



# SURF Evidence on City Region Deals

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*Response to an April 2017 Call for Evidence by the Scottish Parliament Committee for Local Government and Communities*

## **Background**

In April 2017, the Scottish Parliament's Local Government and Communities announced an investigation into City Region Deals in Scotland. In particular, the Committee wished to gather views on:

*"...whether City Region Deals are on course to deliver local economic growth and major infrastructure projects in line with their original proposals... [including] views on the effectiveness of shifting responsibility for local economic development to local leaders." <sup>i</sup>*

The Committee's call for evidence suggested a series of questions for respondents to address. SURF's responses to these questions follow.

## **What is your understanding of the purpose of City Region Deals?**

As a forum for more than 250 cross-sector organisations in Scotland that are concerned with the regeneration of Scotland's most deprived communities, SURF has followed the development of City Deals in England since their 2011 announcement. We have participated in the debate towards the most successful application of the model in Scotland.

SURF is clear that City Region Deals in Scotland are a collaboration between UK, Scottish and local government, involving major long-term strategic plans (10 years or more) intended to provide significant and sustainable enhancements to the economy and infrastructure of Scotland's cities, and of the regions within their respective spheres of influence.

For SURF, the most welcome element of the purpose is a clearly articulated commitment towards inclusive growth, which we understand to mean an approach towards economic development that prioritises meaningful benefits for deprived people and places. This purpose was stated, for example, in the Glasgow and Clyde Valley City Deal document's executive agreement:

*"Over its lifetime local leaders in Glasgow and the Clyde Valley estimate this City Deal will... Spread the benefits of economic growth across*

*Glasgow and Clyde Valley, ensuring deprived areas benefit from this growth.”<sup>ii</sup>*

In our 2016 Manifesto for Community Regeneration, presented to Scotland’s major political parties in January 2016 ahead of the Scottish Parliament elections after consulting widely with our network over 18 months, we stated:

*“The emergence of City Deal infrastructure funding provides a further opportunity to make the most of accruing lasting social benefits from major procurement contracts. A £1.1bn 2015-35 Glasgow and Clyde Valley City Deal has already been agreed. There are four further aspirations for City Deals in Scotland: Edinburgh and South East Scotland; Aberdeen City and Shire; Inverness; and a joint bid involving Angus, Dundee, Fife, and Perth and Kinross.”<sup>iii</sup>*

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

This question goes to the heart of some concerns expressed by some SURF members during our event debates. There is a view that some City Region Deal investments are likely to involve conventional infrastructure and skills initiatives, such as road network improvements and youth employability services, which most people may reasonably expect to be delivered from conventional government spending. Similarly, some have contended that City Region Deals are simply presenting standard government investment activity in an eye-catching new package.

A related issue is the relatively modest sums City Region Deals represent over time – *e.g.* the Glasgow and Clyde £1.13bn, 20 year agreement breaks down to just £56.5m per annum. This figure may shrink further if five-year performance targets are not met. In the context of the myriad projects and eight local authorities that the budget will be shared between, this could be viewed as a modest annual resource with similarly modest outputs. As Professor Ken Gibb of the University of Glasgow has said:

*“Over the life of the City Deal... the public funding is argued to be less impressive when looked at annually.”<sup>iv</sup>*

We are aware, however, that a number of new, economically valuable projects are happening as a direct result of City Deal resources. These include the Tontine small business incubator facility in Glasgow’s Merchant City, and the MediCity health and technology centre in North Lanarkshire.

Overall, SURF is enthusiastic about the potential benefits from investments scheduled for deprived areas, including a new Clyde footbridge in Govan, and the Community Growth Areas people-centred education and transport plan for four economically challenged parts of South Lanarkshire. There is positive evidence of these City Region Deal plans having catalysed wider regeneration partnership discussions across greater Glasgow.

In concrete terms, it is too early to judge the extent to which Scotland's City Region Deals are delivering on their original commitments towards economic outcomes, such as Gross Value Added, private sector investment generated, and permanent jobs created. Two of Scotland's three City Region Deals, Aberdeen City and Inverness & Highland, were only formally agreed within the last six months, and the first major independent gateway performance review of Glasgow & Clyde will not happen until 2019.

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

Existing Scottish City Region Deals have similar governance arrangements in place, in which City Region Cabinets or Committees comprising senior representatives from local authorities and selected local partner bodies, are responsible for strategic planning and review. They oversee project managers and are supported in some cases by quasi-independent bodies such as the Commission on Urban Economic Growth and Glasgow & Clyde Valley Economic Leadership Board (Glasgow & Clyde) and Opportunity North East (Aberdeen).

Having liaised with the Head of Glasgow & Clyde Valley City Region Deal and other management role colleagues, the governance structures appear to be robust and effective. The Cabinet meets regularly every two months and various planning frameworks set out clear responsibilities, timescales and outputs for individual projects. We are not in a position to comment on the Aberdeen and Inverness & Highland governance processes.

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

SURF appreciates the considerable time, energy and complexity involved in progressing and implementing a City Region Deal agreement, including tripartite UK/Scottish/local government discussions, intra-local authority dialogue, and additional partnership agreements involving other academic, public, private and third sector partners. This understandably presents a major capacity challenge, which could restrict effective community engagement, especially in the context of local authority budget cuts.

We also recognise the good work done by some local authorities to make their constituents aware of City Region Deal activities – Renfrewshire Council is an exemplar<sup>v</sup> – and the stakeholder engagement commitments set out in the 2015-20 Glasgow & Clyde Valley City Deal Community Benefits Strategy.<sup>vi</sup> SURF has worked directly with the teams behind the Glasgow & Clyde Valley and Stirling City Region Deal plans with a view to supporting their efforts to raise awareness of their plans via our regeneration audience and the media.

There is, however, scope for additional engagement efforts, particularly towards local residents, community groups, small businesses and social enterprises. SURF would also like to see further investigations made to investigate how City Region Deals can intelligently connect up with existing regeneration plans for deprived city neighbourhoods and associated geographies. City Region Deals may benefit, for example, from a modestly funded initiative to explore and

communicate the ways in which SMEs and the third sector could benefit from, and add further value to, planned investment activity.

There have also been questions raised about the apparently opaque process for deciding which individual projects are chosen for City Region Deals. In those City Region Deals yet to be agreed, it would be beneficial for them to prepare for engaging in a transparent consultation and engagement process with a cross-section of intended beneficiaries. The outcomes of this exercise could help provide evidence of local demand and inform the projects selected for inclusion. Such an approach is likely to produce significant added value in the longer term.

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

Some SURF contacts in parts of the country outwith City Region Deal geographies have reported frustration at being excluded from what can be perceived to be “the only game in town” with regard to opportunities for new capital investment in regeneration and infrastructure aspirations.

The proposed Ayrshire Growth Deal, Islands Bill and South of Scotland Enterprise Agency, which SURF lobbied for in its 2016 Manifesto, are positive developments that counteract this frustration to some extent.<sup>iii</sup> Similarly, SURF is also aware from its activities in Argyll & Bute that the local authority is in active dialogue with the Scottish Government and Highlands & Islands Enterprise on proposed infrastructure investments, which is also welcome.

There is a wider debate to be had about whether “a collection of city regions” is the best way to think about contemporary Scotland in public policy. SURF network discussions have repeatedly highlighted the reality that most of Scotland’s population still live in towns, not cities, and that a number of towns in Scotland such as Ayr, Livingston and Kirkcaldy, are larger than several of its cities by population.

The work of the National Town Centres External Advisory Group (of which SURF was a member)<sup>vii</sup>, Scotland’s Towns Partnership<sup>viii</sup>, CoSLA<sup>ix</sup>, the Built Environment Forum Scotland<sup>x</sup>, and Scotland’s Rural College<sup>xi</sup> have indicated a general tendency towards underplaying towns in decision-making around regeneration, infrastructure and economic development.

## **Are City Regions Deals supporting a shift towards local decision-making on major investment projects?**

A number of policy commentators have criticised the UK Government’s 2011 Localism Act, from which English City Deals emerged, as failing to decentralise political power. For example, Jules Pipe, currently a Deputy Mayor of London, has stated:

*“The Localism Act does not challenge the deep-rooted centralisation in the UK; and London, like other British cities, is forced to depend on central grants, often with strings, for 95% of spending.”<sup>xii</sup>*

This criticism could also apply to the Scottish City Region Deals model, in which UK and Scottish Government grants are centrally dispersed towards mutually agreed local government aspirations. The journalist Douglas Fraser has reported that:

*“In Scotland, then, the City Deals (or city region deals) seem to be almost entirely about the money rather than significant changes in the way government works and power is distributed.”<sup>xiii</sup>*

Some participants at SURF events have echoed the argument that City Region Deals do not represent a meaningful decentralisation of power to cities and regions. It is, however, notable that City Region Deals are based on adjacent local authorities working together to make a pitch for resources to national government. As such it is the local authorities that hold responsibility for deciding which themes and projects, such as Stirling waterfront redevelopment and marine tourism infrastructure in Fife, feature in each bid.

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

The Scottish Parliament Information Centre’s March 2017 briefing on City Region Deals noted of the Scottish Government’s 2003-08 £90m Cities Growth Fund that:

*“In GEN Consulting’s Interim Evaluation of the Cities Growth Fund... it was concluded that the impact of the fund had been limited and, for the most part, it had become difficult to differentiate spending through the CGF from standard local authority spending.”<sup>xiv</sup>*

There is a danger of history repeating itself with regard to City Region Deals having a similarly limited impact, and the challenge of evaluating outcomes in isolation from general local government performance is also likely to apply.

Finally, SURF would like to share a general scepticism related to all initiatives that announce that they will deliver a set amount of new jobs over a specific period. It is rarely made clear the extent to which these new jobs simply replace existing ones, or whether the assumptions and calculations involve some form of double-counting concerning indirectly created jobs.

There is a general absence of robust follow-up analysis that attempt to demarcate jobs created by project impacts from the functioning of the wider economy. A 2008 research exercise commissioned by *The Guardian* investigated, over a single year, UK media items that included claims about the number of new jobs created by new government and large enterprise schemes. It found that there would be 218m workers in the UK if all of the claims were accurate.<sup>xv</sup>

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*End of SURF’s City Region Deals Response to the Local Government and Communities Committee*

*(Notes and References Follow)*

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## Notes and References

- <sup>i</sup> The Scottish Parliament's Local Government and Communities Committee, 2017, *Call for Evidence on City Region Deals*. Edinburgh: The Scottish Parliament. Available online at: <http://www.parliament.scot/parliamentarybusiness/CurrentCommittees/104237.aspx>
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- <sup>iv</sup> Gibb, Prof. K., 2014, *Deal or No Deal?*. Edinburgh: Policy Scotland. Available online at: <http://policyscotland.gla.ac.uk/deal-deal/>
- <sup>v</sup> Among other communications, Renfrewshire Council operate a City Deal Public Exhibitions Programme and City Deal Mailing List to publicise local project delivery plans. Details are available online at: <http://www.renfrewshire.gov.uk/article/4751/City-Deal-Public-Exhibitions> and <http://www.renfrewshire.gov.uk/citydealsignup>
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