



## Scottish Affairs Committee

Oral evidence: [City Region and Growth Deals, HC 610](#)

Monday 6 September 2021

Ordered by the House of Commons to be published on 6 September 2021.

[Watch the meeting](#)

Members present: Pete Wishart (Chair); Mhairi Black; Wendy Chamberlain; Alberto Costa; Sally-Ann Hart; John Lamont; Douglas Ross.

Questions 1-106

### Witnesses

**I:** Calum Iain MacIver, Director for Communities, Comhairle nan Eilean an Siar (Western Isles Council), Councillor Elaine Murray, Leader, Dumfries and Galloway Council, Robin Presswood, Executive Director of City Development, Dundee City Council, and Management Group Chair, Tay Cities, and Councillor Glen Sanderson, Leader, Northumberland County Council.

**II:** Kate Forbes MSP, Cabinet Secretary for Finance and the Economy, Scottish Government, and Lesley Jackson, City Region and Growth Deals Policy Manager, Scottish Government.

**III:** Iain Stewart MP, Parliamentary Under-Secretary of State (Minister for Scotland), Office of the Secretary of State for Scotland, and Kris Krasnowski, Deputy Director for Policy Delivery and Relationship Management, Office of the Secretary of State for Scotland.



## Examination of witnesses

Witnesses: Calum Iain MacIver, Councillor Elaine Murray, Robin Presswood, and Councillor Glen Sanderson.

Q1 **Chair:** Welcome to the Scottish Affairs Committee's one-off session into city region and growth deals. We have a long-term interest into this particular issue, and we are grateful to be joined by a number of representatives from local authorities from right across Scotland. I will allow them to introduce themselves before we get down to the business of questions. This is the first day that we are back at Westminster. Today, all the Committee are physically present, and all our guests are here by remote. We look forward to the session. We will start proceedings with Ms Murray.

**Councillor Murray:** Thank you, Chair. My name is Elaine Murray. I am leader of Dumfries and Galloway Council, and therefore a member of the Borderlands Partnership board.

**Councillor Sanderson:** Good afternoon. I am Glen Sanderson, and I am leader of Northumberland County Council.

**Calum Iain MacIver:** Good afternoon, Chair. Good afternoon, Committee. I am Calum Iain MacIver, and I am the senior responsible officer for the Outer Hebrides part of the Islands deal, which of course covers the Outer Hebrides, Orkney and the Shetland islands.

**Robin Presswood:** I am Robin Presswood, director of city development for Dundee City Council, and I am the chair of the Tay Cities deal management board.

Q2 **Chair:** Thank you ever so much for that concise and timely introduction to this session.

I will start with a general question about where we are with city region deals. Every part of Scotland is covered by a city region deal, and everything we have heard as a Committee has been thoroughly positive and good. Most of the areas and constituencies we represent very much look forward to them and support them. In your view, what opportunities have these deals given to your regions that would not have been possible otherwise?

**Calum Iain MacIver:** The Scottish islands have some of our richest renewable energy resources. Each of the island areas sees a real opportunity for transitioning out of oil and gas and into the renewables economy. The deal across the islands has identified real new energy opportunities, particularly in the area of hydrogen. The investment being put in by both the UK and Scottish Governments will allow that transition to happen over the next 10 years. In the case of the Outer Hebrides, for example, we have a real opportunity of around 600 MW of clean, green energy ready to go to market. We have a ScotWind offshore leasing round



## HOUSE OF COMMONS

with up to 6 GW of realisable offshore energy off the Outer Hebrides. These developers all want to help the transition to a hydrogen economy.

Without the deal support from both Governments, it would be difficult to make that transition as quickly as we would like. In other industries—in tourism and the primary sectors—we see real opportunities across the three island areas to grow these sectors and these parts of the economy. The deals will allow us to do that in a more innovative, more rapid and cleverer way than would otherwise have been achievable.

**Q3 Chair:** Thank you for that. Mr Presswood, what difference has been made by the Tay Cities deal, which I am obviously very familiar with and is ongoing just now? What have you been able to do that you wouldn't otherwise have been able to do?

**Robin Presswood:** The Tay Cities deal is anticipated to create 6,000 jobs over its 10-year lifespan, so it has the potential to make a very significant contribution to the region. We anticipate that, through the inclusive Tay strand, we will ensure that the most disadvantaged have a strong role within the deal.

Zooming in on the specific projects that are funded, there are two main strands, one of which is about investing in the future technology sectors within the region. Particularly, that is innovative projects coming out of the region's three universities at research institutions, and then a specific, strong strand around culture and tourism, which is intended both to promote the region externally and to improve quality of life for people within the Tay Cities.

The final thing that I think we have delivered through the deal is a much stronger strand of regional collaboration than we have had in the past. The governance structures are not just to oversee the deal: they are about how we collaborate more effectively as a region to drive forward the region's economy.

**Q4 Chair:** We have specific questions on Borderlands, so just generally to both of our colleagues who are joining us from the Borderlands area, is there anything you want to add before we specifically discuss the Borderlands growth deal?

**Councillor Murray:** The obvious thing that has been different for us is that it is an opportunity to collaborate across the border, and to recognise that the challenges and opportunities that both sides of the border face are very similar. Our deal is based around improving places, supporting business, innovation and skills, enabling infrastructure, and encouraging green growth, but we are also looking to deliver 5,500 jobs over the period and to generate an additional £1.1 billion for the UK economy. I think the special thing for us is that it has given us an opportunity to work together across a border, across political parties, and that is quite a novel aspect of our deal.

**Councillor Sanderson:** I would just add that this is a very exciting way of doing politics, because you are talking—as Elaine said—with different



politicians from different parties from different parts of the border. What it has shown is that the lines on a map do not make any difference: issues that are important for Elaine's council are similar to the ones that are important for ours, and so on. Sharing interesting, innovative ideas and working at projects together, especially when there is so much stuff going on about Anglo-Alba relations and Scottish-English relations, means that it is really a great pleasure to work within the Borderlands partnership.

**Q5 Chair:** That all sounds very positive, and you have set up the session perfectly in terms of the enthusiasm towards some of these deals.

Can I just ask a question before I move on to other colleagues? Obviously, you have your own governance structure and management boards, but what sort of relationship and what sort of dealings have you had with both the UK and Scottish Governments? We have got both Ministers appearing later on in this session, so you can be as candid as you want, because they may be listening just now. How has it worked out with your communication and your means of engagement with UK and Scottish Government Ministers? We will start with you, Councillor Murray; maybe you could help us with that one, given your experience in the Scottish Parliament.

**Councillor Murray:** I have to say that, actually, we have had very good relationships with both Governments. Some of that was possibly on the terms of personal relationships: it was quite easy for me, because I knew David Mundell very well, because he stood against me many times. I also knew Scottish Ministers, so, at a political level, there was an element of personal relationships there.

It has not been without its challenges at an officer level, because you are two different systems—two different legal systems. The money for the Scottish side of the deal from the UK Government was coming in as additional money from the Treasury into the Scottish Government, but at an English level, the different Departments were having to find the money out of their budgets to put together for Borderlands. It was challenging at times, and I think, for our officers, it was quite challenging, particularly the Green Book standard part of it as well. That required quite a lot of investment early on in bringing the deal together, but I would say that, certainly at a political level, the politicians—both in the Scottish Government and in the UK Government—were very helpful. When we ran into any stumbling blocks, we certainly found that both Governments were extremely helpful.

**Q6 Chair:** Thank you for that. What about you, Mr MacIver—is that your experience? Have they been available when you have required them at the end of the phone, and have they been enabling throughout this process?

**Calum Iain MacIver:** Yes, both Governments. I would agree with that: we have found them open and enabling whenever we have needed to talk to either an official or a Minister in both Governments. We have found them welcoming and accommodating. Certainly, as we were developing



## HOUSE OF COMMONS

our strategic and outline business cases, it was relatively easy to talk to officers from both UK and Scottish Government Departments.

The only challenge we have had—it is an obvious challenge—is that there sometimes can be a difference of emphasis or strategic approach between the UK and Scottish Governments. I think that is to be expected. But at the same time, with a wee bit of facilitated discussion between us all, we have always found a way to manage that process. So we remain very positive about the engagement of both Governments.

**Q7 Chair:** Thank you. Mr Presswood, in the Tay Cities, just last week, we had a Minister from the UK Government and a Cabinet Secretary at one of our groundbreaking ceremonies, at the James Hutton Institute, so I assume that this is pretty much your experience too.

**Robin Presswood:** I think so. We have certainly had pretty much all the ministerial team and the Cabinet Secretaries from the Scottish Government visiting Tay Cities at one time or another to support projects and to negotiate the terms of the deal going back two years.

At a civil servant level, the support could not have been better. Both civil servants have a nominated contact; we are in regular dialogue with them about moving the programme forward. The input from civil servants on delivering our business cases for both Governments has been immensely helpful, and we have had a significant number of comments coming back on every business case that we have processed—there hasn't been any delay caused by that. There is definitely a sense that this is a supportive partnership, rather than a regulatory relationship.

**Q8 Chair:** Thank you for that. I suppose, for you, Councillor Sanderson, it is quite unique that, as an English authority, you are working with colleagues in the Scottish Government. How does that work out?

**Councillor Sanderson:** I think it has worked really well. I think politicians get the whole concept of Borderlands and are keen to see it work. I think there has been some slightly slow decision making at times, but nothing too serious. The encouraging thing is that there are checks and balances within this process to ensure that we are following and achieving what we aim to do. It is not just throwing a few million at us and saying, "Get on with it"; there is a very good structure. I hope Elaine would agree with me that, behind the scenes, it is actually a well-run programme by the MHCLG and the Scottish Office.

**Chair:** I am very grateful. Thank you. That is enough from me, just now, so I will hand over to my colleague, John Lamont.

**Q9 John Lamont:** Thank you, Chair, and good afternoon to the witnesses. My question goes to a point that Councillor MacIver made earlier about the different strategic priorities that the two Governments have in promoting these growth deals. The UK Government has said its objective behind deals is economic growth, whereas the Scottish Government talks about the deals being inclusive. We also have the phrase "levelling up" from the UK Government. How are these different priorities delivered by



these growth deals?

**Calum Iain MacIver:** I think for us in the Islands deal, it is about economic growth to a greater or lesser extent. We are new communities, obviously, on the periphery of Scotland and of the United Kingdom. We suffer from population challenges of different types, and in many ways our economies are transitioning out of a primary industry into a different type of economy, so we need support with the development and that transition.

The creation of jobs will always be really important for us. At the same time, that does not mean that it is jobs at all costs; there must be a level of quality and inclusiveness among these jobs. We want to create jobs of quality for the future that will encourage young people to remain in our communities. For the young people who have gone away from our community to get a further and higher education on the mainland, we want the jobs we create to offer them a pathway back into the community.

In regard to levelling up, it is an interesting concept, and how the UK Government sees levelling up is very interesting. Certainly, from an Outer Hebrides perspective, we broadly align with the idea that you have to get down into the communities where the challenges are acutest and help some of the communities where the economic and community challenges are acutest, in order to, to use that phrase, “level up” or equalise—certainly in the case of the islands—with the rest of the highlands and islands, to equalise with the rest of Scotland and, ultimately, to equalise with the rest of the UK.

**John Lamont:** Thank you. Councillor Murray, nice to see you again.

**Councillor Murray:** Nice to see you, John. Certainly, in terms of the title of the project, the UK Government was keen to call it the Borderlands growth deal. We and the Scottish Government wanted to call it the Borderlands inclusive growth deal, not least because that made it a big deal, and it is a big deal for us. In a rural economy like ours, I don’t think there is a huge conflict between economic growth and inclusive economic growth, because so many of our challenges are actually about inclusion. We have a low-wage economy. Like in the islands, we have the loss of young people, who go away to study and do not come back again. We have difficulties in attracting people of working age. I don’t think we have felt it to be a tremendous difficulty—the fact that there is a slightly different name tagged on to this—because, for us, economic growth is all about inclusive economic growth.

In terms of the levelling-up funds, they present an interesting proposition to us, because—particularly within the Borderlands deal—we are developing a place programme. We are encouraging working with communities to develop projects that will improve their local areas. We see the levelling-up funds and the UK prosperity funds as actually running along in tandem and in parallel with those, so that if a project is not suitable for Borderlands, it might be more appropriately directed towards the levelling-up funds or the prosperity funds. Actually, we see ourselves as developing—as the interim acting chief executive rather appositely put



## HOUSE OF COMMONS

it—a pipeline of projects for a pipeline of funding. As well as the Borderlands initiative, there is a lot of opportunity out there as well, and we are very keen to tap into it, wherever it comes from.

**John Lamont:** Thank you. Mr Presswood?

**Robin Presswood:** Inclusive growth is one of the three main strands of the Tay Cities deal. Although the primary focus is probably on the growth sectors, there is a very strong strand of investment in training, skills and employability. We have a large skills and employability programme, which is revenue-funded and runs for the 10-year duration of the deal. We have an aviation academy, an engineering academy and a number of other projects that are aimed at people who can potentially access employment through skills and employability routes. Within the larger capital budgets, there is a significant ask around what is now known as community wealth building—looking at local procurement, training opportunities and community benefits arising from major capital budgets.

**John Lamont:** Thank you. Councillor Sanderson?

**Councillor Sanderson:** We had an election in May, and we took the administration of the county council then. I have been the leader for less than a year, but our key overarching vision for Northumberland moving forward is to come out of the shadows of covid, rebuild the economy and fully support those areas that most need support. For us, the Borderlands is a hugely important part of this economic regeneration initiative, which will hit the areas we need to focus on. For example, there is a whisky distillery visitor centre being developed in a place called Wooler—a very quiet little place in Northumberland, halfway between Newcastle and Edinburgh—that needs this kind of initiative. As I think you know, we are working on Alnwick Garden; there is a fantastic new development there, to encourage more visitors. Also, in Berwick, there is a new theatre and entertainment place that will be hugely important for Berwick.

In terms of levelling up and particularly around the town deals, which we are looking at now and where there will be smaller amounts of money, it is individual towns that will really need individual help. The Borderlands initiative is going to be hugely important to us because it really will help—to use the term—to “level up” those parts of the county that we need to see equalised.

- Q10 **John Lamont:** My next question is particularly about Borderlands, so forgive my directing it more to Councillor Murray and Councillor Sanderson. In relation to how the geographical boundaries were decided for the deal, obviously I live in Coldstream and I understand very clearly the links that exist across the border. Although Berwick-upon-Tweed is in England, it is very much the main town that serves large parts of my constituency. Similarly, to the south, Carlisle is the main draw, and I think Councillor Sanderson said previously that the borders were just a line on the map for many people living in these communities. I wonder if the Borderlands growth deal is going to be an opportunity to bring these councils together to deliver other projects on a longer-term basis. We



## HOUSE OF COMMONS

have seen the city of culture bid going in, which is obviously on the same boundaries as the growth deal. What other opportunities might exist in the future to improve the economic prosperity for our area?

**Councillor Murray:** Yes, you have mentioned the city of culture bid, which has gone in. I do not think we would have considered that actually had it not been for the Borderlands deal. It started off with the new South of Scotland Enterprise agency thinking of it just on a south of Scotland basis, but when there was a little more discussion then, actually, why not go for it on a Borderlands basis, because we are already working together and we have actually explored a lot of the importance of heritage, culture and so on by looking at the Borderlands partnership. I think that is an obvious example of how that partnership has then created opportunities elsewhere. We have also explored the possibility of an extended deal, a deal 2, if that is possible, and we will be looking for other opportunities to work together. The city of culture bid would not have been a Borderlands bid if it had not been for the Borderlands project. There is no doubt about that.

**Councillor Sanderson:** I cannot answer the question about who decided on the campus because that was before my time, so I will defer to Elaine for that. I would say yes, there really is a strong enthusiasm to work together more going forward. I think the level of trust, actually, and good will that exists and continues to exist and grow is very strong. I have a lot of very unpleasant duties to do as leader. As Elaine will know, leaders have a pretty rough time a lot of the time, but working with the Borderlands partnership is honestly a breeze. It is great—fresh air, confidence and mutual trust. That is why I think we will work together more.

**Councillor Murray:** Sorry, John. I did not actually answer your question about borders. It is actually before my time as well because the discussions started in 2014 when I was still in the Parliament, but my recollection is that it actually came from the Scottish Affairs Committee originally from discussions that they had had, and discussions with the council. I think there may be something from earlier records that indicates why that was chosen, but it seems a natural alignment anyway.

Q11 **John Lamont:** Lastly from me, Mr Presswood, were there any issues around the boundaries or the geographical spread of your growth deal or was it relatively easy to determine?

**Robin Presswood:** In terms of the history, that is a natural geography that falls around the Tay Valley. There is a longstanding collaboration between each of the partners. It only covers the north-east part of Fife, but again Fife Council is well used to looking both north and south at the same time because they are obviously participating in the Edinburgh and South East Scotland city region deal as well. We have a strong track record of collaborating. This has helped deepen that collaboration and I think we will develop way beyond simply administering a city deal into a series of regional collaborations for the future.



**Chair:** Councillor Murray is indeed right; it was our predecessor Committee in the 2010 to 2015 Parliament that first came up with the concept of Borderlands and did a couple of reports on it—so we are still here after all these years, and hopefully starting to make some progress. Thank you for that.

Q12 **Alberto Costa:** Good afternoon to the witnesses, and welcome to the Scottish Affairs Committee hearing this afternoon. Taking the question of collaboration a little further, deals are partnerships between the UK and Scottish Governments, councils and other relevant organisations. You have touched on working together in terms of geographical boundaries, but how do you ensure effective collaboration between councils and other partners in your deal? How far do you feel you are an equal partner with the UK and Scottish Governments? Mr MacIver, I think in talking about levelling up you used the word “equalising”, so I will start with you, if I may.

**Calum Iain MacIver:** From a collaboration perspective, the three islands councils came together in 2014 to develop a prospectus called “Our Islands Our Future”, which was to open a conversation and an engagement with both the UK and Scottish Governments around the specific needs of islands on the periphery of the UK. We, as three island authorities, got into a deep collaboration at that point, which led to engagement with both Governments.

A range of factors have come out of that: the Scottish Government, for example, have passed the Islands (Scotland) Act 2018, and out of that Act comes island proofing, for example, which ensures that when new policy is passed by the Scottish Government, it is sense-checked to ensure that there are no unintended policy consequences impacting on the islands. The Islands deal is almost a halfway point in an ongoing collaboration between the three islands; it is almost a next step in the evolution of that collaboration.

Within our deal there are a number of island-specific projects, and a number of cross-cutting themes across the three islands. We are looking across the three islands at the skills pool and the talent, which I talked about earlier with young people, to make sure that we are developing that skills pool across the three islands. We are also looking at the culture and heritage of the islands: the three islands each have their own specific culture and heritage, but there is a cross-fertilisation and collaboration that we can develop there.

Similarly, on energy, we want to establish a centre for net zero energy that allows the three islands to come together to explore these concepts and to work the project in a way that develops initiatives for each of the island areas but also allows collaboration to go across the totality of the deal. We are quite happy that both Governments have bought into the concepts we have put together, and they are working proactively with us to develop some of those concepts. We have a number of private sector partners who are critical to those elements of the deal, particularly when we are talking about a significant move into hydrogen production. We



## HOUSE OF COMMONS

have a number of quite significant utility partners in the energy field who are working with us on all those projects. Collaboration across local authorities, across Government and across the private and community sectors will be critical to our deal and to achieving on it.

- Q13 **Alberto Costa:** Thank you, Mr MacIver; that sounds quite encouraging, particularly your comment about the proactive working together of the Governments and the other stakeholders. Mr Presswood, may I ask you to make a contribution on this?

**Robin Presswood:** The structure of the Tay Cities deal governance mechanisms is deliberately intended to foster that kind of collaborative culture. The joint committee obviously brings together elected members from all parts of the region, but it also has key members of each of the other communities: with a number of representatives from the business community and the higher and further education sector. At a decision-making level there is a very strong collaborative culture.

Beneath that we have the management board, which I chair for the current year. Both the joint committee chairmanship and management board chairmanship rotates on an annual basis between the local authorities to again avoid that sense of any one local authority becoming a dominant partner. That was a conscious decision.

We then have five thematic groups, which will be made up of the relevant specialists. These are at officer level and will be made up of the relevant specialists from each local authority but could also include private sector reps and reps from the university. It brings together that knowledge base to advise the joint committee. The national agencies are heavily represented in them. I chair the digital thematic board, and Scottish Futures Trust and Scottish Enterprise would be on that grouping as well.

There is also a higher and further education group, which brings together the three universities, two colleges and James Hutton Institute, one of the few research institutes that are part of the Tay Cities Deal. Finally, there is an enterprise forum, which brings together a broad-based cross-section of the business community to make sure that they can be involved both initially in structuring the deal and more recently in overseeing it and making sure it continues to meet the needs of the regional businesses.

**Alberto Costa:** Thank you. Councillor Murray?

**Councillor Murray:** Instead of being a joint committee, the Borderlands project has a partnership board on which all five leaders of the local authorities sit as well as the leader of our economic forum. We have an economic forum, which has two representatives from each local authority, and which advises the partnership board on the projects. Some of the individual projects will be sponsored by other bodies within the rural innovation and skills project. The Dairy Nexus, for example, which will be based in Dumfries and Galloway, is sponsored by Scotland's Rural College. The mountain biking project and innovation centre in the Borders is being



sponsored by Forestry and Land Scotland, so there are a lot of other players involved.

We have an interest in the different projects, not just the one going on in our area. There will be an interest in the Dairy Nexus from across the area. We obviously have an interest in the forestry project, which is in Northumberland rather than the Scottish side of the border. We all have an interest in the Carlisle station gateway, because Carlisle is the biggest station in the Borderlands area. Although there are different interests in different parts, we are all interested in what is going on across the Borderlands area and we all have a stake in that. I certainly have not felt that there have been any problems with one local authority dominating more than others. We have operated on a partnership basis and I anticipate that we will continue to operate on a partnership basis with input from different public and private sector organisations as is appropriate to the particular parts of the programme.

Q14 **Alberto Costa:** Again, that is very encouraging. Councillor Sanderson?

**Councillor Sanderson:** I would agree with everything Elaine said. We do have a collaboration agreement and an overarching governance plan. As I said at the beginning, we do have a number of sets of checks and balances and a very strong governance structure that makes sure that we do act very democratically and fairly. It is very much open to scrutiny. That is one of the parts of this partnership I approve of very much—the fact that we are quite clear in who does what and who says what.

**Alberto Costa:** Thank you very much to the witnesses. The collaboration element of this between the Governments and the various stakeholders seems to be quite positive. Thank you very much for that evidence.

Q15 **Douglas Ross:** Good afternoon to our witnesses. We have had a lot of discussion this afternoon about the collaboration between councils and the very positive working between the Scottish Government, UK Government and the relevant bodies who are taking forward these deals. Could I start with Councillor Murray? What has the engagement with local communities been like? Has it been good? Is there expectation management? What has the feedback been like? Could that be improved? Have you learned anything from previous growth deals about engagement with local communities?

**Councillor Murray:** I think that is one of the things that has been a bit more difficult. Part of the difficulty stemmed from both the UK and the Scottish Governments not wanting the detail of the deals to be announced prior to heads of terms being signed, and then prior to the full deal being signed. Although within the council there was a lot of discussion at our committees and in full council on the way in which it was developing and the sorts of projects that it might be bringing forward, there was not the same public awareness of it until the time when the full deal was signed and we were able to reveal what the projects were going to be.

I think there is much more opportunity for that as we progress forward. In particular, the way for example that we are operating the Place



## HOUSE OF COMMONS

programme here in Dumfries and Galloway is that we have not excluded any of our towns from it. We have looked at the needs of our towns. We have also looked at the capacity of the local community to take some of these forward, and we will have a rolling programme of encouraging the communities to develop projects that they can submit to the Place programme, and those will move on.

We are going to five communities first to see what they might want to submit, but that does not mean to say that everybody else is out of the game. We will do that over the period of the 10 years. In doing so, as I alluded to earlier, it may be that some of the projects that certain communities are interested in do not fit completely with Borderlands, but they may fit with other funding streams, so I think we will, in doing so, be developing the capacity of different communities to respond to Scottish Government and UK Government initiatives as they come along.

- Q16 **Douglas Ross:** Sticking for a moment with you, Councillor Murray, you have spoken about how the council has worked and obviously the administration that you lead. Has there been opposition within the council, understandably sometimes from certain wards that do not feel that they are getting as much as others, and how have you managed that potential political imbalance?

**Councillor Murray:** I think it is probably more of a regional imbalance now than might be perceived to be the case. Obviously, each ward has several councillors, and they are of different political persuasions. I think that there has been that. We have made a determined effort, for example, in the business innovation centres to be able to spread them along the A75 so that the whole of the region has benefited. We are looking at, in terms of Destination Borderlands, development in Stranraer, to develop a marina project there. As I say, particularly with the Place programme we have made efforts not to exclude anywhere, and not to say, "We're only going to choose five towns that are getting the money and nobody else is getting it." We are continuing to give everybody a chance.

If I am being honest with you, earlier on in the discussions around Borderlands, there was first of all a bit of a perception that Borderlands could do everything—that somehow it was the answer to everything, even if it was not anything to do with economic growth, inclusive or otherwise. People sort of think, "Well, Borderlands could assimilate that." I think there was a bit of a misunderstanding about what Borderlands was about, and at times there was a feeling of "What's in it for my ward?" or "What's in it for this part of the region?" As we have discussed the projects better and brought the cases to the council, there has been a stronger understanding of the benefit that it can bring to the whole region, and how that can be spread out.

I think that some of that overlap was an earlier problem. I do not think that it is as much of a problem now, and I would hope that people see the opportunity for the region of the Borderlands benefiting everybody, because if it is about inclusive growth you cannot exclude any part of the region; it has to be there for everybody. Much of our determination is to



## HOUSE OF COMMONS

make sure that it benefits the whole of the Borderlands and, within the Dumfries and Galloway context, the whole of Dumfries and Galloway.

- Q17 **Douglas Ross:** Thank you very much. Councillor Sanderson, could you share your experience of dealing with this before you became council leader and since, and has it changed at all?

**Councillor Sanderson:** On the question of the understanding about Borderlands and engagement with it throughout the council, we have spent quite a lot of time internally explaining to members of all parties what we are trying to do and what the programme is. There is buy-in—there is no question about it—and cross-party support.

You asked a very interesting question about communities feeling involved and understanding what Borderlands is. I would blame the pandemic in a way, because we have not been able to make the most of the last 12 months to explain to people the progress we are making at the moment and the fact that so much has happened in this last 12 months in the programme. But it is a very good point. We probably need to spend a bit more time and effort explaining what this is about in our own individual councils but also across the whole of the Borderlands area.

I think that what will really work is when we move on to the town deals; at the moment, we are getting bits of money for town deals. That will then bring in all the local people, the parish councils, the town councils, all the community groups and volunteer groups, who will have a big say in what they see needs to be done within their own town and the area around that town. That will work very much better than giving a big splodge of money to a project that people do not really feel that close to.

In explaining, encouraging and engaging with people, we have not done as well as we might have, simply because of the pandemic, I think, but it is something that we will address.

- Q18 **Douglas Ross:** Thank you. Mr Presswood, could you explain the situation with the Tay Cities deal? I know from my own experience that there have been some delays. How have those delays been seen by the public? Do they get fed up hearing that something is about to happen and then it never does—for very good reasons, sometimes? Do you think the public buy in to the Tay Cities deal?

**Robin Presswood:** In terms of broad community engagement, there was very strong support for the campaign, going back to 2017, when the whole bid was submitted. The comms strategy has been immensely important. We have been very fortunate that *The Courier* has given extensive coverage to the bid, both during the bid period and since, so I think the public have a very good awareness of what is happening within the Tay Cities deal. Obviously, *The Courier* covers more or less the same territory as the Tay Cities deal, so it makes communications easier.

In terms of the communities that are interested, the amount of groups for the principal vehicle whereby they are populated by subject experts, who



## HOUSE OF COMMONS

will go back into their own distinct communities and engage with them. Then, finally, the individual projects will be participating in their local communities, engaging with the public and going through statutory consultations around such things as planning consent, so I think there is a good amount of knowledge. There has certainly been no backlash that I am aware of. They could be famous last words, but there has been no backlash anywhere, as far as I am aware of.

The final point is that the Tay Cities deal really covers the majority of the geography of the Tay cities, from highland Perthshire down to Kinross, up to Montrose and down into north-east Fife and St Andrews, so there is a good collaborative effort.

Regarding the delays, yes, it probably took a little bit longer than we would have hoped and there was a degree of frustration at the time, between 2017 and ultimately getting the heads of terms signed about 18 months later, in November 2018. The deal was signed in December 2020, so there were about two years between the heads of terms and the deal being signed. I am aware that is longer than average; it will probably have some consequences.

As for the reasons for that, there were a lot of negotiations about flattening the profile and getting to a 10-year deal, and there was a certain amount of dialogue between the two Governments, which had different views on the term of the deal initially. We also had a general election, which significantly disrupted matters. Then, in March 2020 covid hit, and although we may have wished for a speedier resolution, the reality was that it was a national crisis, so I think that no one was surprised that it took the extra six months to get the deal across the finishing line.

Regarding the impact of the delays, some projects chose to proceed at risk. Eden Campus, Perth City Hall—the local authority or the university behind those two projects—took the decision to commence. There was very clearly a direction of travel and support for those two projects, so perhaps it was not such a big risk.

There was a sense that in some of the university research-driven areas, the delay potentially meant that the academic opportunity had moved on and they needed to redefine and reword what the proposition was about. On the upside, the delay allowed us to rigorously plan for the implementation of the deal. We have now approved business cases totalling around 60% of the total sum. We will, by the end of this financial year, have spent £16 million, so we are catching up. We used that planning time wisely, and we are now catching up perhaps to where we would have been if the deal had been signed a little earlier.

**Q19 Douglas Ross:** Finally on this point I have a quick question for everyone. Mr MacIver, two points. On expectation management, the Islands deal quantum suggested by the island authorities was originally far greater than has been agreed. How do local people in the Western Isles and the other areas feel about the quantum that has been put forward now?



## HOUSE OF COMMONS

Secondly, I am pretty sure that within the Western Isles there are people with differing views, but you also have to have cognisance of the needs of people in Orkney and Shetland. Is there buy-in from the Western Isles that this also has to have impact and input from people in Orkney and Shetland?

**Calum Iain MacIver:** I think there is very good buy-in across the islands. The community is very positive that we are working together as the islands areas, because they are beginning to see some impact beginning to arise out of that. The islands, as I mentioned earlier, is a very specific example. Expectation management on a range of different levels is always interesting. When we first started engaging with the deal, we ran a set of community engagement exercises to see what the community's own feel was and what the community itself wanted out of it. As you can imagine, running exercises like that gets you myriad different project ideas and thoughts coming forward. As you develop that long list of ideas, as you go into discussion with both the UK and Scottish Governments you know that not all these projects will come to fruition. So there is that expectation management with the community.

Interestingly, in our deal, there is quite a number of elements within the deal that are actually community-owned. In somewhere like the Outer Hebrides, for example, the vast majority—80%—of the land is now community-owned. In our food and drink development project, there were community landowners working with that to deliver that sort of programme, so in some of the themes the community are at the heart of the project. It is similar in some of our tourism-based development processes. A lot of the facilities that we want to develop are owned by the community and belong to the community. There is an interesting balance between what the community wants, what the council wants, what the UK Government wants, and what the Scottish Government wants, but I think we have managed to negotiate quite a fine balance between all of these different dynamics.

There is always a need to keep pushing information out to the community. The community can't get enough information at times on some of the projects. As we know, in the Outer Hebrides, Orkney and Shetland—key island areas—each area is an archipelago of islands in their own area, so getting across the impact of the Islands deal to all communities can sometimes be a wee bit challenging when there isn't a specific project identified for a specific island community. You run arguments around the totality of the deal being transformational for the totality of the islands and the inclusiveness of the deal to ensure that they are covered. We have tried. I am not sure we have succeeded, but we need to keep trying to push these ideas of community engagement as part of the deal as being important over the next period.

Q20 **Douglas Ross:** Thank you. One final question from me. I will go in reverse order this time, with you first, Mr MacIver. I represent Moray, and my greatest involvement has been through the Moray growth deal. We are coterminous. Our council area is the only area involved in the deal. If you had the choice, would you prefer to have a bigger quantum



## HOUSE OF COMMONS

and potentially more opportunities, because you all represent areas that have collaborated with other local authorities, or would you sacrifice that quantum and prefer to do it on your own—Western Isles or Dumfries and Galloway Council, Dundee council, or Northumberland council? What would be your preferred choice?

**Calum Iain MacIver:** I think our preferred choice would be the choice that we have landed on—to work with island partners in Orkney and Shetland and with the local authorities with three coterminous boundaries. Most of the strategic challenges we face are broadly similar. There are some areas of difference, but what joins us together is more important than where the differences are.

We would always want a greater quantum. The challenges faced by the islands are so significant that we would always want a greater quantum, but in terms of partners in the area, I think the three island councils is the correct partnership for our deal.

**Robin Presswood:** Clearly, from our perspective, because obviously it is a matter for the elected members, we have revealed inner strengths within the region through the regional collaboration approach. Even once the deal has been concluded, I hope the governance mechanisms and strong regional partnership will continue to yield dividends for the region.

**Councillor Sanderson:** So far as the Borderlands partnership is concerned, there is sufficient diversity and geographical spread to make it challenging at times, but it is a neat enough boundary to let us work well. There is a bit of debate on that, but I think it is about right and it works well.

**Councillor Murray:** I would definitely choose the Borderlands rather than going it alone. The whole is so much bigger than its constituent parts in bringing people together, whether at council level or with the other organisations involved. A lot more heads, as well as expertise and experience, have come together to develop this.

Sure, we would like more money. Originally, we were going to apply for £600 million from the two Governments and we got £350 million, but if you don't ask, you don't get, do you? That might have been over ambitious, but we are happy with what we have got. We have learned so much from working together. I am really pleased that we did it this way and did not go it alone, because it would be a much lesser project than the Borderlands project is.

Q21 **Mhairi Black:** Thank you to our witnesses; we are grateful for your time. Could you talk us through who is accountable when things go wrong? As we have already heard, these deals are made up of different groups and organisations. For example, if a partner didn't deliver on time or pulled out of a deal, what is the process for holding them accountable? I will come to you first, Councillor Murray.

**Councillor Murray:** At Borderlands, the buck ultimately stops with the partnership board. It is up to the partnership board to work with the



## HOUSE OF COMMONS

leaders of the councils and the chair of the economic forum, and we would ultimately be responsible. The project management office, for example, brings reports to us and issues a risk register, which comes to us regularly, so that we can see what the problems might be. If it is one of the project sponsors, such as the Scottish Rural University College, they would be expected to bring reports to us with regard to the progress of their project. Ultimately, the responsibility rests with the partnership board, advised by others. We get the information, and it would be up to us to take action if something is not going to be working.

**Q22 Mhairi Black:** To all the witnesses, have there been any examples of problems in terms of partners pulling out or being unable to deliver?

**Councillor Murray:** We are not far enough along that road yet, because we are in the early days of the project but, looking at the possible risks, there is a potential risk around the increase in construction costs. We have already got our eyes on that, but that could be a problem. It is up to the partnership board to be alert to these things, because there are definitely potential risks, particularly as we come out of the pandemic and with some of the costs associated with that. Ultimately, the buck stops with us.

**Q23 Mhairi Black:** Councillor Sanderson, do you have anything to add?

**Councillor Sanderson:** Simply that we have our own officers who work as well as the politicians with each other. They—certainly my officer, dedicated to the Borderlands—would give me a very sharp kicking if there were something I needed to know about, or something that she was worried about. We have not had a case yet of a problem, but I am quite happy that we would know about it in plenty of time.

**Q24 Mhairi Black:** Excellent. Would Mr MacIver or Mr Presswood like to add anything?

**Calum Iain MacIver:** In the Islands deal, it will be the joint committee and the lead local authority that will probably be ultimately responsible. I would hope, however, that we have a sufficiently robust governance structure in place that will be able to pick up issues as they arise. We have change management processes in place, we have management committees, we have a committee for each scheme or project within the deal, so issues as they arise will hopefully be picked up within that structure.

We are in a position similar to that of Borderlands, in that the Islands deal is not far enough developed at this stage for projects to be in implementation, so we have not reached that point yet. I would hope that the governance structure that we have in place will be robust enough to handle all these issues if and when they arise.

**Robin Presswood:** I would take the view that the deal is a contract between the three parties—the UK Government, the Scottish Government and the Tay Cities deal partners. There is a very strong focus on accountability, as you would imagine, both within the governance structures that I outlined earlier and in terms of Dundee as the lead local



## HOUSE OF COMMONS

authority, so the section 95 officer—the accountable chief financial officer—is our executive director for corporate services in Dundee. There is also a chief legal officer. Ensuring that those statutory functions are discharged is done very rigorously. Ultimately, the legal accountability would, I guess, start with those two officers.

In terms of problems, there really have not been any so far. We would be highlighting them regularly and flagging them up through our risk register, and we would be having dialogue with the two leads for the Scottish and UK Governments, at the civil service level. I am confident that the governance structures are so robust that we would identify and negotiate any change required to the overall deal to respond to issues such as—as you suggest—a project not able to proceed.

**Q25 Mhairi Black:** Thank you. That is helpful. Following on from that, you will probably be aware of Audit Scotland’s report of concerns about a lack of involvement of local communities, that there could be some issues of transparency and the ability to hold these public bodies to account. What would your response be to those concerns? I will go in the opposite order and ask you first, Mr Presswood.

**Robin Presswood:** I suppose I would take the view that, ultimately, the partnerships are led by the local authorities, so there is a very strong democratic component there. I would not have concerns about that. We covered earlier on that there is community engagement through the various mechanisms, the projects, the thematic groups and the cross-representative nature of the joint committee. If you go back to the bid period, there is obviously a period of confidential negotiation between the two Governments and the joint partners. That is probably the only area, from my point of view, where there clearly is a gap, but such is the nature of confidential negotiations that it is hard to have that in the public domain and to engage communities thoroughly about what the priorities should be. There was obviously engagement at the bid stage and people had the opportunity to feed into that, but during the actual negotiation period, a product of the nature of those negotiations is that there was not able to be community engagement.

**Calum Iain MacIver:** In communities like ours in the islands, it is very difficult to be too far away from the community at any one time. Our elected members have reasonably small ward areas, and we are involved in local community forums, so there is information going out all the time.

Where we are in our deal, and in putting together the outline and full business cases—moving towards full deal sign-off—is in a technical phase. It is very difficult with these technical elements to be talking too openly with the community. I certainly agree that when we get to full deal that it is going to be really important that we have a good communications plan in place, and that we have a methodology of communicating out to our communities at all times.

**Councillor Sanderson:** I would echo that, and as I have said before, I think we need to do more to explain to more people what we are doing.



**Councillor Murray:** I can sort of understand that criticism. In the earlier days, before we got to the heads of terms, we did have a big conference about Borderlands; we had speakers and workshops and invited any members from across the Borderlands who were interested in finding out more or contributing their views. Things went rather quiet because of the pandemic—we could not have a huge conference to discuss the continuation of the deal at that point. Things did get a bit quiet around the time of the heads of terms and as the business cases were developed up to signing the full deal. Some of that, as I have said before, came from the Governments; the Governments did not want too much being said publicly about these projects until they had agreed to them. Since then, we have been able to reveal more, and the papers for the partnership board are published in advance of meetings that are open to the public, on Zoom at the moment—they are recorded, and people can listen to them. I also know that the local authorities will want reports, and I know that the councillors of Dumfries and Galloway will be expecting regular reports on Borderlands and resources because they will want to see how things are progressing.

Going forward, there are going to be much better opportunities for communities to be involved and for people to be kept up to speed. I do understand the criticism of the period where things were being developed—I can see why that period resulted in criticism.

- Q26 **Chair:** Thank you all ever so much. That was interesting and fascinating stuff and has really helped us to understand how these are being implemented in the local authorities of city growth areas. I am sure there are other things you would like to contribute and say to us in the future. We will keep an interest in how your prospective deals progress, but anything else you feel might be helpful to us please submit to the Committee. Thank you ever so much for your time and we look forward to speaking to you again.

## Examination of witnesses

Witnesses: Kate Forbes MSP and Lesley Jackson.

**Chair:** It is a great pleasure to introduce the Cabinet Secretary for Finance and the Economy and her colleague who is accompanying her. I will hand you straight over to Cabinet Secretary Forbes to give a short introductory statement for the record about who she is and her responsibilities.

**Kate Forbes:** Thank you very much; hopefully you can hear me loud and clear. I am the Cabinet Secretary for Finance and the Economy in the Scottish Government. I will keep my remarks quite non-existent to maximise the time for questions. Perhaps Lesley could introduce herself as well.



**Lesley Jackson:** I am Lesley Jackson; I am City Region and Growth Deals Policy Manager for the Scottish Government. I lead at an official level on the development of policy positions pertaining to the programme.

Q27 **Chair:** Thank you both for very concise opening remarks. This is the first time, Cabinet Secretary, that you have been to our Committee I believe—so welcome. How valuable do you see these city growth deals for Scotland? Could you talk a little bit about your relationship with the UK Government in delivering these deals? With reference to the different objectives, how significant might it be that the UK's are about economic growth, whereas Scotland's are about inclusive growth? Does that create any difficulties or tensions, or is it just a way to describe things from each Government? Could you help us better understand how all this works out together?

**Kate Forbes:** I do not think the importance of the city deals can be overstated, and I imagine that each of the Scottish MPs here today will know the importance for their own area. The importance is measured not just in terms of finance. Obviously, the Scottish Government has invested £1.9 billion; much of that has been matched by the UK Government, although we also have some side packages, alongside the main deals—over £250 million for the north-east, for Aberdeen—so in terms of sheer financial impact, there has been significant investment. Alongside that, I would reflect on two other objectives that I think we are meeting. We have in the past sometimes struggled to bring together lots of the different organisations and bodies in the private and public sectors in order to work together to deliver economic growth in our regions and cities. The value of the city deals has been in bringing together bodies that may not normally work together, for a common goal, whether that is transport, investment in digital skills or whatever. I think you see that particularly in the Edinburgh and South East Scotland city region deal, where universities have worked very closely with other partners that were not working together previously, and quite clearly, the impact of the sum of the parts is greater as a result. That is the second point I would make.

The third point is around how the city deals contribute to the Scottish Government's objectives for sustainable economic growth. The same can probably be said for the UK Government, but I will let Minister Iain Stewart refer to that in his comments. Clearly—I think your earlier session referred to it—the deals are part of our general investment in regional economies. They are led by regional partners. They take into account the national aims of the Scottish Government when agreeing the shared priorities, but they are heavily informed by local communities and local organisations and bodies that know their local economies inside out; they certainly know them better than any national organisations that might take a one-size-fits-all approach.

You are right that we have explicitly referred to the need for inclusive economic growth. I think that is an objective shared by all of us, because we all want to see prosperity being shared—increased fairer, greener prosperity. That is why that reference to inclusion is important, so there is that point around inclusive growth. Our overarching objective is to support



## HOUSE OF COMMONS

sustainable inclusive growth—not just growth for its own sake, although growth is important, but growth that actually improves the outcomes for our citizens, whether in terms of health or otherwise.

- Q28 **Chair:** Thank you for that. Everything we hear about these city growth deals is positive. I think you heard the earlier session, where the representatives of local authorities could not have been any more enthusiastic about what has been happening in the local communities. Is this how you would see the UK and Scottish Governments working together to deliver it, and how do you see this as a model of co-operation between the two Governments? I will leave you the opportunity if you want to contrast it with other things that may be going on just now, but how does the Scottish Government view and assess the operation of the city region deals, and how valuable do you think they are?

**Kate Forbes:** I think the value of the city deals is that information is shared early and officials work closely together. Quite clearly, in order to make the city deals a success, there needs to be an element of transparency, and we have a history of constructive engagement with the UK Government, stretching back to the first deal in 2014, which established working relationships that were based on mutual respect and mutual concern for the welfare of our citizens. The deal programme is built on partnership working. It requires all parties, at national and local levels, to focus on delivering the best outcomes for the people that those deals will affect. The success is reliant on that continuation of partnership working. What partnership working is not is springing things on other partners, like the Scottish Government, at the last minute, without any prior engagement. The city deals are a good example of partnership working, which I fear is being eroded, and certainly has been eroded over the last year. There is clarity to the city deals, there is a framework to the city deals, and there is a mutual respect within the city deals, which is why I think they have largely been a success to date.

- Q29 **Chair:** Lastly from me, I think you mentioned a figure of £1.9 billion, which has been given to the Scottish Government for city region deals over the course of the past years. I have not got the respective figure for the UK Government, but it is the case that the Scottish Government provide just that little bit more of a resource. Does that create any difficulties or problems at all, or is it just something that is going to be a natural feature of city region deals?

**Kate Forbes:** That is right. We have invested a total of £1.9 billion, but alongside that we have committed an additional £300 million, so the value of our city deal contribution is about £300 million more than the UK Government. That was largely due to an element of disappointment with the choices made in some deals. For example, we announced additional investment alongside the deals in Aberdeen—I have already mentioned that—of over £250 million, in Tay Cities of £50 million, in Stirling and Clackmannanshire of £5 million, and in Falkirk of £10 million. We are working with local partners to use that additional funding over and above the match funding to invest. For example, in Aberdeen, that is going towards transport, digital infrastructure and housing.



**Chair:** I am grateful. That is all from me just now. I will hand over to Alberto Costa.

Q30 **Alberto Costa:** Thank you, Chair. Good afternoon to the two witnesses, and thank you for coming before the Scottish Affairs Committee as we resume our business here in Westminster. My first question is in respect of collaboration with the UK Government. You touched on funding, Cabinet Secretary. My question is: how far do you consider the deals to be an effective way for the UK and Scottish Governments to support economic growth in Scotland? Can you also give us your opinion on how the deals might be affected by the UK Government using its powers under the United Kingdom Internal Market Act 2020 to deliver other initiatives?

**Kate Forbes:** Thank you for that question. There is quite a lot in it, so perhaps I can take it in turn—first, how effective it has been, and secondly, how it is affected by other ways of funding.

The deals have obviously evolved over time, but from the very beginning, as I mentioned a moment ago, they have been built on an approach of partnership. Where there is mutual respect—not just between Governments but for local partners—it has been a catalyst in many regions and cities for speaking together, working together and, perhaps most importantly, monitoring the effectiveness. Clearly, it is still quite early in the process to significantly monitor progress, but we clearly expect regional partners to be able to demonstrate the difference they are making to local communities and businesses. You can measure that in terms of jobs created and other outcomes. Importantly, the outcomes for each region will depend on the nature of the region. The outcomes for the highlands, from where I am speaking to you, will differ from those of Glasgow, but I think everybody agrees—hopefully the Committee will as well—that they have been effective. I think their effectiveness is based on the partnership working and the mutual respect.

On the second point about other sources of funding, as the person who has to balance the books in the Scottish Government, I am very mindful of the fact that the cost of the need for infrastructure investment and public services will always outstrip the supply of funding. That is just a fact of life. I think we all agree that we would all like to do more than the funding allows.

The key is being able to prudently and effectively manage our resources. The difficulty that we have with other sources of funding is that there is very little clarity about how they operate. There is also very little clarity about how they contribute to our overall objectives. Again, without trying to be parochial, to use the highlands as an example, we know for a fact that the highlands over the past few years has disproportionately benefited from EU funding because of its rurality and deprivation—for a whole host of reasons. We also know that when it comes to something like levelling up, it is classed only as priority level 3. That is juxtaposed, perhaps, with wealthier parts of the country. If city deals have demonstrated an effective way of working because there has been clarity,



transparency and mutual respect, that is somewhat juxtaposed with the approach that is being taken now, where we are certainly cut out of any of the knowledge about how the processes will work for levelling up or shared prosperity, which I think undermines all of our abilities to make wise plans for investment.

Q31 **Alberto Costa:** Thank you. Lesley Jackson, would you like to add any comments at this point?

**Lesley Jackson:** Just to agree with everything, of course, that the Cabinet Secretary has said. I have worked on the deals programme for a number of years, and I think that the relationship with UK Government colleagues at an official level has been very productive. As the Cabinet Secretary said, it is a relationship built on mutual trust, mutual respect, and mutual willingness to share information and engage.

The deals programme is obviously overseen by the Scottish City Region and Growth Deal Delivery Board, which is a bit of a mouthful. It is chaired jointly by the Scotland Office and the regional economic development division within the Scottish Government, with participants at senior civil service level from across both Governments. Engagement from both Governments has been very effective in that board, and that really provides a forum to engage officials formally in overseeing the programme, as well as the very frequent weekly—sometimes daily—contact that we have informally. That network of relationships at all levels of Government, which has been built up very carefully and maintained since the programme was begun in 2014, has really been a key to its success.

**Alberto Costa:** Thank you very much.

**Chair:** Thank you, Alberto. John Lamont.

Q32 **John Lamont:** Thank you, Chair. Good afternoon, Cabinet Secretary and Ms Jackson. I have a substantive question, but before I ask it, I just want to ask about the Scottish Government's support for the borders railway extension. It is obviously a key part of the Borderlands growth deal. I just wanted, Cabinet Secretary, you to confirm that the Scottish Government still support this project.

**Kate Forbes:** Thanks. I recognise the Member's long-standing interest, shall we say, in that, but we are certainly committed to pursuing the process, which will hopefully deliver the extension. Quite clearly, it is included when it comes to the deal itself, and I think the key is to ensure that the process will be as quick as possible to understand and analyse the benefits and take forward the socioeconomic appraisal work that is required. The deal, of which we are signatories, includes a commitment to progress that work, and I certainly want to see that work progressed as a matter of urgency and as quickly as possible.

Q33 **John Lamont:** Forgive me—I do not want to be pernicky—but you support the process, but not the project?



## HOUSE OF COMMONS

**Kate Forbes:** Well, I do not think that we would have been signatories of the deal, which references the project, if we were not supportive of the project. In terms of getting it over the line, the key right now in terms of building momentum to deliver is to ensure that the appraisal work can continue at pace.

Q34 **John Lamont:** Okay. Let me turn to the Union connectivity review, which from my constituents' perspective in the Borders is absolutely critical for cross-border transport links, like improving the A1 and the borders railway being extended. It could potentially see a huge injection of cash in transport infrastructure along the south of Scotland and in the borders, yet the Scottish Government have not engaged in that. On the one hand, you say you support the borders railway, and on the other hand you are not engaging with an opportunity to accelerate that. Could you perhaps expand on, or explain, that contradiction in the Scottish Government's policy?

**Kate Forbes:** I think the contradiction is actually in the question, because the irony of this whole situation is that having been completely and intentionally excluded from anything to do with the Union connectivity review, we then get the call to say, "Let's rubber-stamp the projects that the UK Government have chosen", and also in the same breath get criticised for not having been more involved with a process that intentionally and specifically excluded the Scottish Government. There is an irony at the heart of this: if both Governments believe in supporting the people of Scotland, in investing—as we have been doing over the last few years—jointly in things like the city deals, then my big question would be why intentionally and specifically exclude the Scottish Government from processes until you can get to a point where you ask us to get involved and issue a press release to do that?

We have a number of questions about the Union connectivity review, in no particular order. One of my biggest questions is whether the investment that is to be made through that review will be additional to what the Scottish Government are already investing in—things such as hospitals, roads and schools—or whether there will be a net decrease to our own budgets in order for the UK Government to invest in those initiatives.

My second question would be the process for the prioritising initiatives and schemes. We have already seen, through the levelling-up fund, that areas that were previously classified as high priority have now been significantly de-prioritised on the basis of evidence that I am not party to, according to the UK Government—I would use the highlands as an example. Those would be my two primary questions.

Finally, I should add that that does not negate the importance of the road investment that you have already mentioned. The Scottish Government are progressing work when it comes to investing in those roads. It does not undermine that, but it does undermine the whole concept of joint working, which is why it is hugely ironic that we then see the UK Government criticising us for not getting involved, when they have intentionally and specifically excluded us at every twist and turn.



- Q35 **John Lamont:** Perhaps if you had responded to Sir Peter Hendy's invitation to engage with the connectivity review, rather than stopping Transport Scotland officials engaging with the review, you might have had the opportunity to ask those questions. Certainly, my constituents fail to understand how the Scottish Government are blocking investment in the A1, the A7 and the extension of the borders railway, which the connectivity review undoubtedly could help provide.

Moving on, how would you respond to Audit Scotland's criticism that the Scottish Government did not analyse Scotland's economic geography to determine which areas should be covered by each deal as they were agreed?

**Kate Forbes:** Audit Scotland's report was a timely report. When it was published, only four deals were in delivery. I think everyone on both sides of the border would accept that we have evolved and adapted the process; we have applied the learning from that old audit process in particular, and the considerable experience that both Governments have built up of deal delivery.

The Audit Scotland report made 15 recommendations; we have responded to those recommendations. One of the points raised was, as you said, ensuring that the deals deliver and can be monitored and evaluated. We have intentionally created processes that are agreed by both sides to ensure that we are more effective in monitoring and evaluating the impact of those deals.

- Q36 **Douglas Ross:** Good afternoon to the Cabinet Secretary. I want to follow up on the questions from Mr Lamont. Could the Cabinet Secretary confirm if her Government wrote to the UK Government stating that they would not engage with the Union connectivity review, which she just said she and her Government were excluded from? The two cannot be right: you were either excluded and had no part to play, or your Government took a very clear choice not to engage their officials in that connectivity review. Which one was it?

**Kate Forbes:** There are two points on that. First, on the Union connectivity review, levelling up or shared prosperity—take your pick of a number of different alternative UK Government funding streams—the Scottish Government have not been party to and have not been included in the process of establishing those funds or how new projects will be analysed for those funds.

The second element is that when the UK Government have then come at a very late stage to try to draw in the devolved Governments, which they do on a regular basis at the very last point, without any prior discussion or consultation not just with Scotland but with Wales and Northern Ireland, we have questions about how that will complement additional funding. We will not work with the UK Government to see a reduction in Scottish budget capital, which goes towards our hospitals, roads and schools. That is the answer to your question. When it comes to setting up those processes, we have been excluded. We know that transport is devolved to Holyrood; we would hope that the Tories would respect the devolution



settlement, but there is very little sign of that. Quite clearly, any promises to respect that settlement have not delivered much.

- Q37 **Douglas Ross:** Sorry, Ms Forbes, I listened to that very long answer because I was waiting for you to get the point of my question. Can you say, very clearly, whether the Scottish Government were excluded, which is the word that you used and that is now in the record of the House of Commons, and which is evidence that you have provided to a House of Commons Committee—you said they were excluded from the Union connectivity review—or did your colleague, Michael Matheson, respond to the UK Government by saying he would not allow Transport Scotland officials to engage? Which is correct?

**Kate Forbes:** The Union connectivity review was established without any discussion and consultation with Scotland, Wales or Northern Ireland.

- Q38 **Douglas Ross:** Sorry, Ms Forbes, if I can be very clear, because I have a lot of questions that I want to go through, you have given evidence to this Committee that the Government that you are representing today was excluded. Excluded means that you were not able to take any part. We know that your Cabinet colleague, Michael Matheson, wrote to the UK Government, saying he would not allow his officials to engage. Did you misspeak? Did you misrepresent the views of the Scottish Government when you said that you were excluded—that you took no part and were not able to take any part in the Union connectivity review—or was it a decision of SNP Ministers not to engage?

**Kate Forbes:** The Union connectivity review—I repeat—was established without any consultation or discussion not just with the Scottish Government, but with the Welsh Government or the Northern Irish Executive. In terms of the establishment of the review, it was established without discussion or consultation with Scotland.

**Douglas Ross:** Chair, I know we need to move on. Perhaps the Committee could ask Ms Forbes to look at what she said in *Hansard* and correct the record, if she wishes to do so, after this meeting.

**Chair:** We will do even better than that, because we are going to have a session on the connectivity review. I am pretty certain that there will be an invitation to Scottish Government Ministers to come along and give us evidence and fullness. We have been around the houses quite a bit on all this, so we will move on.

- Q39 **Douglas Ross:** I think it would be good to get early clarification on that point.

Ms Forbes, you said that the Scottish Government blamed the UK Government for “springing things on the Scottish Government”, often at the last minute. For Scottish growth deals, are there any examples of where the Scottish Government changed their position or their offer at the last minute?

**Kate Forbes:** Are you talking more generally about the city and region deals, or are you talking specifically about something else?



## HOUSE OF COMMONS

Q40 **Douglas Ross:** I am speaking about the city and region deals. I could be speaking about something else; I'm not sure. That is quite an open question. Have there been examples of—

**Kate Forbes:** I just meant whether you are talking about the growth deals specifically, or whether you are talking more generally about the city and region deals.

Q41 **Douglas Ross:** As the Cabinet Secretary responsible, you used your earlier evidence session to blame the UK Government—I wrote it down—for “springing things on the Scottish Government” at the last minute. Have there ever been examples of last-minute changes by the Scottish Government that were different from what had previously been agreed with the UK Government?

**Kate Forbes:** Surely in the context of agreeing the city and region deals—incidentally, in my earlier comments I praised the way in which both parties have worked together closely and collaboratively—there have been occasions when parties have, in collaboration, decided that they would support alternative things over the course of the deals. But in the deals, what you will see are three things. You will see areas where both parties—the Scottish Government and UK Government—agree. You will see areas where the UK Government and Scottish Government have independently, but as part of a deal, made investments. For example, if you look at each deal in isolation, you will see components where the UK Government has funded it, and components where the Scottish Government has funded it.

The last point is about packages where the Scottish Government has gone beyond the city deal, such as the £250 million in Aberdeen. I don't know whether Lesley wants to come in, because I think you are asking about the process whereby either party—in this case, the Scottish Government—has made a different decision from the one that was previously agreed. Lesley, do you have anything to add?

Q42 **Douglas Ross:** Before Ms Jackson comes in, if she wishes to do so, my query was more about the Cabinet Secretary—our witness today—using this as a criticism of the UK Government. But from her answer, it sounds like the Scottish Government have acted in exactly the same way.

**Kate Forbes:** Can I respond to that?

Q43 **Douglas Ross:** Sorry, if we can just hear from Ms Jackson. Ms Forbes, I think you invited Ms Jackson to speak, so let's hear from her.

**Lesley Jackson:** I defer to my Cabinet Secretary, of course, but in the process of getting up to and agreeing heads of terms for a deal a lot of negotiation and discussion happens about which projects will be supported within the deal. That involves negotiation and compromise from both Governments. Certainly the Scottish Government have remained true to the projects they have committed to in each of the deals they have entered into.

As far as I am aware, there has only ever been one change in a signed deal. It was in the Tay Cities deal, where as a result of the defence estate



## HOUSE OF COMMONS

review the UK Government chose to retain land at MOD Condor, which was very welcome to the local community in Angus, and to replace that investment in the Tay Cities deal, between the heads of terms and the full deal, with four smaller projects elsewhere in the region. The Scottish Government were not consulted at the time on those replacement projects, but they have been accepted into the deal and they are being taken forward with our full engagement and the support of the regional partners.

- Q44 **Douglas Ross:** Ms Forbes, you said earlier that you are the person who has to balance the books in your role in the Scottish Government. You explained to the Chair the overall quantum that has been approved for the deals; how much of that money has been spent to date by the Scottish Government? What is the figure?

**Kate Forbes:** In terms of the overall £1.9 billion, I will get the specific figure, but just over £600 million has been spent overall on the deals. When it comes to the investment being made, different projects will clearly be at different stages. Covid has had an impact; if we take Aberdeen, for example, at the beginning of the summer I joined Michael Gove in launching the new BioHub there. It was due to start last year, but covid delayed it. The money that has actually been spent is significantly less than the £1.9 billion, but that money is spent when it comes to need. Again, I could ask Lesley if she wants to come in on the specifics.

- Q45 **Douglas Ross:** Just to confirm for our records, you think the Scottish Government have paid out just over £600 million of what has been allocated so far?

**Kate Forbes:** It is £1.9 billion.

- Q46 **Douglas Ross:** But £600 million has been spent—that is what I am checking.

**Lesley Jackson:** If I may just clarify, the Scottish Government has released £650 million of deal money and what Ms Forbes referred to as side package money. That includes UK Government investment; as you will be aware, UK Government funding for the deals programme is channelled from Treasury into the Scottish Government as a top-up to the block grant. To clarify, it was £650 million in total of Scottish Government and UK Government funding.

- Q47 **Douglas Ross:** My question to the Cabinet Secretary was very clear, and I used her own words—she is the person who has to balance the books. I think the figure she has come up with is the joint funding. What is the Scottish Government contribution to date? What is that figure?

**Kate Forbes:** I would be happy to provide that beyond this meeting, because it is quite difficult to distinguish, but I will provide that in writing. As Lesley said, one of the unique elements of the city deals is that all the money comes through the Scottish Government, so in terms of how the money is allocated, it all goes through the Scottish Government's books, so I will differentiate precisely what has come from the original £1.9 billion



## HOUSE OF COMMONS

spent in Scotland and the money that has been allocated by the UK Government.

- Q48 **Douglas Ross:** Okay, thank you. Finally, Chair, if I may, the Cabinet Secretary will be aware of my close interest in the Moray growth deal. Can you tell us the progress that the Scottish Government feel has been made by the council and the partnership? Can we expect the full deal to be signed sooner rather than later, and hopefully by the end of this year?

**Kate Forbes:** We certainly want to make as much progress as possible. Obviously, heads of terms were signed last year, in August 2020, so we are just past that one-year anniversary of the deal's being signed. I want to make rapid progress; I know there is some concern, which you may share, about how quickly things are moving, but we are working with our counterparts in the UK Government and Moray Council to agree the full deal as soon as possible. The process requires regional partners to produce the business cases that ultimately underpin the significant investment. We would hope to reach the full deal milestone later this year—hopefully by November, if everything goes to plan.

**Douglas Ross:** Thank you.

**Chair:** We have three Members still wanting to ask a question. First will be Mhairi Black, then Sally-Ann and Wendy. I know we have not got you for all that much longer, so I encourage Members to be as concise as possible when asking their questions.

- Q49 **Mhairi Black:** Thanks, Chair. I have two very short questions. The Glasgow city region deal undergoes an independent assessment every five years, as I understand it, but that does not apply to all of the deals throughout Scotland. What is the logic behind that?

**Kate Forbes:** Thanks for the question. Glasgow is one of the more unique deals. They are all unique, but Glasgow is unique in being signed much earlier than the others, going back to 2014. As I said a moment ago, the whole process has been adapted and has evolved. The Glasgow city deal is ultimately different because it reflects the wider policy landscape of 2014. Otherwise, it is very similar to those that were agreed at the same time in the north of England particularly. I suppose the short answer is that the process for evaluation reflects the decisions that were made at the time, which is very similar to other deals that were signed at the same time, but there have been changes since that point.

- Q50 **Mhairi Black:** Thank you. We heard in previous evidence that there was a hope of introducing a benefits realisation plan, basically so that partners are able to demonstrate exactly how their plans will impact jobs and local economic growth and such. Do you know when there will be guidance on a benefits realisation plan for it to be provided to deal partners? Do you know if that is happening and when it will be published?

**Kate Forbes:** I am very happy to bring Lesley in when it comes to the direct engagement with local partners in terms of the benefits realisation plan.



**Lesley Jackson:** Thank you for the questions. We have developed benefits realisation guidance for all of the deals. We took forward a pilot project with Edinburgh and south east Scotland, supported by partners in that region and the University of Edinburgh, to look at the unique requirements for benefits realisation across the deals programme. That pilot work started in 2019 and concluded last year. We used that pilot and the learning from it to develop guidance for all of the programme management offices that run the 12 deals in Scotland. That guidance was issued on behalf of both Governments in November 2020.

We also ran a workshop in April 2021 off the back of that guidance, again jointly from both Governments, to go into more detail around what it is we require from benefits realisation from each of the regions. That workshop was very well attended; there were over 40 representatives from across the 12 deals. We also had colleagues from the Welsh Government and the Northern Ireland PMOs attending that session. The programme management network is an informal grouping of all 12 deals that self-formed to share learning and experience across the 12 deals. We very much welcomed that, as have the UK Government. That network also has a sub-group that looks specifically at monitoring and evaluation. We support that sub-group in its work as it continues and moves forward.

Q51 **Mhairi Black:** Excellent. Thank you. Just to clarify, both the UK and Scottish Government have had input and involvement into that benefits realisation plan?

**Lesley Jackson:** Yes, absolutely, and the guidance was cleared by the city region and growth deals delivery board and issued in November.

**Mhairi Black:** Excellent. Thanks, Chair.

Q52 **Sally-Ann Hart:** Thank you, Chair, and good afternoon to our panellists. I want to look at accountability as regards specific deals. I understand that in 2020 Audit Scotland described accountability arrangements as “still evolving” and reported a “lack of clarity in some current arrangements”, specifically perhaps as regards who exactly is accountable. My question to Kate Forbes is: who would be ultimately accountable if anything went wrong with a deal, and what process would be followed if that were the case?

**Kate Forbes:** Thanks very much for the question. It was a criticism that Audit Scotland made, and we have responded to that in terms of how we are going to ensure that there are adequate accountability processes. I guess, to answer your question, that deals are regionally led. Local elected members and partners have ultimate decision making and they have ultimate responsibility when it comes to delivery as well. They do that regionally through joint committees, or the equivalent in that particular area. To answer your question, it is the responsibility of regional partners to demonstrate through plans that they are delivering on the promises that they made.

Clearly, when it comes to the negotiations that we talked about earlier, the Scottish Government and the UK Government work together to agree



## HOUSE OF COMMONS

what projects should proceed. Then we expect those projects to be delivered. Clearly, unforeseen circumstances happen. We have not really got into the impact of covid in this conversation, but covid did have an impact and it meant that things were delayed. We then have to manage the financial element of that while trying to support regional partners to continue to deliver.

In order to maximise accountability, every deal has to produce an annual report, take part in conversations with senior officials and ensure that they raise any concerns about performance et cetera. Clearly, in the case of huge, catastrophic failure—if something cannot go ahead at all—there would be a conversation around what happens to that funding, but that is the process for accountability.

**Q53 Sally-Ann Hart:** Thank you. So in many ways the Scottish Government do have to take responsibility for those deals specifically. Moving on, I wanted to pick up something that Mhairi Black said about the Glasgow city region deal; perhaps Lesley Jackson could answer this. That deal undergoes an independent assessment every five years, so what value could extending that sort of review to all deals bring?

**Lesley Jackson:** Thank you for the question. As Ms Forbes said in response to Ms Black's question, the gateway review process was part of the deal-making structures at the time that the Glasgow deal was agreed in 2014. That deal was the first in Scotland. It is structured very differently to the other deals in our programme.

Since the Glasgow deal was agreed, we have introduced very regular reporting and review requirements for all the deals. We have an annual report produced and published by every deal in delivery. We also have what we call an annual conversation, which is a very structured formal discussion between senior civil servants and senior representatives of the regional partners, to look into progress, discuss successes and look at lessons that can be learned. Obviously, that process is informed by benefits realisation plans, which are also updated annually.

The Glasgow gateway review process is very rigorously structured. It is very time consuming and was very costly for regional partners. I think at the moment we feel that the essence of the gateway review process, which is to stand back and reflect, see what has been successful, and see where we need to learn lessons and how that can be applied going forward, is captured by other elements of the governance process that we have developed as the deals programme has progressed across Scotland—particularly, as I mentioned, annual reporting, annual conversations and benefits realisation arrangements.

**Q54 Wendy Chamberlain:** Thank you to both witnesses for your time today. I will be brief, because Mhairi Black covered a good bit of what I was going to ask. Cabinet Secretary, you said that the Scottish and UK Governments have been involved in the development of these benefits realisation plans, but I want to understand the role of local authorities. Are local authorities only involved through the individual deals? Is there a



role for COSLA?

**Kate Forbes:** Lesley can come in on the technical working of the pilot that is being conducted. I think that there is an important role for COSLA, because one of the biggest learning points through the deals is that we have learned from each deal and then informed the next deal to be better. Clearly, Glasgow was very helpful. There were things that we replicated in future deals. There were things that we did not.

I think that COSLA has a really important role in terms of facilitating that knowledge sharing and understanding how things work. In terms of the benefits realisation, clearly the pilot is ongoing, but Lesley may want to speak to how COSLA is involved.

**Lesley Jackson:** Thank you, Cabinet Secretary. The Scottish Government engages with COSLA across a number of issues. I know that we discuss with them very particularly regional economic partnerships, which is the Scottish Government's policy around regional working more broadly, which was instigated by the deals programme.

The local authorities are absolutely at the heart of the deals programme and the governance arrangements. Ms Forbes mentioned joint committees. Local authorities hold the majority in all of the joint committees or their equivalents, making the ultimate decisions on the deals. We engage very regularly with our local authority colleagues across all 32 local authorities in Scotland on all matters of concern to the deals.

Q55 **Wendy Chamberlain:** My question then is—I am not clear: does COSLA have a role on the delivery board? Based on what I have seen, they do not actually have a seat at the table.

**Lesley Jackson:** The delivery board is between the two Governments only. As we provide assurance to Ministers, that is the function of the delivery board. Engagement with local authorities is through regional governance structures.

Q56 **Wendy Chamberlain:** I just find it interesting, given that there have been examples of devolution to local authority level in English deals, whether there would be resistance from either Government to let COSLA have a seat at the table.

**Kate Forbes:** I have some sympathy with the source of your question because, to my earlier point in terms of accountability, it is regional bodies that are accountable for the delivery. I think we all agree that we haven't got every deal perfectly right in every respect. That point around bringing in and giving local authorities or COSLA an enhanced role in all elements is something that I would have sympathy with. Certainly, we need to ensure that at every point of delivery and accountability, monitoring and learning, they have a legitimate goal in raising concerns, but also sharing best practice.

**Wendy Chamberlain:** Thank you.

Q57 **Chair:** Thank you. That was perfect timing. Thank you for answering



those questions so comprehensively and concisely, Cabinet Secretary. Your officials have taken a note of a couple of things requested from this Committee to help us understand what is happening with the progress of these deals. I am sure you will get in touch with us quickly. Thank you for joining us. I am certain we will see you again soon at the Scottish Affairs Committee.

## Examination of witnesses

Witnesses: Iain Stewart MP and Kris Krasnowski.

**Chair:** Thank you both for attending today; it feels like a normal Select Committee with Members present and witnesses sitting across from us. Thanks for coming along in person, Minister. It seems we are getting back to normal. You and I had a meeting a couple of weeks ago at the breaking of the ground at the Hutton for one of the many projects supported by city growth deals. I think we all appreciated and enjoyed the day out. I will let you and Mr Krasnowski introduce yourselves. Is there anything you want to say by way of a short introductory statement?

**Iain Stewart:** Thank you, Chair. I am Iain Stewart, the Parliamentary Under-Secretary of State for Scotland. I principally have the city and regional growth deals in my portfolio. I will pass by the opportunity to give an opening statement because—

**Chair:** I was hoping you'd say that.

**Iain Stewart:** It maximises time for your questions. I thoroughly enjoyed our groundbreaking ceremony in Invergowrie, although my success in actually cutting the ground with a spade was not entirely successful.

**Chair:** We did notice that, but we will forgive you.

**Kris Krasnowski:** I am Kris Krasnowski, head of policy and delivery in the Office of the Secretary of State for Scotland, and I have direct responsibility for city growth deals.

Q58 **Chair:** You are more than welcome to the Scottish Affairs Committee. Everybody agrees that these city growth deals have been a big success. We have heard from local authorities, mainly from the Cabinet Secretary, that they all seem to be working. Is there any tension between the two Governments around the different priorities and the reasonable economic growth that is favoured by the UK Government and the inclusive growth agendas that seem to be the intention behind the Scottish Government's involvement in this? How does it work out? Does it create any difficulties at all?

**Iain Stewart:** I don't think so, because the term "inclusive growth" is one of these fairly broad terms that can encapsulate many things. For example, if—as is the fact with some of the growth deals—we are looking at clean energy, the initial investment might be quite narrowly focused; it



## HOUSE OF COMMONS

might be academic. But the output of that work in the long term will be cleaner and cheaper energy for everyone. So with projects like that, I am not entirely sure how you categorise them.

However, in terms of the broad brush of what all the deals contain, I do not think there is any tension at their heart between what the UK Government and the Scottish Government wish to achieve.

**Q59 Chair:** When Lord Duncan was in your role in 2017 and appeared in front of this Committee, he suggested that there were tensions around at that point, but they seem to have gone now.

**Iain Stewart:** I couldn't speak on exactly where we were with each deal when he gave evidence, but we are now at the point where every part of Scotland has a deal at some stage and some of the older deals are now tangibly delivering on their projects.

However, I think that anyone who takes an objective overview of the contents of each of the deals will see that, while each one is rightly designed by the local area for what their priorities are, the balance is of long-term R&D-type projects with tourism projects with infrastructure projects and regeneration, and a wide range of other things. Anyone taking that objective overview would say that the deals cover a very good spectrum of what each part of Scotland requires.

**Q60 Chair:** Let us stay on the positive. Everyone agrees that this seems to be working as a model of co-operation between both Governments. I think the Cabinet Secretary said that it includes clarity, transparency and mutual respect. However, none of that seems to be applied to some of the other funding streams, whether it is the levelling-up fund or the shared prosperity fund.

I know that there was an exchange about who is to blame for all that, but why do you not just use the model that has been established with city region and growth deals, which seems to work so well and includes everybody? Why attempt to do something different that creates a whole range of issues and problems?

**Iain Stewart:** The city region and growth deals are at the cornerstone of what we want to do, which is to say that it is not about central Government—whether that is Westminster or Edinburgh—saying, “This is what we think you should do in a particular area”. We want to encourage each area to come up with their long-term schemes, often ones that fall outside the annual cycle of budgets and projects that never quite seem to get into the budget successfully. As I say, that is the cornerstone and the thread that runs through all the other schemes, including the levelling-up fund.

With the shared prosperity fund, we have not actually published a prospectus of it yet; it will largely take over the European Union funding but, we think, in a much more efficient and direct way. The Union connectivity review again looks at things from more of a helicopter view—not looking at transport projects in themselves, but at how they all link



## HOUSE OF COMMONS

together the different parts of the UK. So, I do not see that there is a contradiction there.

Also, as has already been alluded to, the Scottish Government are perfectly entitled to add on additional investments alongside the city deals, where they think that augments them. The levelling-up fund and everything else does so in the same way.

**Q61 Chair:** I see it as a model of co-operation and good working, and everyone seems to understand this, and I think everybody feels included. However, that does not seem to be a feature of things like the connectivity review, the shared prosperity fund and the levelling-up agenda. What is wrong with using the model that we have for city region deals around the other UK Government investment programmes in Scotland? Why do you not do something that works?

**Iain Stewart:** I would argue that we are using something that works, which is that the ideas come up from the local areas. I was really heartened to hear what you heard from the local authorities with your first witness—namely that they see this as a way of encouraging a better partnership approach, not just between individual authorities but with the academic sector and private investment, because one of the great benefits of the city deal programme is that many of the projects enable investment from other sources. To give one example off the top of my head, the Clyde waterfront regeneration in Glasgow brought in an enormous investment from Barclays, to establish their big new hub there.

It is giving that partnership working in each area the ability to look around at what other funds might be available and put together those bids that they think are best tailored to their long-term objectives.

**Q62 Chair:** We all appreciate the side deals that have been arranged by the Scottish Government. For example, I think you are aware of the cross-Tay link road in Perthshire, which I think is essential in terms of road infrastructure.

Is there a sense that, with the relative amounts that are given by respective Governments—I think £1.9 billion was mentioned by the Cabinet Secretary—the UK Government should be giving a bit more and attempting to match what the Scottish Government is putting in?

**Iain Stewart:** Just to be clear on those figures, if you look at the actual city deals themselves, that pretty much has parity of funding: it is around £1.5 billion to £1.6 billion each. What the Cabinet Secretary was referring to, which takes it up to the £1.9 billion, are those side fundings. Equally, on the UK side, you could argue that there are other fundings. If a university is using UKRI funding to complement work that a city deal project is doing, you could argue that that was UK money.

I don't want this to get down to "Well, you gave them £10 more than you gave me"; it is about empowering local areas to put forward their projects and draw on whichever available funding stream best realises those.

**Q63 Sally-Ann Hart:** Good afternoon, Minister and Mr Krasnowski. I want to



## HOUSE OF COMMONS

look at levelling up with regards to the city region and growth deals. The objectives of those growth deals are to deliver regional economic growth and address regional economic disparity. How do those growth deals fit into the Government's wider levelling up agenda?

**Iain Stewart:** The levelling-up fund is just one pot of money. It is primarily aimed at individual local authorities, but there is no barrier to several local authorities coming together if there is a project that can benefit more than one. The principle behind it is not us saying from our great ivory tower, "We think this is where you should invest". It is encouraging them to come up.

Some schemes will be at a regional level; others will be very specific to an individual location. When you look at other funds, like the community ownership fund, which is really down at the community level, if there is an asset or some facility that might otherwise be lost, the community can bid into that fund to take it over.

You could look at all these funds as a suite of options, at the heart of which is each area using that to their benefit. Away from the actual cash investments, I think there is a consensus on this. Not for the first time—but certainly it is taken to an additional level—that network of a local area, inevitably, has small "p" politics potentially at play. One area will say "Hang on,"—if we use Mhairi, say—"why is Paisley losing out on a bit of investment to East Renfrewshire?", or vice versa. There is an understanding that an investment in one part can benefit the whole area. That, I think, has been one of the most positive outcomes from this process.

Q64 **Sally-Ann Hart:** Thank you. Looking at the shared prosperity fund, will that build on the work of the growth deals?

**Iain Stewart:** There will be elements of that, yes. As previous witnesses have said, there is a learning process.

The initial Glasgow deal helped shape what came later in the city deal and the community renewal fund will help shape what the shared prosperity fund is looking like. Yes, in some ways, it is a journey, and we are learning what really works—the granular detail—but the direction of travel is consistent: it is getting back to that real devolution and that localism in looking at long-term investments.

Q65 **Sally-Ann Hart:** If we are looking at localism and long-term investment—the Chairman asked whether there was tension between the two Governments—do you share the Scottish Government's objective for deals to create economic growth that is inclusive, or is there a difference in political ambition or ideology? Does that play any part in any aspect of this?

Q66 **Iain Stewart:** I try not to get too bogged down in these terms, which can often be quite nebulous in what they actually mean. I would argue that economic growth that creates good-quality jobs—

Q67 **Sally-Ann Hart:** Is inclusive.



## HOUSE OF COMMONS

**Iain Stewart:** Is inclusive. If a tourism project brings greater spend into an area, it is inclusive because there are lots of ways that individuals can benefit from that. I referenced the clean energy projects. In terms of actual jobs, those might be quite exclusive to begin with because you are dealing with scientists and professionals to develop those concepts, but if they are successful, the outcome is a win for everyone. As I say, I try not to get too hung up on these concept terms.

Q68 **Sally-Ann Hart:** So perhaps it is not so much about a discussion of words, but looking at the wider picture is probably a good idea.

**Iain Stewart:** Yes.

Q69 **Sally-Ann Hart:** Looking at measuring the impact and outcomes of the growth deals, I understand that £12 billion of taxpayers' money has been spent under the city growth deals. Would you agree that—

**Iain Stewart:** Sorry, £12 billion?

Q70 **Sally-Ann Hart:** £12 billion. It is stated that, "despite spending up to £12 billion of taxpayers' money, the Department has no real understanding of the impact which the Local Growth Fund has had on local economic growth".

**Iain Stewart:** Is that the figure for England?

Q71 **Sally-Ann Hart:** That is the UK Government—yes, sorry, for England.

**Iain Stewart:** I was going to say that the Chancellor will be slightly alarmed that we have increased the size of the city deal by a factor of three or four.

Q72 **Sally-Ann Hart:** Apologies. My question is really to do with the fact that it doesn't really matter how much money is spent; that is not the issue. The issue is how it is spent, the impact and the measurement of the outcomes. What are the plans? Do you have quantifiable objectives and a plan to measure the impact of city region and growth deals in Scotland?

**Iain Stewart:** I think this has already been touched on. There is benefit realisation work that has been done. For most of the schemes, it is a little too early yet to be measuring quantifiable outcomes. Some are very visible. On my visit to the Chair's area a couple of weeks ago, I visited Perth city hall, which has literally been gutted and there are lots of people in hard hats doing creative things. Yes, in some senses, things are very tangible, but others—particularly the research and development-type schemes—are still in progress. As I say, I think it is a little early at the moment to start having actual measurables, but it is important to have that work in place.

**Kris Krasnowski:** Just to add to that, it is important to understand that, in the short term, we can look at process measurements, in terms of what money is being spent, when it is being spent and whether it is meeting those milestones. In the slightly longer term, that impact assessment is something that we would want to look into, but obviously it requires us to get to a certain stage of delivery so that we can really quantify all the



## HOUSE OF COMMONS

benefits that have been realised as a result of this. The work that we have done across all the deals at a Scotland level helps us to understand some of the options around that, but of course it will take us time to get into measuring those sorts of impacts. That is the ambition, and there is certainly more we can do to make sure we can tell a much stronger, coherent story as we go through the life of the whole programme.

**Q73 Sally-Ann Hart:** Just looking at the timing, how long do you think it will take to have really worthwhile, quantifiable measurements of impacts? Has covid had any impact on that?

**Kris Krasnowski:** In terms of process, we should be able to look at the way in which we are spending money and whether it is getting projects off the ground and running. Some of these are infrastructure projects, so you can see the short-term impacts of those, in terms of the jobs that they create and the sort of impact that they have in a local area.

In the slightly longer term, to look at the economic impact over the lifecycle of the project, you are probably looking at a 10 to 15-year time horizon to really get to the bottom of those sorts of things. Of course, it is worth stressing that the rationale underpinning the Glasgow deals and the way in which we were looking at gateway reviews was to factor in the lack of evidence at the UK level in terms of how we attribute major infrastructure investment to that economic growth story and benefits realisation in the round. The gateways were created to look at process first and at economic impacts and benefits realisation secondly, in the second half of that delivery, so after a 10-year period. The measures that they have created have enabled that to happen, but we are still quite early in the process and it is quite complicated analytically to come up with the impacts in isolation from the particular projects. It is an endeavour that we need to make sure that we are working on, but it is not easy.

**Q74 Sally-Ann Hart:** Minister Stewart, do you have anything to add to that?

**Iain Stewart:** No, I think Kris has covered it.

**Sally-Ann Hart:** I have no further questions. Apologies for getting the figure wrong.

**Iain Stewart:** Don't worry, though the Chancellor might.

**Q75 Wendy Chamberlain:** Thank you to both witnesses. It is lovely to see you here in real life. I will touch on a couple of things that we addressed to the Cabinet Secretary, and I think, Mr Krasnowski, you were discussing it just then as well. In the UK Government's view, what deals are starting to produce dividends? Will the benefit realisation plans that we heard about in previous evidence sessions help to quantify that? Minister.

**Iain Stewart:** Thank you. As I alluded to, there are a number of projects that are well established and delivering. If you look in Edinburgh, for example, at some of the data projects, that is now delivering very helpful additionality to what the academic sector can do and fast making Edinburgh one of the leading places in the world for that work.



I have alluded to some of the practical physical infrastructure work that is being carried out. If you look across any of the deals—certainly the older deals—you will see those projects starting. I believe that, in your own constituency, the Eden Campus is now drawing down its investment, which is very welcome.

There are also other benefits there. I am really heartened that, probably indirectly from the partnership working, two areas of Scotland are now putting forward city of culture bids: Borderlands and, I think I am correct to say, Tay Cities. That has probably evolved out of the working together that the different areas have done, so both tangible and wider benefits are there.

**Q76 Wendy Chamberlain:** Will the benefit realisation plans help to quantify that, Mr Krasnowski?

**Kris Krasnowski:** Yes, we are certainly hopeful that they will. We have in place a process that we think is robust. It is really important to stress that the process has been designed bottom up and working in partnership across some of the Scottish institutions, where they have this sort of experience and knowledge to transform and to contribute to this, so it is really important. We will have to take stock once we get into the meat of what they are delivering, but our assessment currently is that that is probably the best that we can do at the moment. There is probably more that we can arguably do around some of the process reporting and impact, but that is more short term and something that we will look into.

**Q77 Wendy Chamberlain:** Thank you. The Cabinet Secretary talked us through what the Scottish Government would do about a deal failing to achieve measurable growth outcomes. What role will the UK Government play in that situation, Minister?

**Iain Stewart:** It really depends on what level that is. Some of the R&D projects that are there may not work. That is part of the gamble you take. Equally, they could produce a return vastly in excess of what is envisaged.

I also visited the Orkney isles a couple of weeks ago, and some of their clean energy projects are world leading and transformational, so you are looking at a huge change. If there was a failure of governance or a partner just did not deliver what they were intending to do, that would be for the accountability structures that the Committee has already discussed, so it really depends. It is a little too early to say at what point we would intervene and see whether that has just not worked.

**Q78 Wendy Chamberlain:** Thank you. I have one other thing. Last month, I chaired a Westminster Forum event on the Union connectivity review. Your colleague, Minister Duguid, said two things of note: first, that the Scottish Government had refused to engage in a £20 million pot of funding to update key routes; and, secondly, in response to a question I asked him, that the UK Government would consider bypassing the Scottish Government from a transport perspective, despite transport being devolved. Is that the overall Government view? Will they be looking to do things outwith the shared prosperity fund and levelling-up agenda,



bypassing the Scottish Government?

**Iain Stewart:** The first principles of the Union connectivity review are to look at transport connectivity across the UK and indeed further afield, in a way replicating the EU's TEN-T programme—the Trans-European Transport Network.

**Wendy Chamberlain:** And they obviously impact on the growth deals, don't they?

**Iain Stewart:** Yes. The very nature of those investments is that an investment in one geographic area might not be primarily for that area's benefit—it might be for overall. For example, if we were to upgrade the A75, yes, that would have some benefit to Dumfries and Galloway, but the main benefit is freight from Northern Ireland going elsewhere. Or you might make a rail investment at some point, say upgrading the signalling system in Cumbria, which speeds up the west coast main line trains from Glasgow and Edinburgh down to London. I think that is where he was coming from. That is the objective of the connectivity review.

I have to say we have endeavoured to engage Scottish Government at every point on this, and we have been met with considerable resistance. The offer is still there to come on board. This £20 million pot was announced at the interim report of Sir Peter Hendy to help do a bit more research work on potential projects, and they did not take up that offer to engage.

**Wendy Chamberlain:** I am sure we will pick that up in the other session. Thank you, Chair.

Q79 **Chair:** That sounds awfully like you are prepared to overrule and override the Scottish Government, even though this is a devolved responsibility. We are looking for a headline today—

**Iain Stewart:** If you forgive me, we have not even had the final report of Sir Peter Hendy. He won't make Government policy; he will present a range of options. I am sure there will be lots of arguments afterwards about which ones are going to be taken forward.

Q80 **Chair:** This is the big worry, isn't it? This is the thing that the Scottish Government are consistently presenting—about the clarity of devolved responsibilities, powers and arrangements, which now seem to be getting impacted upon by UK Government priorities. A totally different—

**Iain Stewart:** You are jumping several steps ahead. We do not even have the final report.

Q81 **Chair:** When are we likely to see this, and what engagement has there been with Scottish Government in terms of trying to—

**Iain Stewart:** Every invitation we have made to the Scottish Government has been rebuffed. I do not have an actual publication date for the report, but I am told it will be out in the autumn at some point.

Q82 **Chair:** We will be looking at the connectivity review, and I think there are



## HOUSE OF COMMONS

huge issues with this.

**Iain Stewart:** I am sure, as you alluded to earlier, you will be having a separate session on those.

Q83 **Chair:** We are indeed, yes. I think we need to get to the heart of some of this, because there seem to be massive tensions between the two Governments, which is so distinct from what is happening around all the good arrangements and engagements—

**Iain Stewart:** I really do think you are overblowing this. What we want to achieve throughout the UK are the best quality public transport services. For example, when the High Speed 2 link is built, the project will in itself deliver a benefit to Scotland because it will speed up journey times, but with other interventions north and south of the border, you could potentially have even faster journey times and extra capacity. That is what it is looking at, and I do not see why there is a big problem about that.

**Chair:** Okay, there does seem to be, but anyway we will leave it at that.

Q84 **Douglas Ross:** Good afternoon to our witnesses. Just to carry on that point briefly, surely if the Scottish Government do not engage with you, but the UK Government want to invest across the United Kingdom, it is perfectly reasonable for the Government, for the Scotland Office, to engage with local authorities. Have you had any discussions with local authorities about investing, and are they not just interested in getting that investment and that money, rather than where it comes from or through?

**Iain Stewart:** Absolutely right. A week, probably even a day, does not go past without me getting a request for, “Will you fund this?”

Q85 **Douglas Ross:** Indeed, I think some councils have said they hope the money comes directly from the UK Government rather than the Scottish Government, given their priorities and of course the priorities of this now SNP-Green coalition.

**Iain Stewart:** Indeed. There is an appetite there for investment, and I think it is perfectly proper, as I said in answer to an earlier question, that local areas can prioritise what matters most to them and look at the range of funding streams that are available from many different areas, both public and private, and how they can best realise that. As I say, that can be an individual local authority, or it can be groups of local authorities working together to achieve that goal. I think it is entirely in order.

Q86 **Douglas Ross:** Thank you. Finally on the Union connectivity review, because I know we are going to have a further evidence session, we have had two Ministers today—one from the Scottish Government and yourself from the UK Government. You said—I wrote it down—that you have “endeavoured to engage with the Scottish Government at every opportunity”. The Scottish Government Minister said they had been “excluded”. The two statements cannot both be correct. Who has been telling the truth to this Committee?



## HOUSE OF COMMONS

**Iain Stewart:** I can only say from my perspective that, right from the outset, we encouraged the Scottish Government, through Transport Scotland, to engage with Peter Hendy's work in order to identify where the priorities were for looking at connectivity from a UK-wide perspective.

Q87 **Douglas Ross:** Can you confirm what Kate Forbes refused to confirm—that the Scottish Government wrote through their Minister, Michael Matheson, telling the UK Government that their officials would not engage in the review. Is that correct?

**Iain Stewart:** That is correct.

Q88 **Douglas Ross:** Thank you. I asked the Scottish Government Cabinet Secretary to outline the proportion of funding. We know the total quantum that has been announced, which has been repeated a number of times in this Committee. I was asking how much the Scottish Government have paid so far. I think she gave an incorrect answer, which had to be sorted out by her official. Do you know what the amount of UK Government spending so far is?

**Iain Stewart:** First, to clarify the process for the UK Government side of the programme, that money is transferred as a block to the Scottish Government, and then each deal area draws down those funds from the Scottish Government at the respective stages of each programme. From the UK Government perspective, £447 million has been transferred out of the £1.5 billion—slightly under a third.

Q89 **Douglas Ross:** Do you transfer it when it is ready to be spent, or is that money sitting with the Scottish Government at the moment? The figure that we received eventually from the Scottish Government official was that, to date, approximately £650 million has been spent. Does that mean that, of the £650 million, a significant chunk of that is UK Government funding?

**Iain Stewart:** I don't have a breakdown of what that £650 million figure is. As I say, the process is to transfer to the Scottish Government, and that is the quantum that has been transferred. Individual projects, such as the Eden Campus in Wendy's constituency, are starting to draw that money down. As of today, I cannot give you an exact figure for what has been transferred out to the individual project teams, contractors and everyone else.

Q90 **Douglas Ross:** That is a significant amount that has been transferred by the UK Government to the Scottish Government. It seems to be more than has already been spent by the Scottish Government.

**Iain Stewart:** Yes. Forgive me, I cannot comment on what the process is in Scottish Government accounting.

Q91 **Douglas Ross:** I asked the Cabinet Secretary, given my interest in the Moray growth deal—there have been some delays, and I know the local authority is working constructively with officials, Ministers and the board that has been set up. There is a real desire to get the full deal signed by the end of this year. People in Moray are looking towards November. I



## HOUSE OF COMMONS

got a positive response from the Scottish Government Minister. Will I get a similar one from the UK Government Minister?

**Iain Stewart:** There are certainly no delays at our end. Both Governments require the relevant documentation and plans to come out from the local partners. I am aware that there were a couple of issues, particularly with the aviation academy at Lossiemouth, where the initial bit of land was not, in the end, going to be suitable, which has caused a bit of a delay. But as long as that documentation comes up and we are able to get on with a proper appraisal of it, I don't see any impediments from our side. I will do everything I can to expedite it before the end of the year.

Q92 **Douglas Ross:** For my press release for the Northern Scot P&J, I can say that Minister Stewart is very supportive of the full deal being signed by the end of the year.

**Iain Stewart:** I will do my level best.

**Douglas Ross:** Thank you.

Q93 **Mhairi Black:** Today has been quite a positive session, for once, in that all the evidence we have heard has been fairly positive. Everyone has been working together and there have been no real hurdles that could not be overcome. My first question is, do you think this is proving to be a successful model for delivering economic growth?

**Iain Stewart:** For all the reasons we have touched on—that we are looking at empowering the local areas—yes, I agree. I think we will see that networking; not just that between local authorities working together on a regional basis but how you then use that to bring in other sectors—academic investment and private sector investment. I think those partnerships will deepen and mature.

I had a really interesting discussion with Professor Wren at Strathclyde University recently about what he calls a triple helix of academic investment, public investment and private investment, and helping us as a country to realise many of the challenges that face us—environmentally and in every other way—but also helping us bridge what is called the valley of death in terms of innovation. We are very good in this country at inventing and designing things, but not so good at seeing them through to manufacture, or IP is lost overseas. It is in those sorts of areas where I really see that partnership working and delivering in the long term.

Q94 **Mhairi Black:** Excellent. What about the two Governments working together? Do you think it has been a positive model in that?

**Iain Stewart:** On the whole. I did raise my eyebrows slightly at some of the “we have been taken by surprise” calls from the Cabinet Secretary, because if I was so minded I could make the same points in the other direction—some of the side investments, which are perfectly right and proper, were not shared with us in advance. I think the way through that, and each Government will have their views of where they want to invest—of course they will—is looking at it from the bottom up, with each area



having the confidence and depth of resources to push forward what they want to see. That is where I see that working best.

- Q95 **Mhairi Black:** I suppose that is where the confusion comes in for me. To use the phrase you used before, the bottom-up approach takes the experience and knowledge of local people and puts it to good use. If we are saying that this process and these deals are actually a successful model for economic growth, what need is there for the Internal Market Act, which specifically allows the UK Government to spend money without having to consult the Scottish Government at all in devolved areas? Do you see what I mean? I do not understand the logic, where it is good enough for this deal but not for other deals.

**Iain Stewart:** I gave a whole session of evidence on the Internal Market Act to this Committee last year, I cannot remember exactly when. It does many things, such as ensuring that there is the safety net of one UK single market, and we do not have any borders or impediments for trade within the United Kingdom. What we are designing is the ability for each local area to look at the different funding streams available, and to choose what they think is best to increase their ambitions. That is where the partnership working will come together; that local area can say, "We want a Scottish Government education initiative; we want to marry up with a UK Government research and development initiative, to put together something bigger." That is where it is going to work.

- Q96 **Mhairi Black:** Following that logic, is the purpose of the Internal Market Act basically to allow the UK Government to do what they want in instances where the Scottish Government might not agree? That is how it reads—it is saying that for every other deal and for all these other funds working together is brilliant, and that Governments are working together and we are doing the best for the community, but when it comes to this, this and this, we don't give a toss what you think.

**Iain Stewart:** Forgive me, but that is a very partisan way of looking at things. What we have put in place is a system that is working. We think we can augment that with other schemes. The Scottish Government can innovate different funding schemes for different things as they wish. To regard this as pitching Government against Government is completely off beam.

- Q97 **Mhairi Black:** Would you not accept that it is the UK Government that have set that tone?

**Iain Stewart:** No, I wouldn't.

- Q98 **Mhairi Black:** It is the UK Government that have legislated that in these devolved areas. Since the beginning of devolution it has been well established that the UK Government doesn't touch those areas.

**Iain Stewart:** I am sorry, but even within the city growth deals there are instances where, yes, the respective Government's investment is primarily in reserved or devolved areas, but the UK Government do spend in devolved areas.



## HOUSE OF COMMONS

Q99 **Mhairi Black:** Yes, but there is consultation with the Scottish Government, that is what I am saying. If we are saying that consultation between the Governments is a positive thing and it is good for these city deals and economic growth, in what instance is that model not good enough? That is what the Internal Market Act has legislated.

**Iain Stewart:** Let me turn it around. Maybe, if this was about the UK Government saying, "We want to spend X there," but that is not what this is about. It is about the local areas deciding, "We want investment in here." I think it is perfectly right for a local area to look at all of its Governments to say, "Actually, this is what we think can drive forward the development of our area." I don't see any problem in that.

Q100 **Chair:** One final question to the Minister. On what basis do the UK and Scottish Governments decide the quantum of how much funding will go to particular areas? Talk us through how that is being considered.

**Iain Stewart:** At the start of it, it is broadly on a population share basis. It is not exactly that—forgive me, this all predates my time in office—but I think the Treasury's basic model was to look at about £250 per person in each area. If you look at the quantum that has gone to each deal, it is broadly in line. Some are a bit more and some are a bit less, but broadly that is in line with their share.

Q101 **Chair:** Falkirk got half of what it bid for. Is there any particular reason for that?

**Iain Stewart:** If you give most areas a blank cheque for what they would like to spend, of course it is going to be more than what is available. Falkirk was absolutely bang on what its population share entitled it to.

Q102 **Chair:** The other thing is something I have experience of, through the Tay Cities deal. The profile of the 15 years for Tay Cities was thankfully reduced to 10 years. You and I had several discussions about the impact that had on some of the projects and their involvement in the whole programme as it went forward. How is that decided? Would it not be better to have everything at 10 years?

**Iain Stewart:** Again, this all predates me. My understanding is that the 15-year profile was largely what existed in England. The UK Government said, "We will replicate that in Scotland." With most of the Scottish deals, the Scottish Government went for 10 years. It is always good to try and compress time scales if the projects can accommodate that. We have done that now with quite a number of them. Yes, the Tay Cities had a particular cash-flow issue, if I can put it that way, with certain projects, but I think we have arrived at a common sense position.

Q103 **Chair:** I am looking at the list just now and it looks like Ayrshire, Argyll and Bute, and Falkirk will now be 10 years. Would it be the expectation now if any new ones emerge—they are all covered now anyway—

**Iain Stewart:** I don't think there are any new ones.

Q104 **Chair:** Would you now be looking to see whether nearly all the deals



## HOUSE OF COMMONS

would be fitted into a 10-year profiling?

**Iain Stewart:** I don't know—the Glasgow one, I think, is over a 20-year period. I couldn't give you a general answer to that, because it might be that the types of investments and types of projects are ones that have already been established; it might not be as simple as flicking them forward a few years. As in the run-up to any fiscal event, by either Government, I am sure there will be lobbying.

Q105 **Chair:** What do you make of the governance and management arrangements? Do you think local partners are sufficiently involved in some of the decision making? Again, I am looking at the Tay Cities deal, and I am just wondering how much of a say certainly some of the private sector individuals who were on the management board had in the process.

**Iain Stewart:** I think there is a very healthy discussion, because the request to compress Tay came from the local area. That was one of the reasons why there was a bit of a delay last year. We were ready to go and sign, earlier on, the 15-year UK Government term; and then they could have looked at compressing later. But as we discussed—I think it was at the spending review last year, we said, "Let's see whether we can do that first, before signing," and I am pleased to say it was successful.

Q106 **Chair:** We mentioned Perth City Hall; and obviously, anybody who goes into the city centre in Perth will see the mass of activity that's going on there. It's all very good and everybody is looking forward to a redesigned feature in the city centre. But when do you think the general public are going to start to see some of the benefits of all this—the huge amount of spending that is going on in every locality in Scotland?

**Iain Stewart:** As I say, some of the projects are up and running. I alluded earlier to the Clyde regeneration in Glasgow. The Barclays building is sitting there; unfortunately, it has not been used much in the last 18 months or so, but I am hoping that will change very soon. The Edinburgh data projects are up and running and delivering benefits.

The projects are spread over a very long time, so some of them are still at the concept stage and developing. For example, in Orkney and the other islands, we have not yet done the full deal signing; we are awaiting the business cases. But there is plenty to be seen that shows this is actually producing tangible benefits.

**Chair:** Great. Thank you both—unless there are any further questions. We are grateful to you once again, Minister, for coming along and helping us out in this Committee. I am pretty certain we will revisit some of the issues around city growth deals in the future. We know that you will be coming to help us with several other inquiries in the course of the next few months, but for today, thank you once again for your appearance here.