

Written evidence submitted by Glasgow City Region (CRG0011)

1. What contribution have City Region Deals and Regional Growth Deals made to the development of Scottish Cities and regional economies?

The formal economic impact of the Glasgow City Region (GCR) City Deal is measured via evaluation activity. The GCR PMO is assessing the impact of the Deal for the Gateway 2 Review exercise, currently underway. The impact will be determined through the production of impact assessments for those projects which are fully and/or partly operational and delivering benefits. This information will not be available until Autumn 2024.

However, regular monitoring information is collated and it is likely that the construction spend for the Glasgow City Region City Deal has had a high impact on the Region's economic growth to date.

While the economic impact achieved to date is yet to be determined, the City Region PMO monitors and reports within Quarterly Performance Reports the cumulative targeted economic impacts of the approved City Deal project Outline Business Cases (OBC). The latest monitoring report for Q3 2023/24 shows for the 24 OBCs approved to date, the following economic impacts are expected to be secured:

- £4.374 billion Net Additional Gross Value Added at City Region level by 2035
- 20,278 Total Net Additional Construction Person Years in Employment by 2035
- £2.632 billion Total Combined Follow-on & direct project Private Sector Investment
- A Benefit Cost Ratio (over 25 years) of approved OBCs of 6.32:1.

It is worth noting that the Gateway 2 Review Draft Mid-Term Progress Report also includes subjective feedback from the Lead Officers delivering City Deal projects across the Region. The Report shows that Lead Officers' views, based on the available data, is that all projects are expecting to achieve their targeted benefits.

As part of the consultation exercise to inform the Gateway Review 2 Mid Term Report, survey respondents were also asked to identify whether they observed any direct effects of the development and delivery of the Investment Fund on other local economic development capacity conditions at this point.

In terms of local confidence and commitment of developing and delivering economic interventions, respondents were positive, with all saying that confidence and commitment were either fairly positive or very positive.

Similarly understanding of what works, and the engagement of high-level stakeholders in economic growth, respondents were positive: with 92% saying that the City Region has a fairly or very positive impact on the understanding of economic development, and 85% saying that there has been increased engagement of high-level stakeholders as a result of the Infrastructure Fund.

On overall economic development capacity and partnership, respondents were positive with 77% of respondents saying that the Infrastructure Fund has had fairly positive or better impact on capacity and partnership.

Many of the consultees highlighted their positive stories of the development of the Regional Economic Strategy, which helped build Member Authorities' confidence in creating aligned strategies and pursuing economic agendas which aligned to the priorities outlined at a Regional level.

Further information on attribution of Deal projects will be available following the completion of the impact assessments for the Gateway 2 Review Final Reports.

2. What are the key opportunities and challenges for City Region Deals and Regional Growth Deals in the coming years?

Since March 2020, Glasgow City Region City Deal projects have continued to face a number of significant challenges related to Covid, the wider UK macro-economic environment and the Ukrainian War.

These issues, in common with infrastructure projects being delivered world-wide, have affected project delivery timescales and construction costs and are set to continue into the future.

To mitigate against this, and following permission from the Scottish and UK Governments, a comprehensive review of the Programme has been underway. The review continues and includes monitoring additional costs required to be absorbed by Member Authorities and any possible changes which may be required to projects to address the additional costs they are facing as a result of external factors.

A key point to note is that we remain committed to all of our City Deal projects.

With regards to opportunities, GCR's City Deal programme continues to complement and work alongside other Regional funding and priorities. All three of the Region's Innovation Districts have been underpinned by City Deal funding. Further opportunities through new funding streams, including the Region's Investment Zone and the Clyde Mission, will continue to further expand the City Deal Benefits realisation.

3. How have City Region Deals and Regional Growth Deals progressed since the Committee last examined them in 2021?

GCR's City Deal remains one of the largest and the most advanced of all UK City Deals, with all projects underway and a number already completed.

At the end of December 2023, the GCR Q3 2023/24 Quarterly Performance Report showed:

- a total of £469.1 million (42% of total Infrastructure Funds) had been spent by the eight Member Authorities across the Region since the signing of the Deal in August 2014.
- Of this spend, 272 contracts with a combined value of £150.7 million have been awarded to GCR based companies, bringing business and employment benefits to the Region's construction sector.
- 39 of the Programme's 112 sub-projects are now complete and will either be operational assets creating economic impact (such as Greenlaw Business Centre and Greenock Ocean Terminal) or will be enabling follow-on investment from housing and commercial developers for example to flow into the Region (e.g. Barclays Campus development at the Glasgow Waterfront).

4. What steps have different City Region Deals and Regional Growth Deals taken to implement the recommendations of the 2020 Audit Scotland report?

Following the recommendations of the 2020 Audit Scotland Report, a follow up response was provided by GCR to Audit Scotland which set out in detail the actions which we have taken in response to the report findings, or the processes which were already in place.

A number of these are summarised below.

- We have clear and commonly understood lines of accountability, through our Assurance, Governance and Programme Management Framework which sets out responsibilities of all City Deal partners.
- GCR governance, monitoring and risk management arrangements are subject to ongoing audit and review. Changes take account of any additional UK and Scottish Government requirements, recommendations from individual City Deal audit reports and best practice from other City and Growth Deals. Changes to the Assurance Framework are approved by the GCR Cabinet.

In terms of improvements since the 2020 Audit Scotland report.

- As the City Deal Programme saw projects progress from Strategic and Outline Business Case stage to the procurement and delivery stages, the volume of Full Business Cases (FBCs) which required to be considered and approved by the Chief Executives' Group was set to increase. In recognition of this, in August 2020, the City Region Cabinet gave further delegated authority to the Chief Executives' Group and the Director for Regional Economic Growth respectively to approve minor and moderate Change Control Requests and Full Business Cases with a value below £4.5m. This ensured timeous processing of approvals to allow projects to deliver.
- Following the issuing of guidance by the UK and Scottish Governments on Carbon Accounting and Management, the City Region Programme Management Office has introduced processes to ensure that all City Deal projects have complied with the guidance including the provision of training on Carbon Accounting and Management. Going forward the PMO will introduce mechanisms to monitor the activities which have been undertaken by Member Authorities to reduce Carbon emissions.
- The eight Member Authorities who are responsible for Deal delivery are represented at officer and Elected Member level in all City Deal governance arrangements. A broader group of partner organisations are represented across our Support Groups which seek to maximise the ongoing benefits and legacy of the physical infrastructure developed by the City Deal. Partners include Transport Scotland, Strathclyde Partnership for Transport, Clydeplan, Scottish Enterprise, Skills Development Scotland, Public Health Scotland, Supplier Development Programme, Glasgow Colleges Network. Representatives from higher education institutions (including the Universities of Glasgow and Strathclyde) are providing evaluation support and policy advice to the City Region through the Commission for Economic Growth and the newly established Policy Lab.
- Information on the reasons behind key decisions on funding and project selection continue to be made publicly available. All Strategic and Outline Business Cases and significant changes to any project require to be approved by our Cabinet. Full Business Cases are approved by the Chief Executives' Group (CEG) and the Director of Economic Growth (DREG). Moderate and Minor changes to projects require to be approved by the Chief Executives' Group. Cabinet is notified of all Moderate and Minor changes approved by CEG and FBC decisions made by the CEG and DREG

within the Quarterly Performance Report (QPR). Where a significant change is to be made to a project's scope, a separate paper with full details is also presented to Cabinet. The QPR and all other Cabinet papers are posted on Glasgow City Council's website for the public to access.

- The City Region's Communications and Marketing Manager co-ordinates a regular meeting of the City Region Communication and Marketing Group. The Group has representation from all Member Authorities and the UK and Scottish Governments. The Group schedules regular press releases in local, Regional and national publications around all business case decisions in order to keep the public informed of project progress.
- In terms of improved arrangements for sharing knowledge and learning across deals, GCR PMO officers attend the Scottish Cities PMO Network. We also have regular meetings with colleagues from other PMOs to discuss issues and share best practice.
- With regards to monitoring the risk of partner funding not materialising and the financial implications if that risk is realised, this is included within our Programme Risk Register. It is reviewed and reported to Financial Strategy Group and the Chief Executives' Group on a 6-weekly basis. It recognises that Member Authorities continue to face increased pressures on their capital programmes. The mitigations for the risk include monitoring of overall project costs and funding from all sources as well as City Deal funding. Mitigation also includes ongoing review of project scope to determine where costs can be managed/reduced. Programme Liaison Group meetings and Annual Conversations with both governments continue to be used for discussion on impact of macro socio economic context on realisation of Deal targets and potential options to address these issues.
- A Lessons Learned exercise to determine procurement related issues and remedial activities was undertaken with Member Authorities in early 2022. The sharing of this information across Member Authorities is intended to assist them to learn lessons from the experience of others and avoid issues. This type of knowledge exchange activity is an example of how, by working in partnership, Member Authorities can support and assist one another during challenging circumstances.

5. How do the provision and effectiveness of City Region Deals and Regional Growth Deals compare with similar schemes in England and Wales (such as Investment Zones)?

Glasgow City Region was announced in June 2023 as one of two new Scottish Investment Zones to benefit from investment, tax reliefs and other incentives over ten years for a package of local projects which will further boost the innovation economy.

6. How do City Region Deals and Regional Growth Deals align with other 'Levelling-Up' funding available to Scotland?

A number of local projects which have received Levelling Up Funds are closely aligned to existing City Deal projects, including those being delivered in Inverclyde and Renfrewshire in particular. While Shared Prosperity Fund has been co-ordinated at a Regional level with Region-wide activity underway for three projects, the majority of funds are being used for local projects, with some of this activity also supporting existing City Deal projects.

7. To what degree do City Region Deals and Regional Growth Deals address the right priorities for Scotland? Is there sufficient flexibility in the schemes to tailor the offer to regional needs?

Greater flexibility in how Regional economic funds can be used and the removal/reduction in competitive bidding process for economic growth funding would be welcomed. A single settlement approach as per that agreed with Combined Authorities in England would provide additional flexibility to respond to local and Regional economic priorities.

See below.

8. What policies should the UK Government adopt to foster the success of City Region Deals and Regional Growth Deals in the coming years?

Our ask is for a single pot settlement approach for funding which the Region would then align to delivering and addressing our clearly defined economic challenges and opportunities, through the Regional Economic Strategy.

Our City Deal is moving fast towards completion. We welcome a further Funding Deal in the form of an Innovation Deal, similar to offers for Region's in England. This would build on the strong and successful foundations established by the City Deal infrastructure programme to underpin the Region's three innovation districts, and our established successful Regional working, partnerships, structures and governance.

This, coupled with further devolution of powers, granted through the Scottish Government, in particular in relation to Skills Devolution, would serve to turbo charge the Region's already burgeoning innovation economy, address our key economic challenges, and place the largest Region in Scotland on a stronger competitive footing.

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