

## Audit scope

# Scotland's City Region and Growth Deals




ACCOUNTS COMMISSION 

AUDITOR GENERAL 

Prepared by Audit Scotland  
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### Background

The Scottish Government's stated overall purpose, as set out in the National Performance Framework, is to create a more successful country through sustainable and inclusive economic growth. The Scottish Government's [Scotland's Agenda for Cities](#)  strategy sets out details on how cities can drive economic growth for the whole of Scotland by increasing internationalisation, boosting investment and innovation, and supporting inclusive growth.<sup>1</sup>

City Deals were first announced in the UK Government's 2011 white paper, [Unlocking Growth in Cities](#) . It described City Deals as agreements between city regions and the UK Government, allowing cities to drive local economic growth by deciding where to target investment. The first City Deals were launched in eight English cities in 2012.<sup>2</sup> In 2014, the UK Government and the Scottish Government launched the first City Deal in Scotland in the Glasgow region. There are now four signed deals in Scotland (known as City Region Deals), involving

- 1 The Scottish Government defines 'Inclusive Growth' as growth that combines increased prosperity with greater equality and creates opportunities for all.
- 2 There are now 29 agreed deals in the rest of the UK – England (26), Wales (2), Northern Ireland (1).

17 councils and various partners, such as the private sector, universities and Transport Scotland. A further two City Region Deals are in development, involving six councils. Six alternative investment proposals, known as Growth Deals, are being worked on by the remaining eleven councils [Exhibit 1 \(page 3\)](#).

Councils and their partners propose which projects to include in individual deals, based on the anticipated benefits, such as jobs created, to their regional economies. The Scottish and UK governments then decide which projects to fund, typically over a 10 to 20-year period. To date, the Scottish Government has committed over £1.3 billion to the four signed deals. This is supported by an additional £1.6 billion from councils and other partners. Most of the funding for the four signed deals has been allocated to infrastructure projects, although deals also include innovation, employability and skills, technology, housing and digital projects.

### **Why we are doing this audit?**

City Region and Growth Deals involve substantial public-sector investment in Scotland's economy. In addition to the four signed deals, the Scottish Government intends to support a deal in every area of Scotland. Councils and other public-sector partners also provide funding which means that the total investment in deals will be substantial. Our audit will identify the total public-sector spending commitment for deals. It will consider how funding for each deal is determined and how councils are planning to finance deals. It will also consider where this investment is being targeted and what additionality it brings beyond councils original plans.

The City Region and Growth Deal programme will include all 32 councils and numerous partners when it is fully rolled out. The programme is complex given that each deal is unique to its regional context. Deals require significant management from proposal stage through to delivery and this must be managed alongside councils' and partners' other priorities. Our audit will assess the extent to which governance and partnership working supports the effective and efficient delivery of deals. It will also consider how councils ensure that they have the appropriate skills and capacity to manage them.

It is not yet clear what contribution deals will make to Scotland's economy or to the Scottish Government's priority of inclusive economic growth. We will consider the Scottish Government's rationale and expectations for the deals programme and review arrangements for evaluating deal outcomes at national, regional and local levels. We will also consider the role of deals in the economic

development landscape, including how they fit with other policies and initiatives to increase sustainable, inclusive economic growth.

### **What will the scope of the audit be?**

Most deals in Scotland are at an early stage of implementation or development. The overall aim of the audit will be to provide an early assessment of how prepared the Scottish Government and councils are for facilitating and delivering deals. The audit will seek to answer three main questions:

- Is there clarity around City Region and Growth Deals, including their rationale, what partners are involved, level of investment and what they are expected to deliver?
- Are appropriate governance and accountability arrangements in place to manage and monitor deals and to evaluate their impact at a national, regional and local level?
- What progress has been made in relation to City Region and Growth Deals to date and what are the risks to successful delivery?

We will draw our conclusions from the four signed deals and a sample of others, based on deal type and maturity, location and partners involved. We will not review all 32 council's deal arrangements or the progress of individual projects. We will not comment on deals' achievement of long-term outcomes as it is too early to make this assessment.

### **How will we carry out the audit?**

We will obtain evidence for the audit by:


- considering the rationale for City Region and Growth Deals in contributing to the Scottish Governments other economic policies, including the Scottish Government's Economic Strategy, Agenda for Cities and the Enterprise and Skills Review
- reviewing the arrangements for overseeing the City Region and Growth Deals programme, which will include interviewing staff from the Scottish and UK governments, analysing governance arrangements and reviewing documentation, such as programme board reports
- undertaking a sample of case studies involving both City Region and Growth Deals. This will include, where appropriate: speaking to relevant council staff and partners; reviewing documentation such as deal agreements, implementation plans, business cases and risk registers; and analysing financial and performance information, where this exists.

## What impact will the audit have?

The audit will provide an independent assessment of how well the Scottish Government and councils are working with partners in their preparations for deals. It aims to provide assurance to the Scottish Parliament and other stakeholders that public money is being targeted in line with both national and regional priorities. It will also help improve public understanding of deals in Scotland. The audit will highlight good practice and make recommendations to help deals that are in progress and in development. We plan to carry out further audit work to assess the longer-term progress of deals at a later date.

## Audit timing and contacts

We plan to publish in late 2019. We are carrying out the audit on behalf of the Auditor General for Scotland and the Accounts Commission.

For further information, please contact Sally Thompson, Audit Manager on 0131 625 1878 or [sathompson@audit-scotland.gov.uk](mailto:sathompson@audit-scotland.gov.uk) 

## Exhibit 1

### Scotland's City Region and Growth Deals

Deal	Councils involved	Deal type
Glasgow City Region	East Dunbartonshire, East Renfrewshire, Glasgow City, Inverclyde, North Lanarkshire, Renfrewshire, South Lanarkshire, West Dunbartonshire	Signed City Region Deal
Aberdeen City Region	Aberdeen City, Aberdeenshire	Signed City Region Deal
Inverness and Highland City Region	Highland	Signed City Region Deal
Edinburgh and South East Scotland Region	City of Edinburgh, East Lothian, Fife, Midlothian, Scottish Borders, West Lothian	Signed City Region Deal
Stirling City Region	Clackmannanshire, Stirling	City Region Deal in development
Tay Cities	Angus, Dundee City, Fife, Perth & Kinross	City Region Deal in development
Ayrshire	East, North and South Ayrshire	Growth Deal in development
Borderlands	Carlisle City, Cumbria County, Dumfries and Galloway, Northumberland County and Scottish Borders	Growth Deal in development
The Islands	Comhairle nan Eilean Siar, Orkney Islands, Shetlands Islands	Growth Deal in development
Argyll and Bute	Argyll and Bute	Growth Deal in development
Falkirk	Falkirk	Growth Deal in development
Moray	Moray	Growth Deal in development

Note: Fife Council and Scottish Borders Council are each involved in two Deals.



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN  
T: 0131 625 1500 E: [info@audit-scotland.gov.uk](mailto:info@audit-scotland.gov.uk)   
[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) 

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