



The James
Hutton
Institute

Briefing: City & Regional Deals

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- City and Region Deals are a highly valued source of funding to support investments that would otherwise be difficult or impossible to realise, particularly for smaller organisations who don't have the financial capacity to undertake transformational change through other means, but where those transformational projects can bring significant and widespread economic benefit far beyond the individual organisation. [In the case of the James Hutton Institute, for example, one of Scotland's leading independent research organisations with a turnover of just £35m is now able to invest £62m from the Tay Cities Region Deal to create internationally significant centres that will deliver world-leading science.]
- We would like to see more such deals to build on the success of the initial deals, which are enabling significant investment to take place. Greater Manchester, for example, has had 7 successive deals that have kept building on the most successful models and projects, to multiply the benefits. We need more follow on funding like this in each of the deals in Scotland to take advantage of the new capacities and capabilities that are being created by just one round of deals in Scotland. Given the lead times for seeking proposals, preparing business cases, and undertaking robust due diligence before approval, we would like to see follow-on funding announced as early as possible. New Green Recovery Deals would be particularly welcome.
- Notwithstanding the significant benefits of the Deals, the relatively fixed drawdown profiles can introduce particular risk in smaller regions where there are fewer and smaller institutions, and fewer and smaller businesses, and so the regions that often need the greatest investment risk being disadvantaged. Additional mechanisms that would allow greater year to year drawdown flexibility would be very welcome, and allow more ambitious projects to proceed in such regions.
- The end to end deal process, including inter-governmental negotiations, can be slow and risks losing the full advantages that could be delivered by more innovative projects, as well as creating extended uncertainty and increased risk around all project timescales and costs – whether through inflation eroding the value of awards before drawdown can begin, or through the risk of unforeseeable disruptions, such as those currently being experienced by projects due to the supply chain impacts arising from a combination of COVID-19 and the EU exit.
- Overall, a more streamlined process, supporting greater urgency and better working together, as well as more flexible viring of funds over time and between deals would de-risk projects, encourage more ambition and accelerate delivery.



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