



OFFICIAL REPORT
AITHISG OIFIGEIL

Local Government and Communities Committee

Wednesday 8 November 2017

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CITY REGION DEALS 1

LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE
26th Meeting 2017, Session 5

CONVENER

*Bob Doris (Glasgow Maryhill and Springburn) (SNP)

DEPUTY CONVENER

Elaine Smith (Central Scotland) (Lab)

COMMITTEE MEMBERS

*Kenneth Gibson (Cunninghame North) (SNP)

*Jenny Gilruth (Mid Fife and Glenrothes) (SNP)

*Graham Simpson (Central Scotland) (Con)

*Alexander Stewart (Mid Scotland and Fife) (Con)

*Andy Wightman (Lothian) (Green)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Councillor Susan Aitken (Glasgow City Council)

Andrew Kerr (City of Edinburgh Council)

Councillor Jenny Laing (Aberdeen City Council)

Councillor Adam McVey (City of Edinburgh Council)

John Robertson (Highland Council)

Councillor David Ross (Fife Council)

Councillor Graham Ross (Highland Council)

Kevin Rush (Glasgow City Council)

Richard Sweetnam (Aberdeen City Council)

CLERK TO THE COMMITTEE

Jane Williams

LOCATION

The James Clerk Maxwell Room (CR4)

Scottish Parliament

Local Government and Communities Committee

Wednesday 8 November 2017

[The Convener opened the meeting at 10:00]

City Region Deals

The Convener (Bob Doris): Good morning, and welcome to the 26th meeting in 2017 of the Local Government and Communities Committee. I remind everyone to turn off mobile phones. As meeting papers are provided in digital format, members may use tablets during the meeting. Unfortunately, our deputy convener, Elaine Smith, cannot be with us and has given her apologies.

We move straight to agenda item 1, which is evidence as part of our inquiry into city region deals. We have several witnesses. I welcome Councillor Susan Aitken, who is the chair of Glasgow city region cabinet and leader of Glasgow City Council, and Kevin Rush, who is the director of regional economic growth with the Glasgow city region deal. I particularly thank Kevin Rush for taking us through some of the Glasgow city deal stuff yesterday on a committee visit—I am sure that we will come to that at some point.

I also welcome, from the Edinburgh and south-east Scotland city region deal partners, Councillor Adam McVey, who is the leader of the City of Edinburgh Council, and Andrew Kerr, who is the chief executive of the City of Edinburgh Council.

From Highland Council, we have Councillor Graham Ross, who is depute provost and leader of the Inverness and Highland city region deal, and John Robertson, who is programme manager with the city region deal.

I also welcome Councillor David Ross, who is the co-leader of Fife Council, Councillor Jenny Laing, who is the co-leader of Aberdeen City Council, and Richard Sweetnam, who is the head of economic development at Aberdeen City Council.

I thank everyone for coming. We have a pretty large panel of witnesses so, as I said earlier in private, I apologise if we have to restrict speaking by perhaps allowing only one person to speak where there are two people from one city region deal. If there is a specific question about one city region, not everyone has to answer. I want to give everyone a reasonable opportunity to have their say.

We will move straight to questions. I open with a general point, which will lead to a request for specific information. Last week, the committee heard that there is a contrast between the United Kingdom Government's approach of maximising economic growth from city region deals and the Scottish Government's aspiration to have a balance, including inclusive growth, which is the expression used. I know that the teams are at different stages of planning, implementation and delivery, but I am keen for every team to give an example of a project that has been, is being or will be delivered that involves inclusive growth. In particular, I would like to know how that will be monitored and what the benchmarks are.

Councillor Susan Aitken (Glasgow City Council): That has very much been a topic of discussion at the Glasgow region cabinet recently. The Glasgow deal was the first one to be developed, and that was in 2014, when ideas about inclusive growth were perhaps in their infancy. Since then, those ideas have developed and become a much more integral part of thinking, particularly in the Scottish Government.

At our most recent cabinet meeting, we specifically agreed to seek advice and support from the commission on urban economic growth, which is chaired by Professor Anton Muscatelli, about how we can evaluate the Glasgow region programme as a whole, and the individual projects within it, on inclusive growth criteria, and to understand what kind of measures and criteria we can use to evaluate the projects as we scrutinise them. My colleague Kevin Rush is working closely with Des McNulty from the commission to develop those criteria. As we scrutinise the deal, we particularly want the eight politicians in the cabinet—the council leaders—to have a clear understanding of what inclusivity means, in terms of economic growth as well as equalities and human rights, within individual projects and the programme as a whole.

A particular project that the commission is focused on evaluating is the canal and north gateway project in Glasgow, which involves significant house building in Sighthill. A lot of work has been done to build a new community; it is not just about homes. That project has been identified, certainly to begin with, as providing the clearest route towards a focus on inclusive growth. It is about building long-term benefits for a community in part of the city that has suffered economic disadvantage for a long time. We want to ensure that the economic growth that is delivered as part of the deal is inclusive and has a long-term impact for people and that part of the city. That means creating high-quality decently paid jobs and offering skills development so that local people can access those jobs to ensure that the community that develops and is built as part of the

project can support a reduction in inequality over the long term.

We are at the early stages, but Professor Muscatelli's commission is looking at that. The cabinet is extremely keen to follow and learn from its conclusions on the Sighthill project, and more widely, to ensure that broader criteria around inclusive growth are part and parcel of everything that we do in the city region deal.

The Convener: That is all in my constituency, Councillor Aitken—you know how to soften up a committee convener.

There was maybe an admission in there that the city region has embarked on several projects in which inclusive growth was not at the forefront. How does the merchant city development or the £4 million Tontine centre fit with inclusive growth? My hobby horse when I was a regional member of the Scottish Parliament was the Cathkin relief road—I could not get my head around the inclusive benefits of that. You do not have to comment on those individual projects, but somewhere in your answer you admitted that some of the projects that are now complete may not have had inclusive growth to the fore.

I take the opportunity to mention that, in my constituency, some additional funding from the city region deal may be required for drainage and infrastructure to realise the aspirations that you set out so eloquently. We have heard about retrofitting of the city region deal, which is why I put that out there.

Councillor Aitken: It is fair to say that the economy was different in 2014 and perhaps the drivers and thinking behind the city region deal were different. I was not there at the time, so I can only speculate what the people involved were thinking, but it would not be fair to say that there was no thinking about inclusivity. Everyone wanted one of the outcomes of this major investment to be a long-term impact on inequalities. However, inclusivity was not front and centre in the strategic oversight and thinking about how the deal and the entire programme were put together. That is partly because thinking about inclusive economic growth has moved on; the Scottish Government's 2015 economic strategy, which had inclusive growth at its heart, postdated the Glasgow city deal.

We now have an opportunity. We are two years away from the first gateway review of the Glasgow region deal. The commission on urban economic growth is in place as a tool and source of advice, monitoring and, if need be, direction to ensure that inclusive growth is part of the projects.

I will pick up on one of the projects that you mentioned. If we use the Tontine building and the opportunities that that project provides in the right

way, it can be part of inclusive growth. It is about supporting small and medium-sized enterprises and there are opportunities within that for growing skills, focused on the digital and technology sector. As a city region, we have to respond to that through, for example, the way that we organise our curriculum in schools: as young people make their education journey, we must ensure that they have the skills available to them to access the jobs that are created, for example, through the start-up opportunities in the Tontine.

The Convener: That is helpful, Councillor Aitken. However, we are in danger of being Weegie-centric, so we had better move to other deals. I have made a direct plug for the likes of Possilpark, Hamiltonhill, Sighthill and Ruchill, which could really benefit from city deal money for inclusive growth. However, Scotland is a big place, and it is not just about Glasgow, so let us move on. Who else would like to tell us about inclusive growth in their region deals?

Councillor Adam McVey (City of Edinburgh Council): We are fairly early on in our stages. We have just approved our governance structures, we are moving on to our project management arrangements and we are getting formal approval for both. We probably have learned a bit from the process as the partnership between local authorities and both Governments has developed, and there has been an understanding of the strand of work. Part of that is the representations that the City of Edinburgh Council has made. I have been council leader for only four or five months, so I cannot take all the credit.

In order to generate growth and its consequences in Edinburgh, a big part of our city deal is about skills—linking to the innovation money in the universities and the centres of excellence—and housing. The model that has been created in Edinburgh is quite specific and tailored. It is about providing a mechanism for the local authority to build homes to address pressures that are caused by additional growth in such a way that there can be a revenue stream from the new rented properties that the council can invest in new social homes through our housing revenue account. The multiplier effect has been built in such a way that the skills should link to the centres of innovation and to the new economic activity that will be generated, and to better link communities that traditionally have not been enfranchised with economic opportunities in the region and the city, but also to deal with the consequences of the growth. An accelerator or multiplier effect has been provided so that everyone benefits down the line.

The Convener: Has the City of Edinburgh Council ring fenced the moneys that will flow from that growth, whether that is from additional

business rates or whatever, specifically for those projects?

Councillor McVey: No. We have created a model in which there is, in essence, a new housing company, which will generate additional revenue that will go into our housing revenue account. Obviously, our housing revenue account covers our social homes and it has rent, and it has a house-building programme anyway. Through the city region deal, we have created a housing company with £15 million from the Scottish Government that will build maybe 1,500 or maybe more homes for rent. The additional revenue beyond the borrowing costs will go into the HRA and build more social homes through that source. The multiplier and dual approach has been helpful. It is worth noting that that was done for £15 million as opposed to the city region deal providing the full capital cost.

The Convener: That is very helpful. Thank you.

Councillor Graham Ross (Highland Council): As members will be aware, the Highland Council area is bigger than Belgium or Wales, which gives us a different sense of proportion from some of the other deals. We have to try to ensure that inclusive growth covers the whole council area, from Thurso to Lochaber to Inverness. We are involved in the science skills academy and the Newton rooms in Caithness and Lochaber to try to improve opportunities for young people and include them in those opportunities.

The Highland area has the ambition to be the best connected rural council area in Europe: we are trying to develop new digital wi-fi throughout the council area, for example. There are other issues such as affordable housing, and there are debates about things such as fit houses and trying to include people and new technology to ensure that we provide services for people across the council area.

10:15

Councillor David Ross (Fife Council): As Adam McVey said, the Edinburgh and south-east Scotland deal was built on the two pillars of accelerating growth and tackling inequality and poverty, so those aims have been built in. It is probably a mistake to look too closely at individual city region deal projects or at the city region deal in isolation from other things that are going on. In Fife, we had the fairer Fife commission, which was a long-term approach to tackling poverty and inequality and which very much fed into the process in 2015, and other local authorities that we have worked with have done similar things. One of our focuses for inclusive growth is on some of the areas that are lagging behind, particularly mid-Fife, where in the wake of the Tullis Russell

closure we have had the Fife task force, which was at one stage led and co-chaired by John Swinney and me. There are also lots of other things going on.

To go back to the question about whether there is a difference between the UK Government and the Scottish Government on the issue, it occurs to me that the UK Government has focused much more on what it sees as reserved matters and has not, to my mind, grasped the idea that everything is integrated. That has overbalanced the Edinburgh and south-east Scotland regional deal a wee bit, because it has been focused mainly on UK Government funding for the university sector, which is predominantly in Edinburgh. That is not necessarily a bad thing, but it has overbalanced the deal a little.

The Convener: It is worth saying, Councillor Ross, that that point about the difference between the Scottish and UK Governments is not the view of the committee, although it was a view that we heard strongly from witnesses last week, but your comments are helpful.

Councillor Jenny Laing (Aberdeen City Council): We have built our deal from our regional economic strategy, but inclusive growth is at the centre of that. The projects that have come forward as part of our city deal have those things built into them, so we are a wee bit ahead of some of the cities that are sitting round the table, particularly with regard to our oil and gas technology centre. Although, on the face of it, the deal is about the diversification of our economy and building on the oil and gas expertise that we have built up over the years, it is also about the education impacts, and that is coming through in the projects—it is about how to relate not just to our colleges and universities but to our schools, to give that impetus and input going forward.

The harbour expansion is another project that is benefiting from infrastructure onshore as part of the deal. Community benefit and ensuring that jobs go to local supply companies are very much part of the contracts that are coming forward. Although projects are about the diversification of our economy, they are having an impact on inclusive growth throughout the city and the region.

I agree with Councillor Ross about the distinction between devolved and reserved matters in relation to funding from the UK Government and the Scottish Government. We saw that with our deal as well, and there were things that we put forward initially that did not get funding, but we have money on the table for our transport and connectivity aspirations, so we are trying to open up the region for commercialisation and housing and for the infrastructure associated with that.

I would say that we see inclusive growth, but we need to monitor that if we are to see the benefits from the projects. That highlights the importance of having a framework for analysing projects. It is important that the two Governments come together to get a framework that goes across the whole of Scotland and that allows us to analyse deals and ensure that the outcomes that we are trying to achieve are actually achieved.

The Convener: That takes us nicely on to the next question, which is about monitoring, but before we move on to that, I want to check something. It is my understanding that the city region deals were to be local authority led, because the local authorities know their communities best and have their own regeneration strategies. Regardless of where the fault lies, I am disappointed to hear that there is a tension between what is reserved and what is devolved, given that we are talking about local economic strategies. You mentioned that aspects of the Aberdeen deal that was put forward were not accepted because of that issue—I think I caught that in your answer. Could you give an example of that?

Councillor Laing: We were looking at a range of projects. I mentioned transport and digital connectivity. Funding has been provided in both those areas—although probably not as much as we would have liked—that will enable us to move forward on projects when we get to the next round of deals.

Our deal was based on the innovation side. The funding has come forward for projects such as the oil and gas technology centre, the bio-therapeutic innovation hub and the agri-food innovation hub. That is probably because our regional economic strategy was at the heart of the deal that we put forward. Given that both Governments have put money on the table for the transport appraisals that we will do, we hope that they will come back to us when we look at future projects.

The Convener: We will ask both Governments whether they have said no to any projects as part of city region deals. Did either Government say no to one of your projects?

Councillor Laing: We had almost £2 billion-worth of projects on the table, and we have funding for £250 million of those. There were a number of projects in relation to which both Governments wanted further analysis and further evidence that they should be progressed. That is what we need to do now.

You mentioned that it should be up to local authorities to decide which projects should proceed, because they know their priorities best. I agree. The difficulty that we have had with some of our transport projects, in particular, is that other

aspects at national level are kicking in. For example, Transport Scotland has asked us to delay the introduction of those projects for a year, because it wants to see what effects the Aberdeen western peripheral route has. Although it is important that we take into account the impact of the western peripheral route, we argue that we need to carry out the appraisal work, so that we are in a position to make progress on the other projects once we have established the impact of the AWPR.

On digital connectivity, we had set ideas on where we wanted to invest. Quite rightly, the Scottish Government is rolling out the reaching 100 per cent programme throughout Scotland, and it asked us to look at that. That process has delayed us by four to six months. We have determined that that programme is not the best way for us to deploy the resource, and we are pursuing the areas that we initially wanted to pursue. There will always be such competing demands, but it is important that we make sure that we put forward localised opinions because, as you mentioned, we councils know our cities and our regions best.

The Convener: I accept that. That was a pitch for blockages and delays to be mitigated rather than for councils to be told that they cannot do projects. Has any other city region been told that it could not do a project? There is no need to answer if you have not been told that you could not do a project.

John Robertson (Highland Council): There is a process, which I think is common for all the city region deals, whereby we work out our local priorities and put forward a range of projects, and that will exceed the money that is available.

The Convener: Many funds are like that. Local authorities are usually asked to rank projects in order of priority. Every fund is always oversubscribed. That is not the same as saying that a project cannot proceed.

John Robertson: That was the angle that I was coming from—there is a long list of projects that gets cut down. I thought that that was what you were getting at in your question.

The Convener: Okay. No one is indicating that they have been told that they cannot do a project. I just wanted to check whether that was the case.

Councillor McVey: Edinburgh had a transport project that we were keen on, as an organisation, and that regional partners understood the value of, but which was not progressed: the tram. It was not progressed by either Government. There was a time when it looked like the UK Government might have found itself in a different place in terms of its funding appraisal, but progress was ruled out. That is a matter of regret, because it was a high-

capacity public transport solution that could have unlocked additional economic generation in the region in line with the aspirations of the wider city deal. However, it was off the table and was not permitted by either partner to be part of the project mix.

The Convener: That is the kind of thing that I was looking for. We can pursue that in later evidence sessions.

Graham Simpson (Central Scotland) (Con): I am going to focus on Glasgow, so most of you are off the hook.

Councillor Aitken, in October, you said;

“The city deal is very 20th century there’s lots of stone, steel and concrete ... There needs to be a focus on what jobs will be created and how these jobs will be accessible.”

You said that we need to have the courage to say no to some of the projects. You also said:

“We need to think what happens after we build the infrastructure. If we can’t see that we have to have the courage to say that project doesn’t go any further.

If we are not satisfied we need to make changes.”

I find myself in the unusual position of completely agreeing with an SNP politician—I could not agree more with you. Given that you have said that there needs to be change in some of the projects in the Glasgow city region deal, have any of the councils in the region said that they want to remove some of those projects?

Councillor Aitken: They have not said that they want to remove projects at the moment, but they have said that they will re-engineer—that is a term that I have used—the projects and assess the detail of them and the elements that make them up in the context of inclusive economic growth, the long-term economic benefits and the potential for leveraging in private sector investment. That last point is a deliverable of the Glasgow city region deal—we are expected to bring in an additional £3.3 billion in private sector investment over the 20-year period of the deal, but we have an agreement that we would like to do that much more quickly. On all those criteria, there is a re-evaluation across the programme and all the local authorities are asking how they are doing and what the potential is in relation to those longer-term aspirations and ambitions.

I cannot speak for the other local authorities, but the team in Glasgow is absolutely looking at not only the projects in the city region deal but at projects in a wider context. As Councillor Ross said, none of the projects exists in isolation; each one relates to all the other projects that the council is pursuing or aspires to pursue. It is important to look at how they all fit together and to view them as a whole rather than as individual building projects or whatever. We need to think about how

they all link up and how they contribute to aspirations and ambitions around skills development and growth, the growth of key sectors, such as the employment and skills sectors, and innovation. For example, in Glasgow, we have the two innovation quarters that are being developed by the University of Glasgow and the University of Strathclyde. They are not directly part of the city region deal, but they have clear links to a lot of the work that is being done as part of it.

Much of the work that we are doing is about trying to identify all those connections to ensure that we are exploiting and maximising all the benefits that we can get from them. I expect there to be particular areas where we focus funding and investment. If we see something in a project that appears to have real potential around skills and future jobs, particularly for parts of the city and communities in the city that have not had access to that in the past, we will focus our efforts and investment there. That process is taking place just now.

10:30

We have to be very careful. It is written into the governance structure that the cabinet may make the ultimate decision. If a business case comes to cabinet and we are not satisfied, it is incumbent on us to say that the project should not progress if we do not see either value for money or longer-term benefits. I emphasise that we are not at that stage on any project.

In the past, I have used a series of questions as a shorthand way of considering that. For example, if the programme includes the building of a number of bridges, I ask, “Where does this particular bridge go to? Okay, it goes to Govan, but what is going to happen in Govan as a result of that bridge?” That is the process that is going on in depth just now, because there is a window in which that work must be done so that we do not delay projects further.

Graham Simpson: After you made the comments that I quoted, Alf Young wrote in *The Times*:

“With an early emphasis on infrastructure, the instinct was to unwrap projects that had lingered too long unrealised in council in-trays”.

That is a fact, particularly in South Lanarkshire. The convener mentioned the Cathkin relief road. I was at the opening of that road in February. The then deputy leader of South Lanarkshire Council, Jackie Burns, said:

“It will improve infrastructure to employment areas across Rutherglen and Cambuslang”.

However, I can tell you that when I walked the route with Councillor Burns there were no employment areas on that route or nearby. I

cannot see the benefit of that £21 million road, which shaves just five minutes off a journey. That is the point that the convener was making.

Several road projects in South Lanarkshire were proposed as part of the city region deal, such as Stewartfield way and Greenhills road in East Kilbride, neither of which has been presented with any kind of business case or traffic assessment. Those are still part of the city region deal. There are similar road projects in North Lanarkshire.

The Convener: Please ask a question, Graham.

Graham Simpson: Are you seriously re-evaluating some of those projects?

Councillor Aitken: North Lanarkshire Council and South Lanarkshire Council are the lead authorities for those projects. Again, I must emphasise that I was not there at the time when the projects were chosen. However, my colleague Kevin Rush leads the project office for the city region deal and might be able to shed some light on those specific projects.

At this point, having inherited the deal three years into its progress and as we move towards the first gateway review in two years' time, we are taking every opportunity to ensure that, if the inclusive growth aspect has not been engineered in or has not been thought about in the past, we do that now before we progress much further. That is my focus as the current chair of the cabinet.

The Convener: Graham Simpson mentioned the Cathkin relief road. It is worth noting that 10 years before the road was constructed a business plan showed that it would cost £7 million; the cost, 10 years later, was £19 million or £20 million. Value for money and effective delivery are important. Mr Rush, how are such things monitored in the city region deal?

Kevin Rush (Glasgow City Council): We go through an extensive value-for-money process, for all projects. I understand your point about the Cathkin relief road but I cannot talk about the difference in cost over those 10 years, as I was not involved at the time.

None of the projects that made up the Glasgow city region deal was to be viewed in isolation. Although the projects will generate gross value added growth, through access to jobs, they had to be seen as part of the wider programme, to realise the full benefits. Some projects might, in isolation, look as if they will not generate substantial growth, but in the programme modelling, when one project was viewed next to the other 19, it generated growth.

Each project that was selected for the Glasgow deal—the number went down from 80 to 40 and then 20—was put through a pretty rigorous

process, to ensure value for money and return on investment. Another issue to note is that some of the economic growth will not be realised until all the projects are completed. We cannot view the projects in isolation.

In relation to the discussion about inclusive growth—although I do not think that that was what it was called, back when the city region deal was developed—a project's ability to improve access to jobs in the bottom 25 per cent was a key criterion in the selection process. If two projects had broadly similar economic impact, a project that increased access to jobs from the bottom 25 per cent had higher priority.

I understand your point, convener, if we look at a single project in isolation. However, the projects are part of an overall programme and model that will deliver economic growth.

The Convener: Mr Simpson wants to ask another question, but we must move on after that. I am conscious that this is not the Glasgow committee. We will return to Glasgow, but we want to hear about other city region deals.

Graham Simpson: I can make my question general, so that any witness can jump in and respond. The basic point that I am making is that communities have not been involved; no case has been made to communities about how they will benefit from projects. I think that that goes for all the city region deals: people need to be involved from the start and not just told what is happening. What plans do you have to involve people?

The Convener: That is helpful, and this is a good opportunity to say that when committee members were in Paisley on Monday, to hear about the Glasgow airport plans, we heard that although there had been significant consultation with groups on occasions, that had happened after decisions were made and not before.

Mr Rush, do you want to add anything before I bring in other witnesses?

Kevin Rush: I think that there is an issue in that regard, convener, given the feedback from community consultation. As Councillor Aitken said, we are looking at how we can augment and improve the projects in Glasgow. We can give a firm commitment that there will be full consultation with communities before any changes are made.

Councillor Aitken: There was consultation after projects were decided on, but "consultation" is almost too small a word; there was genuine engagement, for example with communities in Sighthill and the canal area in Glasgow. Also, engagement on the Sauchiehall Street and Garnethill project has been very good and is worth using as a model as we go forward.

If we could go back to 2014, things might be done differently. It is fair to say that at that time there was not public engagement around the choice of projects. However, when it comes to the detail of delivery and projects' impact on local people, public engagement on the projects that are most advanced in Glasgow has been of a very high quality.

The Convener: Before I bring in Jenny Gilruth, who wants to explore the issue, do the other witnesses have examples of consultation ahead of decisions being taken? How much community engagement has there been, across the various city region deals?

Councillor David Ross: We come back to the issue to do with looking in isolation at a city region deal. Our deal proposals have been built up on the back of a whole range of things, including local economic strategies and suchlike. The council developed those plans in discussion with communities—we consulted on the Fife plan and on our economic strategy—and we have put in elements of the plans that meet the city region deal criteria.

The point about consultation with communities can be overegged. The scale of the deals makes it very difficult to involve individual communities at that level. However, that does not mean that communities have not been consulted or that there has not been on-going discussion on some things.

The Convener: Jenny Gilruth is keen to come in at this point, but I will let everyone else in to talk about the level of consultation that they have had.

Jenny Gilruth (Mid Fife and Glenrothes) (SNP): Good morning, panel. My question is for Adam McVey. The Edinburgh and south-east Scotland city region deal partners' submission says:

"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."

I am a local politician, but I am not sure that I am even at that stage yet. In any case, the heads of terms were agreed for Edinburgh on 20 July.

Graham Simpson talked about transparency and public engagement priorities. The submission also says that

"there have been several awareness raising events, including a launch in August 2015"

of the city region deal, which more than 300 people attended. Do you have any idea who was there?

Councillor McVey: I think that people from the third sector, local community groups and lots of businesses were there.

A lot of events have happened following the launch. A lot of conglomerates are looking—this takes us back to the point about consultation—not only at how they can influence the city deal, but at how they can best respond to and maximise it. Andrew Kerr might be able to provide some specifics.

Andrew Kerr (City of Edinburgh Council): As Adam McVey has described, a mixture of participants were at the launch. Following the launch and before the heads of terms were agreed, we tried to involve representatives from the community, including the business community, and key organisations that were at the launch. We have communicated and had discussion with various community groups across Edinburgh a number of times before we even got into the negotiation on the heads of terms.

Jenny Gilruth: I appreciate that. Were any of the groups from Fife?

Councillor David Ross: That is going back a bit. I cannot remember the specifics—

Andrew Kerr: I believe that it was across the region—

The Convener: Rather than talking across each other, it would be helpful if one of you could say what level of consultation took place outside the city of Edinburgh. That is the underlying point.

Jenny Gilruth: Yes.

Councillor David Ross: My recollection of the launch event is that a range of groups across the region were invited, such as our chambers of commerce, representatives from the Fife branch of the Federation of Small Businesses and a number of third sector organisations, including, I think, the CVS.

Jenny Gilruth: I am concerned that communities in Fife were not consulted. You alluded to the involvement of different organisations, but how did communities feed into the deal? How were the priorities identified for the Edinburgh deal? It does not seem as though the priorities of the communities in my constituency have been listened to. I want to hear a bit more about how you consulted them and identified the priorities for the deal.

Councillor David Ross: That relates to what I was saying—rather than specific consultation on the deal, there has been a range of consultation on, for example, the Fife plan, our economic strategy and so on. As the member knows, that goes down to a very local level.

There is a lot of discussion with local groups in relation to the Fife task force group. An example is the group's work on Tullis Russell and the

discussions with employees and other community groups.

You will be aware of the charrette in Macedonia. Again, we hope that that example will play in. A key issue that is raised time and time again in Glenrothes is the ageing infrastructure and the sites and premises that need renewal. That was a key part of our submission and we have got funding for that in the city deal.

The Convener: I hope that there is a Macedonia in Fife.

Jenny Gilruth: There is. He is not making it up.

Councillor David Ross: It is part of Glenrothes.

The Convener: Let us have a brief follow-up question from Jenny Gilruth. Others will want to comment on the consultations on city region deals.

10:45

Jenny Gilruth: I have a specific point about the Fife deal, so you may want to bring other people in first.

The Convener: We will come back to your point later.

Councillor Laing, what has engagement with the consultation process been like?

Councillor Laing: I share the opinion of others round the table. The way in which the deals are structured, with consultation prior to signing the heads of terms, is difficult because there is a level of confidentiality. However, I agree with Councillor Ross that, because our deal is based on a regional economic strategy and we had consultation with various groups, our regional economic strategy feeds into the local outcome improvement plans that we have drawn up and into the level of consultation that we have had there.

Once we have the projects, it is important that we get community involvement. I mentioned a couple of the projects that we had initially, and the harbour development is a prime example. It is having an impact on one of the most deprived communities in Aberdeen, so it is important for us to ensure that local people have an input into the project and can see what employment opportunities there may be, as well as how it will impact on their communities. We have set up groups that have direct liaison with the harbour board, and our officials are involved in that.

On the communications strategy, we have two councils and the private sector as part of our governance structure. Our committees are public and the papers are there for people to see, but we also have a joint communication protocol under which we try to go out as a unit into business

communities or other sectors of the wider community when we are holding public meetings about the deal. That provides an opportunity for everyone to give out information and take in information from those who are present.

The Convener: Is that an on-going process? Do you write to the chairs of all the community councils, residents' associations or chambers of commerce to ask them to have a meeting every two or three months? What is the on-going strategy for updating people? When we were in Paisley, we heard that there had initially been good, reasonable engagement, but people wanted to ensure that it was prolonged, on-going and meaningful, rather than a series of one-off events.

Councillor Laing: I agree, particularly because most of the projects that we are talking about are long term, so we want to ensure that people are being kept up to date. We have a newsletter that goes out. You mentioned a few different groups. We have community council forums in the city and in Aberdeenshire and we try to get that information out. I suppose that it is easier for us in the city than it is for our partners in Aberdeenshire, where there is a much wider spread in the communities, but it is important that local councillors are well aware of the implications of the deal, so that they can spread information about it when they are out in their communities. We all have a role to play in that, but the fact that we have a joint communications protocol helps us to do that and to ensure that information is being disseminated across the region as a whole.

The Convener: Would Graham Ross like to say a little about communications strategies and engagement?

Councillor Graham Ross: John Robertson can give much more detail about communications strategies and engagement, but some of the immediate projects have involved a variety of communications with the chambers of commerce, community council forums and local councillors about the economic development plans. Each agency has its own strategy and we have to try to dovetail with that information.

John Robertson: The background to the city region deals involved deal making, and sometimes we had to be fleet of foot and things were quick, but the key point is about on-going engagement and communication. If we had asked about some of the projects that we did not get through the long list, we would not be talking to those people. It is more important that we understand how to shape projects going forward.

Similar to the Aberdeen city region deal, we have a communication protocol. One of the key things relating to the other point is that, if we want the benefits of the projects to combine the

synergies between the projects, we need to speak to people about inclusive growth, which was not necessarily a major part of our deal either. It is a maturing process, so we had to build that in. We also had to look at equality and at economic development. Having the conversations with the right groups, right down to community level, has to be an on-going process.

Alexander Stewart (Mid Scotland and Fife) (Con): Good morning, panel. You have already mentioned in some of your responses the importance of governance, but I would like to expand on that and talk about the strengths and weaknesses of the governance process. We have talked about the engagement of communities and the business community and how that progresses, but are there opportunities to avoid bureaucracy and improve the assessment of accountability? That is a very important area and one that we need to think about. Will you expand on what you think are the strengths and weaknesses of the governance of the process?

The Convener: Who would like to start?

This is not a keen panel that is desperate to come in and answer the questions, I have to say. [*Laughter.*] I would expect you to be on the ball about governance, quite frankly. Mr Robertson, you have caught my eye.

John Robertson: The early stage is sometimes described as a process without process. We are developing some of this as we go along. When we put the deals in place, look at the way we put a business case and consider how it will be judged, we work in partnership with the Scottish and UK Governments, as opposed to having a set of key criteria with all the detail and information on what we need to meet behind that.

On the governance, there is a five case model in place, but we need to consider whether it passes muster in relation to the business case. There is also an expectation that we will write governance arrangements into the city region deal.

I think that we are in a fairly good place. We have the scrutiny panel involving the Scottish and UK Governments, we have our own governance arrangements and we report to committee. However, it has been a process of development. It was not the case that, at the beginning, someone said, "Here's the book, and this is the governance process we expect you to follow."

The Convener: Did you say in that answer what the governance arrangements are? What are they?

John Robertson: From the top down, the UK and Scottish Governments are involved and there is a thing called the Scottish city deal delivery group—

The Convener: Is that not about their monitoring of you? I am asking what your monitoring is and what your corporate governance is.

John Robertson: I was going to move down through that. We are the one unitary authority within our city region deal, so we do not need to have a cross-council board. Our planning and development committee has oversight of the city region deal. It takes reports from the programme board, and the programme board looks at all the projects within the city region deal, including those that are run by our partners such as the University of the Highlands and Islands and Highlands and Islands Enterprise. We all report to the same programme board, which looks at progress against timescales, progress against cost profiles, reporting against risk and issues and our ability to escalate them. Each project then has its own project board that meets to look at the issues and escalate upwards as necessary.

The Convener: Does that information find its way into the public domain?

John Robertson: Yes. It is publicly available.

The Convener: Okay. That is helpful.

Richard Sweetnam (Aberdeen City Council): On the strength of the governance around the Aberdeen city region deal, the joint committee was developed as the deal was being negotiated, which has been helpful because it has meant that we have had the joint committee post implementation. It is now in year 2. Sitting below that is a programme board, which involves national agencies and local partners in the private sector.

The other strength from the governance perspective has been that the decision making has been quick and the pace of the projects has benefited from the private sector input. It has worked well in terms of governing the implementation of the Aberdeen city region deal.

The Convener: The clerking team has given me some information. I believe that Audit Scotland is doing a piece of work on the governance of city region deals. That information was lurking in the back of my head somewhere, but I think that, for anyone who is watching, that is a good thing to put on the public record now.

What about the governance procedures in other city region deals?

Kevin Rush: In Glasgow, we are satisfied that very robust governance measures are in place. In our structure, we are led by the cabinet, which is comprised of the eight leaders. A chief executive's group sits underneath that and meets on a four-weekly basis. There is a lead officers group that

sits under that, and there is a series of support groups.

We ask all the projects to submit four-weekly status reports against spend and delivery and to highlight any issues. We are hated by the member authorities for that, because that is an incredibly onerous piece of work, but it is required. That information is reported to the cabinet, so it is publicly available. We ask the authorities to do that not just for the infrastructure projects but for the labour market ones and the innovation ones, and that gives us an overall picture through the programme status report of where we are at any stage.

The Convener: This might be a bit unfair on the representatives of the Glasgow city region deal, which is the most advanced of the city region deals, but can you give an example of a situation in which things were not going as planned and the scrutiny and monitoring process identified the issue and rectified it?

Kevin Rush: I apologise for saying so, because I see Nick Young from the Scotland Office in the gallery, but the working matters programme is a good example of that. Working matters is not an infrastructure project; it is a labour market programme that involves us working with some of the people who are furthest from the labour market. It is a £9 million programme for people who are on employment and support allowance. We identified that there was a significant issue in getting referrals through, not just from the Department for Work and Pensions but from member authorities. In the process of reporting to cabinet, we were able to highlight at a very early stage what the issues with the programme were, and the cabinet decided to write to the minister to put in place an action plan to rectify those. That is a live example of how the reporting mechanism has enabled us to change how a programme is delivered. As a result of that, we have managed to negotiate with the Government an extension to the programme, which we hope will enable us to reach more people.

We have not yet had as many issues with the infrastructure projects, simply because of where we are in the programme. I anticipate that, as we develop those projects, we might see such issues coming through more often.

The Convener: I am losing track of which city region deal representatives have told Mr Stewart about their monitoring processes.

Councillor McVey: We are very early in the process. I hope that our governance arrangements will be formally agreed in the next 10 days or so. We have a monthly leaders meeting of all the local authorities, and the chief executives of the councils meet once a fortnight to monitor progress.

We are in the process of setting up our project management office, and timelines have been outlined on which it can be held accountable.

Every city deal is different. The nature of our city deal is such that many of the projects have an obvious lead and fit within their natural governance framework. For example, on the work that we are doing in west Edinburgh, the obvious lead is the City of Edinburgh Council. Those projects fit within our natural governance. There are structures and layers, and we have made sure that all our projects fit in with the UK Government's green book assessment. We have made sure that certain standards have been incorporated in all the layers of projects in our deal. Different layers of accountability and scrutiny are attached to that.

The Convener: As no one has any additional comments to make, I will bring Alexander Stewart back in.

Alexander Stewart: You have identified that each deal is different and that the various deals have different complexities. The deals that we are looking at are long-term deals. As well as governance, there are the issues of scrutiny and appraisals to make sure that value for money is achieved. How have you identified that? What processes have you put in place to ensure that value for money is achieved and that you have the opportunity to examine and appraise the risks that are identified as a result of the long-term nature of the projects?

Councillor Aitken: Glasgow has the most experience of that. The process that Kevin Rush described is entirely about on-going scrutiny and the monitoring of value. That is the focus of the eight leaders in the cabinet. We get detailed reports on each project and on the programme as a whole, in which any issues are clearly flagged up. As Kevin described, the working matters programme is one on which the cabinet has been vocal in telling the programme management office that it wants action, because it has serious concerns. The governance process is about ensuring that we get value for money and long-term benefits.

One thing that was lacking in the governance of the Glasgow city region deal was a strong input from the private sector. Although the Glasgow region economic leadership board, which is chaired by Lord Haughey, had been established, its relationship with the cabinet had not really taken shape. We have now addressed that. Lord Haughey attended the most recent cabinet meeting and, on the back of that, we are going to set up a clear on-going relationship through which the cabinet will have external oversight of progress on the key deliverable of levering in private sector investment. We also continue to strengthen the links with the commission on urban economic

growth, which is there to oversee and monitor our progress on inclusive growth.

11:00

Councillor Graham Ross: From the outset, business cases in the Highlands have had to state before they can progress how the projects will be managed and the benefits and impacts that they will deliver. The programme manager regularly monitors that and moves things on. That is the process in the Highlands to ensure that projects are monitored and developed accordingly.

Councillor Laing: We are in a similar position to Glasgow, although we are not quite as far advanced. As Mr Sweetnam said, our committee has been up and running for some time—it was running in tandem with us signing up to the deal. The business cases that have been presented and the monitoring of those are very important. We are looking at setting up a dashboard that will highlight the outcomes that we are trying to achieve so that the business cases can be measured against it.

As I said, it is important to ensure that we have a common framework so that the local authorities—in our case, it is just one local authority—and both Governments can see the progress that has been made. That approach will mean that, if Glasgow has experienced difficulties in some projects, that might allow other authorities to take early intervention action to ensure that they are delivering on the outcomes that they are trying to achieve.

Alexander Stewart: Does each project or deal have a risk register? If so, is that publicly available?

Councillor Aitken: Yes, it is publicly available. I was thinking that through as I said it and, rather than being a standalone document, it is probably publicly available in that the cabinet papers and minutes are publicly available.

As it happens, because Kevin Rush is relatively new to leading the programme management office and I am relatively new in chairing the cabinet, we have recently been having conversations about the accessibility of information, how the website is structured and so on, because ensuring that people know how to access the information is a live issue. It is publicly available, but the question is how accessible it is at the moment. We want to make it as accessible as possible.

Alexander Stewart: It is the accessibility that matters, although it may be restricted in some respects. Are you identifying that that is the case?

Councillor Aitken: It is not restricted, but you would have to have a wee hunt for it. We want to get to a position where it will be very easy to find.

That will probably be fairly easily done through a restructuring of the city region deal website.

The Convener: Councillor Laing, does the Aberdeen deal have a risk register and is that available?

Councillor Laing: You will be pleased to hear that we have a risk register. The programme board goes through it at meetings and any issues that are identified will be escalated up to the committee. It is publicly available through the programme management office, but I would need to check whether it is accessible for people. We have an eye on that.

The Convener: What about the other city region deals?

Councillor McVey: We have a risk register. We will learn from Glasgow's example on how to make the minutes as accessible as possible when we get to that stage. As yet, our papers have not been publicly circulated. When we get to a point where the project management office has articulated what success for each of the projects will look like and we can populate the risk register, we will make the papers public.

The Convener: Once you learn that lesson from Glasgow, it would be helpful if you could all tell every other department in your councils how to make your websites more accessible.

John Robertson: We have a risk register that is part of the reporting tool, but it is not necessarily that accessible.

The Convener: Does Graham Simpson want to follow up on that issue?

Graham Simpson: I want to follow up on the issue of the websites. I had a look at the Glasgow one before the meeting and, to be frank, it has scant information and people have to go hunting for it. If people want to find minutes or reports of meetings on council websites, they have to know what they are looking for and it takes ages. The whole thing should be refreshed and it should be more transparent—that goes for all the deals. Everything should be published in one central place.

The Convener: To be fair, we can multiply that by 32 to cover every local authority in the country. However, given that our line of questioning has been about openness, transparency and accessibility, city region deals would be a good place to start in getting that spot on. I think that that was a comment from Mr Simpson rather than a question, but it is very helpful.

Andy Wightman (Lothian) (Green): I want to explore the issue of additionality and what would have happened if we did not have the city region deals. The National Audit Office in England did an

analysis of the first wave of city deals and one of the things that it noted was difficulties in assessing what would have happened without the deals being in place. Some of the projects that the witnesses are talking about might not have happened, so there is obviously a funding issue.

Adam McVey said that papers have not been circulated yet, and we have had witnesses talking about a lack of transparency. The projects that are going through city region deals are clearly going through a process that is less transparent than the conventional economic development that councils have done over the years. I wonder about the question of additionality. Can we genuinely say that the projects would not just have happened anyway, even if there might have been a slightly longer timescale?

Kevin Rush: In Glasgow, funding was a major aspect for us, so the deal did generate additionality for us. When we put the programme of projects together, we had to ask ourselves whether they would deliver additional economic growth over what we had modelled anyway. That was a fundamental question that we had to ask ourselves in identifying the projects. There is additionality from the funding, but we anticipate that there will also be an additional £2.2 billion of GVA from improved productivity under the Glasgow city deal project.

In all honesty, without the injection of £1 billion of funding, we would not have been able to deliver that programme of activity. There is therefore additionality from funding, but the additional productivity improvements that will come from it will be genuine economic additionality as well.

Councillor Aitken: A specific example of the kind of thing that Kevin Rush is talking about has just occurred to me. One of the investments that we will be able to make in Glasgow as a result of the funding is in quay walls along the Clyde. They are in mixed ownership, but the council owns quite a lot of them and quite a stretch are in poor repair, or not in as good repair as they should be. For a long time, that has been a barrier to development and use of the land along the Clyde for housing or anything else. The council's aspiration is to fix those quay walls, and the funding investment allows us to do that.

However, it is not just a case of doing something that we would have done anyway; it will genuinely trigger opportunities for economic growth, for development and for investment in housing that we would not have been able to do without that quay infrastructure being addressed. That investment has been a long-standing need in Glasgow's public realm, but additionality will also be triggered by it.

The Convener: Mr Robertson, did you indicate that you wanted to come in on additionality?

John Robertson: No, but I can do so.

The Convener: No, you are okay. I will give you a chance to gather your thoughts. I was not trying to coerce you to come in.

Richard Sweetnam: With regard to additionality, we did ex ante modelling of the GVA impacts before the event as the programme was developed, which showed an uplift of £260 million of gross value added. The two issues about additionality in relation to city region deals are timing additionality—things happen sooner than they might otherwise, without the city region deal—and scale and pace.

The Convener: Okay. Would any other witness like to come in on that point?

Councillor McVey: Those points are accurate. Additionality is about accelerating the potential in the economy. Our numbers show about £4.3 billion in potential additional economic output, and there are projects that would not—or could not—have gone ahead without that intervention. Our concert hall project, which got £25 million formally through the city deal, could have languished as a project for decades or remained on paper in perpetuity without that intervention. The skills money—£25 million over five years—would be quite hard to pull in to foster collaboration between partners unless something like a city deal had pulled it together.

The borrowing permission for a quarter of a billion pounds to build houses, which I spoke about earlier, gave us the scope to develop that model directly as a result of the city deal. That does not necessarily mean that it could not have been taken forward in another way under another decision, but hooking it on to a city deal gave us the opportunity to grab and pull things together.

I do not want this last point to be missed. The city deal happens and then a number of things happen after it. The concert hall example is a direct result of partners—the City of Edinburgh Council, the Scottish Government and the city's festivals—coming together through the city deal process. Although the UK Government would not put in any money to support our festivals through the city deal, just a week after the formal city deal announcement there was an announcement that articulated £15 million-worth of support to take forward, protect and expand the development of festivals as an intrinsic, central part of Edinburgh's economy.

The concept of the accelerator is not only about what is generated by the city deal but about the other things that are pulled in as a result of the city

deal happening. That should not be underestimated.

John Robertson: The additionality comes from joining up projects with projects that are not part of the city region deal to see what else can be done. It takes work to identify those things. A prosaic example is a road project that opens up development land and affordable housing. If we link that project to skills and employability work, we start to have joined-up synergies within the partnership. That does not just happen; 11 projects may run and be governed properly, but we and our partners need to work outside them to add that additionality.

Andy Wightman: That is helpful. We are at a very early stage, and some answers to these questions may not be readily apparent.

I move on to how monitoring and evaluation are handled. You are local politicians—some of you are accompanied by officials—and you are accountable to your electorates for the decisions that you make and the money that you spend. City region deals have funding from the Scottish Government and the UK Government, both of which are executive branches of Government that Parliaments hold to account. However, they also have a monitoring and evaluation role. How will that work for the whole programme to make sure that public money has been well spent and that there is sufficient scrutiny by taxpayers? Local residents who hold you to account in the normal course of events through local government may feel inhibited, or there may be conflicts because some of the money that you are spending is not money on which they can hold you to account because it has come from an executive branch of Government.

The Convener: No one is desperate to answer that particular question.

11:15

Councillor Graham Ross: With any spend in our local communities, whatever the level and whoever is doing the spending, local councillors are often seen as being right at the heart of what happens, so information has to be available and we have to have a level of scrutiny, so that decisions can be justified.

Many of the projects in the city region deal have been developed over time and have received a great deal of scrutiny. We are keen to support imaginative projects that will involve young people in our local communities. Being accountable and open is very much at the heart of what councillors do.

The Convener: Do other witnesses have thoughts on monitoring? I said that Audit Scotland is doing work on the issue.

Kevin Rush: In Glasgow, we will have our first gateway review in 2019, as Councillor Aitken said. At that point we will need to demonstrate to both Governments, first, that we know what we are doing, and secondly, that we are investing in the things that we said that we would invest in, as we said we would.

Thirdly, we will need to demonstrate economic impact, although I think that everyone accepts that 2019 is too early in that regard—I noticed that that came up in last week's meeting. The guidance that we have had from the Governments is that they will be a lot more interested in the process that we have gone through and in monitoring spend to see whether we are investing at the level at which we said that we would invest.

We are part of the first cohort of 11 city deals in the United Kingdom that will be evaluated at gateway review 1. The local evaluation framework will be brought to the cabinet in February and it will show exactly what we will be measured against. It will be publicly available.

The people who have been taken on to do gateway review 1 will make recommendations to ministers based on their view of whether Glasgow is fit for purpose and is doing what it said that it would do. Again, that will happen in an open and transparent way.

An equally big issue for us is gateway review 2, which will release the next tranche of funding. At that stage, I think that both Governments will expect to be starting to see the economic impact of projects.

Councillor Laing: In my experience, my local residents have no problem with holding their local councillors to account on a number of levels. I suppose the issue is whether the public feel engaged in the process of city deals, as we discussed earlier. The onus is on us, as local politicians, to ensure that we get the information down to residents so that they can see the correlation.

Given the financial challenges that we face in local government, I do not think that anyone on the panel does not want to ensure that the money for projects that comes from city deals is spent in the best way and returns the best impact for our communities.

It is about ensuring that the scrutiny and governance that we are engaged in at committee level and lower levels feeds through and that we keep track of that. It is also about reviews that are carried out by Scottish Enterprise, Skills Development Scotland and so on, to ensure that

the city deal projects achieve the outcomes that we want them to achieve in Scotland as a whole. It is partnership working and collaboration that will see that through so that our residents are, I hope, satisfied with how we are moving things forward.

Andy Wightman: I thank the panel. We have heard some useful comment.

I have a couple of questions that focus on the Edinburgh city deal but have general applicability. The English city deals basically involved the UK Government saying, "Here's some money; if you agree to spend it through a city deal you can get some improved government, such as a metropolitan mayor." In Scotland there has been no such trade-off, as I understand it. I know that Edinburgh was interested in having the power to raise a tourism levy. How did those discussions go? Putting aside the merits of the argument for a tourism levy, was the approach ruled out as being not what city region deals are for?

The second question arises from evidence that we heard last week—

The Convener: Can we stick to the first question just now? Other members, including me, want to come back in with questions about the deals in their areas. There is a general question in there about the nature of city region deals and what they look like. Councillor McVey, do you want to talk about trade-offs, deals and discussions in relation to Edinburgh?

Councillor McVey: On revenue raisers, for a number of years Edinburgh has been looking for a vehicle—whether it is a city region deal or something else—through which it can take forward a transient visitor levy. Andrew Kerr is better placed to comment on that, given that I am only five months old as a council leader and he was in the room for the discussions.

Andrew Kerr: We decided that things such as a transient visitor levy would not be part of the city region deal. That does not rule them out entirely; there are still on-going discussions between several cities about whether a transient visitor levy or a similar initiative involving powers to raise revenue could be established.

To go back to the point about additionality, city deals generated the discussion. The ability of local government and the Governments to talk about those difficult and knotty issues has been enhanced. The city deals in Scotland have been significantly different from the ones in England. Some of you will know that, prior to coming to Edinburgh, I was part of the process of setting them up in England. That process involved taking on powers in relation to things such as the health service whereas, in Scotland, it has been about driving economic growth. That has been the case

across all the city deals, from the Glasgow deal to the more recent ones.

Of course, not everything can be done in a city deal, but the city deals have generated the ability for us to have an on-going discussion with both Governments on those issues.

The Convener: I think that we will move on from that subject now, as we need to allow for discussions on other themes, but the conversation gives me an opportunity to put on record a view that we heard in Paisley the other day—this is the appropriate time to raise it.

There are issues around additionality, and we had a discussion on Monday about the Glasgow city region deal during which we touched on the displacement effect, particularly with regard to the advanced manufacturing base around Glasgow airport and the need to ensure that businesses that are attracted to set up in that area would not have set up somewhere else anyway. A gentleman named Stuart Wild, who runs Renfrew Victoria Youth Football Club, was at the community panel that I was talking to. He showed me a map that showed that a deprived community sits right on the outskirts of the manufacturing area adjacent to his club's ground, and that there is some derelict and vacant land around the site. The question that he asked was, if we are doing a co-ordinated regeneration of that part of Glasgow city region, where does his community and his club sit within that? I just put that on the record, under the guise of there being an opportunity to note it in relation to displacement and additionality. I do not need anyone to give me an answer to that question just now, but I think that it is important that the members of the public whom we speak to at such events see their comments reflected in our evidence sessions.

Kenneth Gibson (Cunninghame North) (SNP): Good morning. I congratulate all the witnesses on their submissions, which are very interesting. I note that the one from Glasgow says that the Glasgow city region is the powerhouse of the Scottish economy and the one from Edinburgh says that the capital city region already drives Scotland's economy—no doubt, Councillor Lang thinks that it is Aberdeen that does that. There is no unanimity there, then.

I want to touch on our visit on Monday, too. One issue that grabbed my attention was the proposed £144.3 million light rail link. I am not going to argue for or against it—that is not the point of my question. People were talking about that project being delivered in 2025, and I asked why it was eight years away, if the project has broadly been agreed. I was told that it would take 18 months to build it but four years to get the approvals. I see that Councillor David Ross is smiling at that. Clearly, if these projects are being progressed in

order to deliver additional prosperity to Scotland at a time of economic challenge, there must be a way in which the approvals can be expedited so that we can deliver them on the ground much more quickly. Could members of the panel talk about how we can improve that process and whether there are any other bottlenecks that we should be able to overcome in order to deliver the deals on the ground much more expeditiously?

The Convener: That is a really helpful question. It is only fair that we start with an answer from Glasgow, given that that deal was cited.

Councillor Aitken: I will kick off; Kevin Rush will no doubt have something to say as well.

One of the things that the deal allows us to do is align national organisations and other mechanisms that we require for delivery and get everyone working together. Assumptions are possibly being made early on about how long things will take. We can use the opportunity of creating regional structures and partnerships—one of the additionalities of the city deals is that they have facilitated the creation of regional working—to work in a regional way with national agencies and delivery bodies, and that alignment might allow us to expedite some matters.

For example, my colleague Councillor Tony Buchanan, the leader of East Renfrewshire Council, leads on behalf of the Glasgow city region a team that works with the utilities companies. Utilities are obviously crucial, particularly for urban infrastructure and the public realm, and that is an issue that we are encountering in Glasgow. The utilities companies and the Glasgow city region have come to an agreement about working together to help expedite issues when they arise in building and infrastructure projects in order to ensure that they are not barriers and do not stand in the way for a long time. That does not mean that issues will be dealt with immediately, but we hope that, in a number of projects in the overall programme, building working relationships and coming to agreements on shared priorities will mean that we will be able to shave time off the initially assumed timescales as we go along. I do not know whether Kevin Rush wants to add to that.

Kevin Rush: No.

Kenneth Gibson: Councillor Aitken said that there is a window of time for the delivery of projects if we are going to move them forward. However, we were told at the meeting on Monday that the bottlenecks on the airport access project were caused by Transport Scotland, Network Rail and Scottish ministers. The problem is therefore not necessarily the regional local authorities but the external bodies and those who liaise with them. I find it bizarre that, with approvals, it takes

four years just to get three groups around the table along with the local authorities.

The Convener: Mr Rush, if there is a role that our committee can play in helping to co-ordinate some of those agencies and the Glasgow city region to make the process more efficient and productive, we would be keen to do that.

Kevin Rush: To be clear about the airport access project, I do not think that the suggestion was that Scottish ministers were causing the bottleneck. Renfrewshire, as lead authority, suggested having a ministerial working group, chaired by the transport minister, that would bring together the various partners to try to work through solutions. Councillor Aitken's point about the infrastructure group is a good one, because that is where we will increasingly be able to ask questions. At our initial summit in September, there was representation at chief executive level from all the utilities companies. They have now appointed senior officers who will work at the city region level to try to co-ordinate investment and do exactly what has just been suggested. However, we need to be clear that Renfrewshire did not suggest that ministers were causing the bottleneck; a mechanism for ministers was suggested to work with the agencies.

Councillor Aitken: In fact, Scottish ministers have been facilitating partnership working—on that project, anyway—through the national working group.

Kenneth Gibson: That is not what I was told at the airport.

The Convener: We all have our recollections of what we heard at that meeting. It would be helpful if either Councillor Aitken or Mr Rush wrote to the committee and explained what the challenges are in getting a delivery date ahead of 2025 and how the committee could support them in addressing challenges in order to speed up the process. If the issue is capacity in Transport Scotland and it requires additional resources, we can see whether we can focus the minds of all the partners to make that happen. That is my reflection on the discussions that we had. Do Mr Rush and Councillor Aitken think that it would be helpful to do what I have suggested?

Councillor Aitken: Yes, absolutely.

Kevin Rush: Yes.

Kenneth Gibson: I am more interested in hearing about the bottlenecks generally.

The Convener: That is what I hope we can get at.

Councillor David Ross: You are talking about a rail link, which rings a bell. Jenny Gilruth will be well aware of the Leven rail link project, which has

been bottlenecked since the first Scottish transport appraisal guidance exercise in 2008. That is another project that has been mired down in Transport Scotland's processes—people are having to check goodness knows what, dates are being missed and there is a complete lack of clarity about who is responsible for what in the set-up. We initially submitted that project through the city region deal, but I believe that it became clear during discussions at officer and civil servant level that the full project would not go in. The first stage was put in, but it was turned down.

11:30

The pipeline approach is supposedly dealing with some general issues with how Transport Scotland does things. However, a concern remains—and this links to city regions. We simply cannot have a situation in which things go through the processes and governance of a city region and then have to go back into a whole new set of processes, as that will delay things. If the national agencies could play a part around the table to sort things out within the city region frameworks, that would streamline things considerably in the future.

The Convener: That is very helpful. My memory of the discussion on Monday is that Network Rail is also a key player. That is worth putting on the table, rather than singling out one specific partner.

I will bring in Councillor Laing in a moment, but it is only fair that I go to Jenny Gilruth, as she has specific questions on the stuff that was mentioned by Councillor Ross.

Jenny Gilruth: It will not surprise you, Councillor Ross, that I want to explore the Levenmouth rail link further. On 14 August this year, I wrote to you, David Mundell and Keith Brown, the Cabinet Secretary for Economy, Jobs and Fair Work. I have received responses from the Scottish Government and the UK Government but I have not yet received a response from Fife Council, which is disappointing. I highlighted the Levenmouth rail link as a missed opportunity for my constituency and for Fife.

We have heard a lot of evidence today about feeding the cities and driving investment and growth, but this does not feel like a city region deal to me; it is a city deal. The region—Fife—has been adversely affected to some extent, because there are no specific projects that I can point to in my area that are identified as benefiting from it.

The Edinburgh region deal was welcomed by Fife Council on 20 July, but by 26 July, you were saying:

"I am disappointed by the level of funding directly focused on Fife".

What changed in that period?

The Convener: Can you address blockages within the system somewhere in your answer, Councillor Ross?

Councillor David Ross: Nothing changed in that period. The two things are not necessarily contradictory. I am committed to the city deal and I believe that the framework and approach are right and will be of great benefit to Fife and the rest of the region.

I was disappointed about the way in which we came to the final decision. We got 24 hours' notice of what was and was not going in. A whole range of things that we thought would get funding did not. There are significant projects in there, including things for Jenny Gilruth's constituency. For example, we got sites, premises and office new build, and renewal of those sites is a particular issue in Glenrothes.

I note that Jenny Gilruth wrote to me, and I have phoned her office on a number of occasions. I spoke to her at the Gingerbread event about getting together—

The Convener: You have now put that on the record. You and Ms Gilruth will be interested in that exchange, but the committee is interested in what you said about a blockage in relation to a specific project that Jenny Gilruth mentioned. Is there an interaction between those blockages and the question of the project featuring in the final deal? Mr Gibson's question was about blockages in the process.

Jenny Gilruth: The question is also about prioritisation. In last week's evidence, Chris Day from Transform Scotland spoke about the Levenmouth rail link, saying:

"one would have thought that, as a partner in the deal, Fife Council would be hammering on the door."—[*Official Report, Local Government and Communities Committee*, 1 November 2017; c 47.]

Were you hammering on the door, Councillor Ross? How was the project prioritised? Was it identified as the number 1 priority for Fife?

Councillor David Ross: We have been hammering, hollering and goodness knows what to get around the table with you. As you know, there is complete cross-party and cross-community support for the Levenmouth rail link in the local area. We have been doing our best. I am not involved in the detailed prioritisation, but the clear understanding that we got from Government officials was that the project would not meet the specific criteria they were looking for in the city deal. We insisted that at least the funding for the first stage and the feasibility work should go into it.

On the wider issue, although we got money and an allocation in the innovation bit for the sites, premises and office renewals, we were

disappointed that we did not get any money for transport, which we had looked for. We did not get as much of an—

The Convener: Councillor, I apologise, but I am conscious—

Councillor David Ross: Can I just finish?

The Convener: You can if you are brief.

Councillor David Ross: I will be very brief. The conclusion, which has a more general implication, was that the decision brought into question whether people at civil service level—particularly in the Scottish Government, but at Westminster as well—get the connectedness of all these things. One part was funded but not others, yet they are actually very integrated and connected.

The Convener: Right. I have a bit of housekeeping to do. Because of her strong constituency interest, I am going to bring Jenny Gilruth back in for a very brief question. However, I want to check something with Councillor Ross. Right at the start of the evidence session, I asked whether the Scottish Government or the UK Government had said no to specific projects, and you did not mention that project. A bit of clarity would be helpful. Did that project get a straight no?

Councillor David Ross: No. Again, it is part of the prioritisation—

The Convener: No. I apologise, Councillor Ross, but please listen to the question that is being asked. You suggested that you were not allowed to proceed with that project. Earlier in the evidence session, I gave all the city region deals the opportunity to tell me of specific projects that they were not allowed to progress. Councillor McVey has given two examples of projects that Edinburgh could not proceed with. I am just asking whether that was a specific project—yes or no. It is a straightforward question.

Councillor David Ross: It is in the same vein that, through the prioritisation process—

The Convener: Right—we are not getting an answer. I am sorry, Councillor Ross, but we will move on.

Jenny Gilruth: Fife sits geographically between the Edinburgh and Dundee deals, and for some reason the decision was made to split it. The electoral constituency of North East Fife has been put in with Dundee, and the rest of Fife has been lumped in with Edinburgh. I do not know why. I believe that that is to the detriment of my constituency, which has the highest levels of unemployment in Fife and the highest levels of child poverty. We talk about inclusive growth, but as I have said, it is pretty difficult to identify where

that growth is going to come from if we do not have the transport links.

Last week the committee heard from Professor Duncan Maclennan of the University of Glasgow, who said:

“we have to be careful about how”

city regions are

“grounded. If there are exceptional areas that lie between two regions, we cannot just draw a line”.—[*Official Report, Local Government and Communities Committee*, 1 November 2017; c 45.]

I do not know whether David Ross can answer this question. Why was Fife cut in two, as it were, for the city region deals?

Councillor Ross: I do not believe that it is that simple—that there is simply a line. There are particular projects and things that fit more closely with the Edinburgh and south-east Scotland city region deal, while others fit more closely with the Tay cities deal. On top of that, a point that is well made is that the work that we have been doing with Clackmannanshire Council and Falkirk Council in connection with the closure of Longannet indicates that there is a need in that area for something that is not focused on a city.

I do not think that there is a firm line. One instance of that is something that we are working on with our Dundee Council, Perth and Kinross Council and Angus Council partners, which was not in the first iteration of the city deal: we are looking, with those partners, at how we can improve roll-out of broadband and at how we can put in a bid for that for the whole of Fife—

The Convener: That is helpful, Councillor Ross. I apologise for cutting you off, and I apologise to the rest of the witnesses and the MSPs. I am loth to deny an individual MSP questions on a strong constituency interest, and it is valid to push such interests—that is why we have committees in Parliament—but we have drifted away from the underlying question that Kenneth Gibson asked about blockages in the system and where deliveries could be pushed forward. Councillor Laing was going to respond to that question.

Councillor Laing: I mentioned in my opening remarks some of the transport projects that we want to take forward; we were asked to delay the strategic transport appraisals that we intended to carry out on those. As Ms Gilruth mentioned, prioritisation of such decisions is very important. Many of our projects have been sitting around for some time, so the appraisals are key to ensuring that they remain priorities, and to deciding in which order they will come. The important thing about strategic transport appraisals is to make sure that we get them into the national transport review that

is carried out by Transport Scotland, so that we can bid for the funding.

Our Aberdeen city region deal also includes the aim to cut the journey time between Aberdeen and the central belt by 20 to 25 minutes. Under a memorandum of understanding, we have a package from the Scottish Government—it does not sit within our deal, but came separately—that will provide £200 million for that. We are keen to make sure that that is pushed on, and we have, over the years, heard a few times that it is going to be announced. Obviously, we want to ensure that we work together with the Scottish Government to ensure that that money is invested, but where the improvements are made is also important to us, so that we reap the biggest benefit for the north-east. We are trying to open a dialogue with the Scottish Government and Transport Scotland on their plans for that funding.

Councillor Graham Ross: I am sure that members are aware that transport coming from and moving within the Highlands is very important for us: a third of the project money in the Inverness and Highland city region deal is for transport projects and transport infrastructure. The problems that we are experiencing include our needing firmer dates, including delivery dates. That is so that we can progress the projects as soon as possible, because our not being able to do that has an impact on other projects. The issue is Transport Scotland: to say that it needs a bit more impetus would be a nice way of putting it.

The Convener: That is really helpful.

Kenneth Gibson: In Glasgow, we have seen a switch from seeking growth to seeking inclusive growth. The Glasgow City Council submission says that it is looking to bring in £3.3 billion of private sector investment over 20 years. How has the private sector responded to that and what has the impact been?

Kevin Rush: The private sector has responded very warmly, actually. One of the good things about inclusive growth is that it challenges people to think how about how to grow their economy in a slightly different way. It is not one way or the other—there is a growth element to it.

In the Glasgow city region deal context, in the discussions that we have had with the private sector through chambers of commerce, the Federation of Small Businesses and others, the focus on inclusive growth has been welcomed. The sector is keen to ensure that we will still generate additional GVA, but also to ensure that that additional GVA or additional economic growth is shared across the entire city region.

I think that I mentioned on Monday, when we met, that Glasgow's economic growth over the past five or six years has been pretty substantial.

In 2014 we had 7 per cent GVA growth, which was the fastest in the UK, but it was not necessarily shared among everyone.

The private sector is keen to grow the economy inclusively because that means that people can use goods and services and will have more money to spend in the local economies. In the discussions that we have had with the private sector, it has been fully supportive of that approach.

Kenneth Gibson: Are other local authorities of the same view about inclusive growth? What kind of discussions have you had with the private sector and how will the sector impact, if at all, on project delivery?

John Robertson: Yes. The private sector is keen to discuss skills and employability, particularly in relation to civil engineering projects—civils—and what it can do in terms of community benefit and skills benefit. We have a skills shortage, so if we can get to the people who are furthest away from employment, that would benefit everyone, including civils and construction, but also the tourism industry, which has a dearth of skilled workers in the Highlands. If that can be supported as part of the city region deal initiatives, the private sector will all be in favour of it.

11:45

The Convener: Are there any other comments in relation to widening inclusive growth?

Richard Sweetnam: In the Aberdeen city region deal, we, too, are engaging with the private sector. Councillor Laing touched on community benefit clauses: it is part of our deal agreement that where projects can include targeted recruitment and training, we will work with the private sector and try to include that in procurement of the projects.

I also want to reiterate that the aspiration around the key industries for Aberdeen city region and for Scotland and the UK is that we embed aspiration in our schools, particularly in terms of innovation.

Kenneth Gibson: I am the only MSP in the committee whose constituency is not part of a city region deal—at least, not yet. My constituency also has the second-highest unemployment rate in Scotland. What displacement of resources and skilled people from areas that are not included in deals do you anticipate as a result of city region deals? Glasgow may be accelerating its growth, but is that growth on top of growth that Scotland is experiencing, or is there displacement from areas outwith the city that do not have city deal status and so do not accrue the benefits that it attracts?

Councillor McVey: The lion's share of the Edinburgh and south-east Scotland city deal is

about innovation and technology. That will not cannibalise universities' research funding or anything like that; it will, however, genuinely create an internationally renowned centre of excellence. To tie this to the previous question, I note that the private sector is responding to that and is already anticipating the impacts. People in the private sector know that they will need, for example, additional start-up business space, because from that investment in technology and innovation in the universities, people will develop ideas and will then come out and want to develop them on a much bigger scale.

I anticipate that being a huge benefit, but not only to Edinburgh, because not every start-up will be able to afford, or will want, to be centred at or near the university campus, even though that is where their technology originated. The fringe benefits will push outwards, so that rather than there being cannibalisation of investment, there will be a positive ripple effect.

People will see Fife, West Lothian and further afield as natural places to start their businesses, factories or centres of creativity and technology. Start-up companies do not have a huge amount of money and may not be able to pay the prices that Edinburgh charges for its office space. That is a prime example of where the arrows will point in another direction and the ripple effects will be positive, rather than investment just being hoovered up in city deal areas.

The Convener: I apologise if other witnesses had prepared an answer to that question, but we need to move on. I want to check on outcomes. I will refer to Glasgow, but will open the question out to all our witnesses.

In Glasgow, the hope is that 29,000 permanent jobs will be created by the end of the process, with about 11,000 being in the construction phase, although I cannot remember exactly. Councillor Aitken mentioned the hope that much of the activity will benefit people in the bottom 25 per cent of struggling communities, although I am not sure whether that refers to income deciles or the Scottish index of multiple deprivation. Is that a direct target for those 29,000 jobs? Are there benchmarks for reaching 29,000 jobs or the 11,000 in the construction phase, as we go through the process? Would we expect to identify 2,000 jobs in year 5, for example? What percentage of the jobs do you expect will go to people who are currently outwith the labour market, or to people who are in lower-skilled jobs who are being trained up for the opportunities, so that you ensure that the people who are in that bottom 25 per cent benefit? How will outcomes be measured?

Councillor Aitken: One of the things that we are working on with the commission for urban

economic growth is development of criteria and a diagnostic approach, so that we can judge the outcomes of the city deal on precisely that basis. Through the work that Kevin Rush's team is doing, we have a strong understanding of the issues in the Glasgow city region—in particular, in the city of Glasgow.

We are aware of the long-standing issue about the number of people who are distant from the workforce for whatever reason—often it is to do with long-term conditions, disabilities, lack of skills and qualifications, and inability to access work. That has to be a key focus. It will be a problem if we advance in the city region deal but do not address and see a difference in that. Kevin Rush mentioned the high levels of economic growth that Glasgow experienced in 2014, when we performed well in comparison with other UK cities, but no impact on those statistics was seen: the numbers did not move and we still had in the city the same percentage of unskilled and unqualified people who were distant from the workforce. It is absolutely understood that a change in those numbers must be an impact: perhaps it has to be the main outcome, over the longer term.

We are actively working now on developing an understanding of how we will monitor that, what targets we should be considering and setting for ourselves, and how we will link the work that we are doing through the deal—because the deal does not stand on its own—with the work that the academic sector and the universities' innovation sectors are doing in the city. In addition, we are working to remodel economic leadership in Glasgow, with a particular focus on skills and employability, on key sectors, and on schools and education.

We will bring all that work together so that we understand how it all interacts in focusing on the bottom 25 per cent of people and lifting them up in terms of accessibility of jobs, and of their ability and capacity to do the jobs that will be created as a result of the city deal.

The Convener: Of the 29,000 new permanent jobs that are anticipated, if 25 per cent go to the bottom 25 per cent, that would be 7,500 jobs. That is a starter target for new jobs that will be created, but the city region is still working out what the targets should be. Do you think that 7,500 is the starting point for those new jobs that will be created for that 25 per cent, and when should we expect to see those targets being hit through the Glasgow city region deal?

Councillor Aitken: The matter has to be looked at more widely than simply looking at a particular number of jobs: it is also about types of jobs. We want people who have not been able to do so to be able to access high-quality, secure and well-paid employment. It is not just about getting any

job; it is also about the quality and sustainability of employment. Wider measures are required to achieve that, and we need to understand how to evaluate that, as we go forward. It is fairly easy to set a target and to say that there will be X jobs or Y per cent, but the issues that contribute to the existence of that bottom 25 per cent are complex, so we need more complex responses and more complex ways of measuring and evaluating.

The Convener: I fully appreciate the complexities around all of that, but at some point this Parliament will wish to monitor the successful outcomes of each of the city region deals. I hope that it is a given that the 29,000 jobs that will be created will be good-quality, sustainable jobs. I appreciate that some people will be able to take up those job opportunities by upskilling, and that some might already be in employment, but at some point this committee or a successor committee will have to ask how many jobs have been created, how many of them went to the bottom 25 per cent and what the strategy and timescale are for achieving that job creation. That is all still work in progress. I will ask others about the job creation outcomes that they are seeking to achieve and monitor, too, but when can we anticipate that the Glasgow city region will flesh that out?

Councillor Aitken: We are engaged in that work right now. We are fleshing out the inclusive growth aspect. Professor MacLennan, who was at the committee last week, is on the commission that is involved in that. Mr Gibson said that I had mentioned a window; I was talking about the window for us to get an understanding and evaluation of where we are going and what the criteria are. The target is to create 29,000 jobs and we want to make sure that as many people as possible in the city region have the capacity to access them. Ultimately, we want to ensure that the percentage of potential workers who have no skills and qualifications and who are therefore furthest from the workforce is ever shrinking—we want the gap between people and jobs to shrink.

The Convener: When the committee was in Paisley on Monday we met an excellent community organisation from Yoker, whose remit is to work with people across the north-west of Glasgow who are furthest away from the labour market, who are often young people. It has sought from Glasgow City Council the appointment of a support worker or co-ordinator to allow it to grasp the opportunities that are created by the city region deal. The organisation made that specific point to me and, as I said, there is no point in the committee engaging with such community groups during our inquiries if we do not put on the record some of the information that they give us. I am sure that Mr Rush will be aware of that

organisation—perhaps the city region will consider that point.

This is the final opportunity for all the witnesses to put their comments on the record. I would very much appreciate any information that they can give us about employability targets, high-quality jobs, the people who are furthest from the labour market and their targets. If they want to make any additional comments, this is the opportunity to do so.

Councillor McVey: At a macro level, our jobs figure is 21,000, but we need to do more to work out the private sector elements of that and the structure of how those jobs will arrive in the region.

Councillor David Ross referred to having 24 hours' notice of the projects that would be in our city region deal. We would love it if this were an open process whereby we could put a business case and everything could be considered on its own merits—so that we could end up with a city region deal with a particular number at any given time—but in reality, it does not happen like that. At the start of the process, both Governments have an idea of how much they are able to put in. It would have been really helpful to have had that information and analysis as early as possible. In our case in Edinburgh we had the UK Government scrambling around trying to find money to match what the Scottish Government was willing to put in. That was an unhelpful tail-end to the process. Unfortunately, it was the bit of the process that I had to deal with—my predecessor had dealt with everything else. It did not give us the opportunity to look at the overall envelope and apply the level of scrutiny of the detail that we wanted to apply to the overall package of projects that we wanted to take forward.

In future city deals—city deal 2 for anyone around the table, or new city or region deals for anybody else—it would be of huge benefit if we could get both Governments to work together to clarify the overall investment envelope as early as possible in the process.

12:00

The Convener: That is really helpful. You took your opportunity to make additional comments and those are points well made. Will a breakdown emerge of how many of the 21,000 jobs will be targeted at people in the most income-deprived areas?

Councillor McVey: Yes, we will have a breakdown when we do the full analysis of all the projects.

The Convener: Does Councillor Graham Ross or John Robertson want to comment?

John Robertson: We have targets for school jobs and for people who are the furthest away from employment; we do not have those interrelationships. Councillor Laing mentioned a couple of times something that we would really welcome: a standardised view or, at least, standards within an economic dashboard. That would help our thinking on the matter. We are working with the University of Glasgow and Strathclyde University on that. It would help us to have a common view and I guess that it would help the monitoring of our progress as well.

Councillor Graham Ross: We are keen that the city region deal should work well. Trying to keep people in the Highlands is important to us and the deal has given us a great opportunity to advance projects that might never have happened at all or would have taken an awful long time. Although there are issues with it and some of the progress might not be as quick as we would like, there has been a significant benefit overall.

The Convener: We are always keen to hear positive final comments.

Councillor David Ross: On the specific investment in sites, premises and offices, we estimate a gross figure of 3,500 jobs and probably 2,275 when we factor in displacement.

On involvement and getting people into the labour market, the skills investment plan that we have pulled together with Skills Development Scotland, which is the foundation of the work that has been done through the city region deal, is the basis for developing how the pathways will work.

To reiterate some of the comments that Adam McVey made, quite apart from the projects, the working relationships between the councils and the other agencies are a real benefit and added value. That will see us well into the future.

Councillor Laing: Our estimate is 3,300 net new jobs. Because the plans are long term and the projects evolve, we have to keep a check on whether those are accurate figures rather than assuming that that is what we will get and working off that figure. It is clear that if, in the north-east, we embed our city region deal and our economic strategy in the other aspects of our day-to-day business in the council, particularly our local outcome improvement plans, we will see the flow-through and ensure that the jobs that we create have an impact on some of our most deprived areas as well as providing the economic prosperity that we are all looking for.

I agree with Councillor McVey's comments about what would be helpful. We want to pursue a city region deal 2. I have been quite public about that. Some of the things in our deal 1 will allow us to do that and bring projects forward. However, it is important that both Governments give an

indication of what is on the table so that, as local authorities, we can ensure that we prioritise the plans that we advance and maximise the benefits for our region from the money that is available.

The Convener: Does Richard Sweetnam want to add anything?

Richard Sweetnam: No, thank you.

The Convener: I said that those would be the final comments but Andy Wightman has a question. I might just have to leave it hanging but I will give him the opportunity to ask it in public and perhaps we could get a written answer. It will have to be brief, I am afraid.

Andy Wightman: My question builds on what Jenny Gilruth and Kenneth Gibson said. What does the region get out of the deal? We had evidence last week from Professor Maclennan and another witness that Scotland is a country of towns, so the question is: what is in the Edinburgh and south-east Scotland deal for Cowdenbeath and Kirkcaldy and what is in the Inverness deal for Skye and Fort William? There is a danger that we overheat existing city economies to the detriment of the regional economy.

I put that on the record. We are at an early stage in the city region deals and some of the witnesses' reflections have touched on that point. We will return to it in the future.

The Convener: That is a different question from the one that I thought that you were going to ask, but never mind. That is committees for you.

I thank the witnesses for attending. We have had just over two hours. We really appreciate you taking the time. If there is anything at all that you wish to follow up or convey to us, please do so in writing. Let us keep that dialogue going.

We move into private session for agenda item 2.

12:05

Meeting continued in private until 12:20.

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