments are committed to jointly investing £600m over the next 15 years and regional partners have committed to adding up to £500m. In addition, it is estimated the deal will generate over £5bn worth of Gross Value Added (GVA) over the same period. Key Government commitments of the deal are:

- Up to up to £350m for a Research, Development & Innovation programme for the region. This includes data centres, incubation space, industrial and commercial space and the food and drink innovation campus at Queen Margaret University
- £140m for crucially needed A720 city bypass at the Sheriffhall Roundabout and transport improvements across west Edinburgh
- £20m capital funding for new world class concert hall
- £25m regional skills programme to support improved career opportunities for disadvantaged groups
- £65m of new funding for housing to unlock strategic development sites.

Regional Partners commitments to the Deal will be detailed in the Final Full Deal Agreement expected in 2018.

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