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city deals in scotland

Peter Jones, David Hillier and Daphne Comfort look at the characteristics of the developing 'city deal' programmes within Scotland and offer commentary on some of the challenges that the city deal model may encounter

The establishment of the 'city deals' which have become an important element in economic policy within England can be traced back to 2011,[1] but more recently the city deal model has been gaining momentum within Scotland. City deals – essentially bespoke packages of funding and decision-making negotiated between national government and local authorities – are increasingly taking centre stage in promoting economic growth. Each city deal is seen to reflect the needs of individual cities and their surrounding regions, and each has its own distinctive funding and development agenda. In August 2014 the Glasgow City Region Deal was launched, and in 2016 city deals were also agreed for the Aberdeen City Region and Inverness and Highland City Region.

At the time of writing, in April 2017, the six local authorities that make up Edinburgh and the South East Scotland City Region, the Dundee, Angus, Fife, and Perth and Kinross local authorities and Stirling Council were also collectively working on city deal bids to the UK and Scottish governments.

The city deal model would seem to be in harmony with national planning policy within Scotland and, more generally, with the Scottish Government's current thinking on cities. For example, Scotland's third National Planning Framework, entitled *Ambition, Opportunity and Place*, emphasises that 'our spatial strategy provides a growth and development agenda for each of our city regions and highlights where infrastructure investment will be a priority'.[2] In a similar vein, the Scottish Government's vision set out in *Scotland's Agenda for Cities* is 'a Scotland where our cities and their regions power Scotland's economy for the benefit of all'.[3] More specifically, the advent of the city deal programme within Scotland has been welcomed by the UK's leading professional planning body: 'We welcome the announcements on city deals. This could see a city deal for each of Scotland's cities. These should be used to facilitate transformational change and better link infrastructure with new development, using planning as a conduit for this.'[4]

However, despite enthusiastic national and local government, as well as professional, support within Scotland for the city deal model, a number of concerns have been expressed about both the management of city deals and their relationship to planning policy. With this in mind, this article outlines the characteristics of the developing city deal programmes within Scotland and offers a reflective commentary on some of the challenges that the city deal model may encounter.

The city deal programmes

City deals are 'bespoke packages of funding and decision-making powers negotiated between central government and local authorities and/or Local Enterprise Partnerships and other local bodies'.[5] In developing the thinking underpinning the launch of city deals, the UK government suggested that 'cities are the engines of growth and they will be critical to our economic recovery' but argued that 'the new enterprise and employment that the country desperately needs requires a dynamic local leadership to drive economic growth on the ground'.[1] Essentially, a city deal 'is an agreement between government and a city. It gives the city and its surrounding area certain powers and freedom to: take charge and responsibility of decisions that affect their area, do what they think is best to help businesses grow, create economic growth [and] decide how public money should be spent'.[6]

Each city deal is seen as 'bespoke' and as reflecting 'the different needs of individual places' and representing 'a genuine transaction – with both cities and Government offering and demanding things in return'.[7] That said, there have been common goals in that all the deals aim 'to give cities the powers and tools they need to drive local economic growth', to 'unlock projects or initiatives

Glasgow – the Glasgow City Region City Deal aims to 'transform the physical and social landscape'

that will boost their economies' and to 'strengthen the governance arrangements of each city'.[7] O'Brien and Pike have argued[8] that:

> *'City deals have been used primarily to incentivise coalitions of local state actors in several areas to develop strategies and identify and prioritise propositions or 'asks' of UK and devolved governments, to fund, finance and deliver infrastructure, and to formulate and implement new initiatives in policy areas such as skills and business support.'*

The Glasgow City Region City Deal is an agreement between the UK and Scottish governments and eight local authorities across the Glasgow and Clyde Valley area, which has a population of 1.75 million, provides 33% of all Scottish jobs and houses 29% of all Scottish businesses. While the Glasgow and Clyde Valley area is seen to have a range of economic assets, including strengths in financial services, life sciences, engineering, manufacturing and the media and creative industries, the area also faces problems of high rates of long-term unemployment, poor survival rates for new businesses, stalled development sites in key locations and weaknesses in the transport infrastructure. In 'transforming the physical and social landscape' the city deal 'will benefit, people, communities and businesses across Glasgow and the Clyde Valley'.[9]

More specifically the city deal aims to generate an increase of some 29,000 employment opportunities, work with 19,000 unemployed residents and bring 5,500 of these people back into the labour force, secure £1 billion of UK and Scottish government capital funding, lever an estimated £3.3 billion of private investment and spread the benefits of economic growth across the Glasgow City Region.

The Glasgow City Region's Economic Action Plan, launched in February 2017, outlines the 'vision ... for the City Region until 2035', which is described as 'bold and ambitious' and is said to demonstrate a 'shared commitment to growing the economy, creating jobs, increasing productivity and putting inclusive growth at the heart of all we do'.[10]

The strategy includes 11 specific objectives spanning a wide range of agendas, including attracting enterprises and talent, improving the productivity of the diverse business base via increased investment, innovation and exporting, increasing the number of sustainable and high-growth 'start ups', growing supply chain activity, increasing the number of housing and commercial completions, and reducing the amount of derelict and vacant land. In order to deliver on these objectives, eight policy portfolios have been established and will be led by each of the eight local authorities that make up the Glasgow City Region. Glasgow City Council, for example, will lead on inward investment and economic growth, Inverclyde Council will lead on tourism and destination marketing, and East Dunbartonshire Council will take the lead on land use and sustainability.

The Inverness and Highland City Region Deal, agreed in March 2016, aims to provide 'a transformative opportunity to position the area as a region of digital opportunity and strength, thereby enabling the Highlands to be the best digitally connected rural region in Europe'.[11] More generally, the commitments within the city deal focus not only on digital connectivity but also on innovation, skills, air access, road improvements and affordable housing.

Innovation, for example, is seen as an important driver for sustainable long-term economic growth, and both public and private investment are set to target health and life sciences products and technologies, as well as the more traditional economic strengths in tourism, food and drink and the creative industries. The lack of affordable housing is seen by many employers as a serous constraint on their attempts to grow their businesses, and the Inverness and Highland City Deal will see the creation of a 'recyclable loan fund to invest in the enabling infrastructure required to open up large key strategic sites'.[11]

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Dundee – the Tay Cities Deal focuses on inequalities and forging stronger partnerships

The Aberdeen City Region Deal, agreed in December 2016, looks to provide 'a framework for the future economic development of Aberdeen and Aberdeenshire focusing on diversification of the economy into new areas of activity and markets through four programmes areas of: innovation; internationalisation; inclusive economic growth; and investment in infrastructure'.[12]

In looking to the future there is also an eye to the past in that one of the major commitments is to 'developing world class innovation in the oil and gas sector' and the development of a 'new, industry-led Oil and Gas Technology Centre' is seen to be at 'the heart'[12] of the Aberdeen City Region Deal. Here, the argument is that such a centre will 'become the 'go to' centre globally for solving offshore mature basin, subsea and decommissioning technology challenges' and in so doing will 'generate a substantial competitive advantage for both the United Kingdom Continental Shelf basin and the UK supply industry'.[12] The Aberdeen City Region Deal seeks to support innovation in the food and drink and life sciences sectors, provide improved digital accessibility, support the extension of Aberdeen Harbour, and undertake a long-term strategic transport appraisal.

At the time of writing, in April 2017, work was well advanced on agreeing the Edinburgh and South East Scotland City Deal, which covers the Edinburgh City, East Lothian, Midlothian, West Lothian, Fife and Scottish Borders Councils area. Here, the vision is to 'create a region where investment, intellect and culture will fuse to create new ways of doing things', which will see the Edinburgh and South East Scotland City Region 'become the most connected, creative, inclusive and entrepreneurial place in Europe'.[13] The proposed participating local authorities are committed to 'accelerate growth ... across six key themes', namely 'skills, knowledge and innovation, infrastructure, housing, culture, digital'.[14]

In a similar vein, the vision for the Tay Cities Deal, covering the Angus, Dundee City, Angus, Fife, and Perth and Kinross Councils area, is one of 'building on strong foundations, addressing inequalities and forging even stronger partnerships [to] deliver a more prosperous and fairer future for the region', and the focus will be on 'inclusive growth and tackling the challenges our region faces around innovation, internationalisation and connectivity' in order to 'raise productivity', 'close the jobs gap', and 'reduce unemployment'.[15] In June 2016 Stirling Council began negotiations with the UK and Scottish governments with a view to securing a city deal.

Discussion

The developing programme of city deals within Scotland, which embraces the majority of the nation's population, aims to provide an ambitious new approach to economic and urban policy-making, designed to access substantial investment, drive economic growth, share the benefits of that economic growth more widely, and increase both decision-making and accountability within cities and their surrounding areas. That said, while the city deal model has attracted enthusiastic government support, both locally and nationally, within Scotland, a number of issues merit attention – namely accountability and evaluation, the relationship between the local and the national state, the role of planning, and sustainability. In part these issues reflect concerns that have emerged following the launch of city deals in England, and in part they reflect more general concerns.

Given the scale of, and public investment in, the city deal programme, accountability is an important issue. In November 2015, following select committee scrutiny of the first wave of city deals in England, Meg Hillier, Chair of the House of Commons Committee of Public Accounts, argued that 'devolving power and responsibilities carries the risk of weakened accountability. The fact that the Government cannot adequately explain where responsibility lies for the success or failure of city deal programmes should therefore sound an alarm.'[16] She also argued that:

> *'It is also disappointing that there is no effective mechanism for comparing results in different cities, nor to scrutinise the knock-on effects projects in one area might have elsewhere. Taxpayers and indeed the Government are unable to assess precisely the impact of what has been delivered through the Deals so far. This becomes particularly significant if the perceived success of individual City Deal programmes is cited by Government as evidence its overall approach to devolution is working and does not require improvement.'*[16]

At the same time there has, as yet, been little by way of rigorous monitoring and evaluation of the achievements and progress of the city deal model within England. The House of Commons Committee of Public Accounts[16] reported that the 'lack of monitoring and evaluation in the deals makes it difficult to assess their overall effectiveness' and that it is not possible to 'distinguish whether any of the reported figures are new jobs, or whether they have moved from one economic centre to another as a result of these policy interventions'.

In reviewing the first wave of city deals, the National Audit Office[17] concluded that 'delivering the deals will require long-term commitment from government and cities to monitor projects and the deals as a whole', that 'without a shared approach to measuring the impact of the programmes both sides' understanding of their impact will remain limited' and that 'it is too early to say if the deals will have any overall impact on economic growth.'

'Delivering the deals will require long-term commitment from government and cities to monitor projects and the deals as a whole ... without a shared approach to measuring the impact of the programmes both sides' understanding of their impact will remain limited'

In a similar vein, analysis of city deal documentation and interviews with representatives from local authorities, local enterprise partnerships and national government relating to employment and skills[18] revealed that 'several respondents highlighted the need for better access to data to allow them to monitor and evaluate programmes. This in part requires more data sharing among delivery partners and central government departments.' The National Audit Office's review[17] of the first wave of city deals echoed this concern, suggesting that 'the government and cities continue to find it difficult to know what works best in boosting local growth without a robust and shared evaluation approach'.

In its report *Cities and Local Growth* the House of Commons Committee of Public Accounts[19] concluded that 'we are not confident that existing arrangements for the scrutiny at local level of devolved functions are either robust enough or well supported'. Further, the committee stressed the need for 'adequate local scrutiny of these devolved activities', but suggested that 'there is very little resource in lots of local authorities to provide that sort of independent evaluation and scrutiny'.

In the light of these concerns in England, it is important that comprehensive monitoring and evaluation mechanisms are established and maintained as an integral element within Scotland's city deal programme. To this end, it is important to note, for example, the establishment of a joint committee to oversee the implementation and monitoring of the Aberdeen City Region Deal. In launching a call for written evidence on city region deals in April 2017, the Scottish Parliament's Local Government and Communities Committee asked potential respondents, inter alia, about their 'understanding of the governance arrangements for City Region Deals' and about 'how well ... these arrangements [are] working in practice'.[20]

In many ways, the concerns expressed above reflect the reality that the 'City Deals are reworking the role of the UK state internally at the national and local levels and through changed central-local and inter-local (city-regional) relations'.[8] On the one hand this reworking has led to a number of operational and political problems. Within England the House of Commons Committee of Public Accounts,[17] for example, concluded that the Department for Communities and Local Government had 'not made clear who is accountable for public funds that have been devolved through City Deals', and more specifically that 'the Department cannot explain clearly and simply whether responsibility for the outcomes of individual City Deal programmes rests with local or central government'.

More politically, following a series of in-depth interviews with some 32 'lead actors in the City Deals' O'Brien and Pike[8] argued that 'the UK government has been keen publicly to encourage cities and city regions to propose innovative and creative ideas, particularly in relation to infrastructure funding and financing, but privately has been reluctant to sign up to firm proposals that risked undermining the government's overriding political and economic objective of deficit reduction'. The House of Commons Committee of Public Accounts argued[19] 'the rhetoric surrounding devolution is that local areas are the driving force behind the deals' but that 'in practice central government is stipulating certain requirements, such as around local governance, without making them sufficiently clear up front'. Here again there are important insights to be gained for Scotland's city deal programme.

On the other hand the reworking of the role of the state at national and local levels within the city deal model also relates to wider social science debates about the role of the state in economic policy within capitalist societies. Although these debates (considered, for example, by Dear and Clark,[21] Goodwin and Duncan,[22] and Cochrane[23]) are now somewhat dated, they raise some issues relevant to any public review of the city deals. At the national level, Friedmann[24] recognised that 'the State is obliged to play a dual role: it must encourage and support the interests of capital, but it must also prevent those interests from eroding the foundations of a common life', and that this is a 'complex, conflict-ridden role'. Dear and Clark[21] argued that 'the links are much less direct between the local state and the local urban economy than between the national state and the national economy', but that 'an independent local state agenda' may be 'in conflict with an obligatory mandate, which derives from the national state, to implement policies aimed at full sectoral/spatial integration of the national economy irrespective of local interests'.

Such general concerns have not evaporated over time. Knudsen and Boggs,[25] for example, have

'The Aberdeen City Region Deal describes innovation as 'a vital driver of long-term sustainable economic growth', but the term sustainable economic growth seems to be used to refer to securing continuing economic growth rather than explaining how such growth is to be achieved within finite environmental limits'

argued that 'the exact division of labor between different tiers and agencies of the state is open to constant contest and negotiation, and the resultant allocation of state functions is driven by a combination of political, social, cultural and economic considerations. The local state is thus at once an agent and an obstacle to the central (national) state.'

More specifically, in examining the Sheffield City Region Deal, Etherington and Jones[26] highlighted 'the tensions and conflicts between central and local objectives, competition and cooperation and entrepreneurial versus social inclusion objectives and also issues of power and representation'. At the same time, Dear and Clark's concerns[21] that 'local discretionary power might also be confounded by attempts by the national state to slough off its various crises to lower levels of government' and that 'an internal (vertical) adjustment is being made between different levels of government, causing a spatial (horizontal) transfer of crisis responsibility' both still resonate in relation to the city deals.

Arguably more polemically Etherington and Jones[26] use the word 'chimera' to characterise the Sheffield City Deal model, in that it is a state project that is 'imaginative, even dazzling at times, though deeply implausible when unpacked in reality', and one that will not 'sufficiently coordinate effective responses to address a deep legacy of de-industrialisation [and] deep-rooted labour market and social inequalities'.

At a time when 'politicians nationally have presented planning as an inhibitor of growth',[27] the city deals, which seek to drive economic growth, may have important implications for traditional town planning. There are concerns, for example, that development planning, which sets out a local authority's policies and proposals for the development and use of land, will be 'downscaled'[28] as commitments to development agendas are forged within city deal agreements without any specific reference to planning departments. In some ways this downscaling may be exacerbated by 'the rapid downsizing of many local planning departments' as 'local authorities ... are faced with drastic cuts of central government funding allocation'.[28]

As such, the role of planning, which is seen to be 'necessary to address uncertainty and mange complexity'[29] in the development process, may be downgraded. More generally Colomb and Tomaney[28] suggest that 'the most pressing planning issues', namely 'a chronic shortage of affordable, adequate housing', 'the needed improvements in infrastructure' and 'the threat of climate change, resource depletion and natural disasters', all 'demand strategic planning at a scale that may be higher than city or city-region.'

The city deals within Scotland stress their commitment to growth, but there are fundamental, if often unpalatable, tensions between economic growth and sustainable development. In launching the Glasgow Region City Deal the accent was on the public, private and voluntary sectors working together 'to promote economic growth',[30] while, as outlined earlier, in the Glasgow City Region's more recent *Economic Action Plan* there was a major commitment to 'growing the economy'.[10] The Aberdeen City Region Deal describes innovation as 'a vital driver of long-term sustainable economic growth',[12] but the term sustainable economic growth seems to be used to refer to the perceived importance of securing continuing economic growth rather than explaining how such growth is to be achieved within finite environmental limits.

More generally, the concern is that economic growth, dependent on the continuing depletion of the earth's finite natural resources, is incompatible with sustainable development. Higgins,[31] for example, has argued that 'the economic growth we know today is diametrically opposed to sustainability of our planet'. However, the city deal model seems to adopt the more optimistic position that sustainability and continuing economic growth are compatible, not least because continuing improvements in technology will lead to the ever more efficient use of natural resources. Here, 'the orthodox view' is that 'achieving sustainability is a technical issue', requiring 'better knowledge, incentives and technology'.[32]

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David Hillier

David Hillier died on 4 May 2017 following a short illness. For a number of years he was Head of Geography at the University of South Wales and he had longstanding research interests in urban planning, urban design and sustainability. He was a regular, and much valued contributor to *Town & Country Planning*.

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