

UK regional development policies in Scotland: principles and prospects

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City and Growth Deals Programme: Key Principles

- City Region Deals and Growth Deals invest in projects that drive regional economic growth and create jobs.
- The City Region Deals and Growth Deals are agreements between the UK Government, Scottish Government and local partners that invest in cities and economically linked regions of Scotland.
- In Scotland, the City Region and Growth Deal programme started in 2014 when the Glasgow Clyde Valley Deal was agreed.
- The Deals also provide opportunities for joint working between the UK Government, the Scottish Government, local authorities and a range of other partners, including universities.



City and Growth Deals: working collaboratively

- At their heart, City Region Deals are about collaboration. They are a tripartite arrangement between the three levels of Government here in Scotland and have brokered a new way for Governments to work together.
- Deals are locally led, with collaborative working between Councils involved in their City Region or Growth Deal.
- Regular communication takes place between officials in each level of government to review and provide feedback on project proposals, discuss timescales, progress and any issues.
- The UK Government predominantly invests in reserved/shared competence areas (e.g. research and innovation and digital), and Scottish Government devolved areas (e.g. transport and infrastructure, skills and education). Devolved projects UK Government have invested in include the Edinburgh Concert Hall, Perth City Hall and the National Tartan Centre.
- Formal processes ensure continued collaboration between governments to deliver and evaluate deal progress: Scottish City Region and Growth Deal Delivery Board (SCRGDD Board) and annual conversations.



Process of delivering a City or Growth Deal

The stages for each Deal are as follows:

1. Announcement that there will be a Deal (has happened for all areas of Scotland);
2. Quantum Announcement, where the value of a deal is agreed and announced;
3. Signing of the Heads of Terms, where the broad principles of which projects we are prepared to support are set out and agreed; and
4. Signing of the Full Deal agreement, when all partners have agreed a funding profile, governance arrangements and a communications strategy.

City and Growth Deals: Achievements so far

- The City and Growth Deal programme has strengthened UK Government's engagement and partnership working with local areas and cooperation between UK and Scottish Governments.
- Deals have boosted cross-local authority working to deliver for regions.
- In total, the UK Government has to date committed over £1.4 billion to support economic development in Scotland through the City & Growth Deal programme.
- City Region Deals now cover all of Scotland's seven cities and Growth Deals have been agreed for Ayrshire, Moray and the Borderlands.



Glasgow City Region City Deal: Imagining Centre of Excellence (ICE)

- £16 million in the ICE through the Glasgow City Region City Deal, as part of an overall investment of £500m by each Government in the Deal.
- The ICE houses the UK's first ultra-high field 7 Tesla (7T) MRI scanner, strengthening Glasgow's position as a world leader in precision medicine.



Edinburgh and South East Scotland City Region Deal: The Bayes Centre

- The Bayes Centre is one of 5 hubs that are part of the Deal's Data Driven Innovation programme, and is a world-leading centre of expertise in data science and artificial intelligence (AI).
- The UK Government has invested just over £30m in the Bayes Centre and the Scottish Government just over £2m. UK Government is investing all of the 5 technology hubs as part of our £300m investment in the Deal.
- The Bayes Centre was opened by the Princess Royal on 23 October 2018.
- It hosts a community of academic, research and commercial expertise at the University's central campus, working on applying data science to real-world challenges



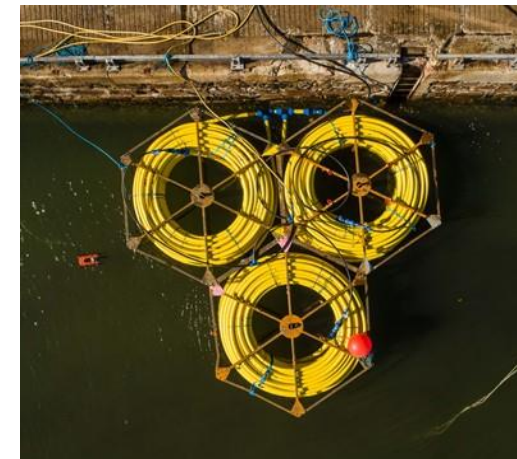
Inverness City Region Deal: Northern Innovation Hub

- The Northern Innovation Hub is a programme of projects to help SMEs in the Highland Council area improve their businesses through innovation focused on four sectors – Life Sciences, Tourism, Food and Drink and Creative Industries.
- The UK Government has invested £11m in the Hub, as part of an overall investment of £53m for the Deal.
- The Hub aims to ensure that higher-skilled and better-paid jobs are created, and that young people will wish to enter or remain in the Highland region, and has a purpose of helping the Highlands become more connected and outward facing, showcasing its unique offering and world-class sectors.



Aberdeen: Oil and Gas Technology Centre

- Launched in February 2017, the Oil & Gas Technology Centre is a not-for-profit, research and knowledge company, which aims to become the go-to technology centre for the oil and gas industry in the UK and globally.
- The UK Government and Scottish Government have each provided investment of up to £90m to the Centre. In total UK Government has invested £125m in projects through the Aberdeen City Region Deal.
- The Oil and Gas Technology Centre is maximising economic recovery from the UK continental shelf, anchoring the supply chain in the North-East of Scotland, and creating a culture of innovation in the region.



City and Growth Deal Programme: Lessons learned

- Monitoring and Evaluation: University of Edinburgh collaborating with Edinburgh and South East Scotland Growth Deal PMO to develop Monitoring Framework, which could be applied to other deals.
- Early stages of Deals: need for sufficient time for consultation and review of projects pre Heads of Terms (HoTs). Need for local areas to provide details of projects early in the process to allow for review and development of proposals in advance of HoTs.
- Facilitating official level workshops between local partners and both governments has provided a valuable forum to discuss and develop business cases and refine project scope.

Other UK Government regional investment: Strength in Places Fund

- UKRI's first place based approach to R&D investment. 4 successful bids received seed corn funding in wave 1 in Scotland:

Project	Lead organisation
Accelerating the 4th industrial revolution across Scotland's Central Belt	University of Strathclyde
Clyde Waterfront Innovation Campus	University of Glasgow
Global Centre of Excellence in Open Banking (COB)	Fintech Scotland
The Living Lab	University of Glasgow

Other UK Government regional investment: Catapults

- Created by Innovate UK, they are a network of world-leading technology centres designed to transform the UK's capability for innovation in areas of strength and drive innovation to promote productivity and economic growth.

High Value Manufacturing Catapult - Glasgow

£504m Total R&D linked to activity in 2018/19

4,650 Innovation support projects in 2018/19

2,469 Projects with SME clients in 2018/19

Offshore Renewable Energy Catapult centre - Fife

SMEs supported
158 in 2018/19

Industry collaborations
120 in 2018/19

Academic collaborations
469 since 2013

Future prospects for UK regional development policy

- **City and Growth Deal Programme:** The Government has a continued commitment to delivering City and Growth Deals for the whole of Scotland. Deals to be negotiated with the Islands, Argyle and Bute and Falkirk, following PM announcement in July.
- **Towns Fund:** £3.6bn announced in July for England; funding 'Barnetised' for Scotland; UK Government to consider with Scottish Government how we can work together, using our powers and funding, to support towns in Scotland.
- **UK Shared Prosperity Fund:** opportunity to review and further develop how we deliver regional policy, drawing on the strengths of EU Structural Funds and considering ways to improve effective delivery for beneficiaries.
- Fund will aim to tackle inequalities between communities by raising productivity, especially in those parts of the UK whose economies are furthest behind.



Future prospects for UK regional development policy

- **Place-based approaches to Research and Innovation:** UK Government January announcement on R&I included launch of a place based strategy to R&D, and work to review the role of Catapults in strengthening R&D capacity in local areas, improving productivity and contributing to greater prosperity across the UK.
- **‘Levelling up’ agenda...**
- **Recommendations of Industrial Strategy Council on Regional Productivity Disparities...**
- **Dunlop Review** into UK Government Union capability...