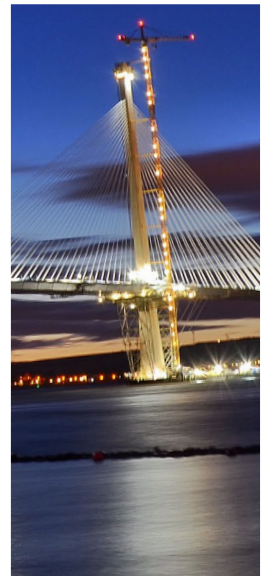
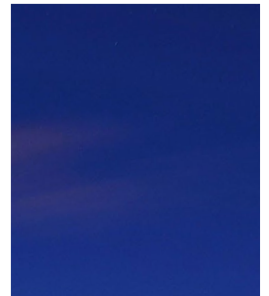
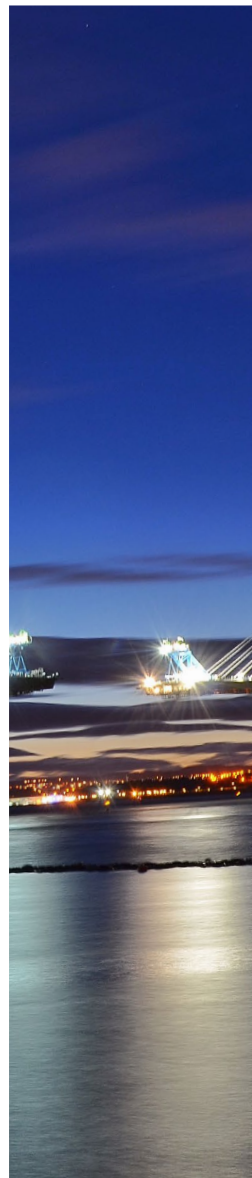
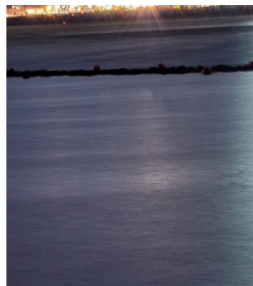
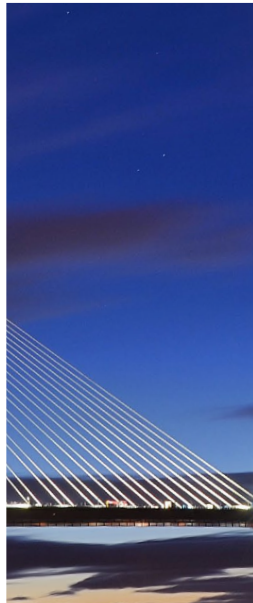
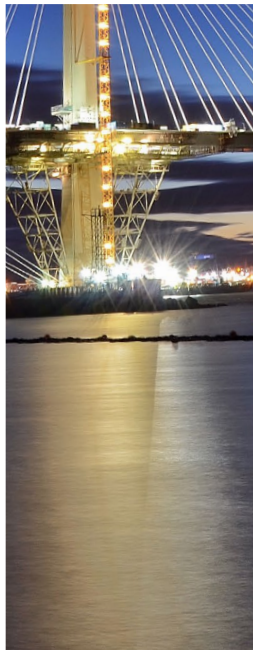
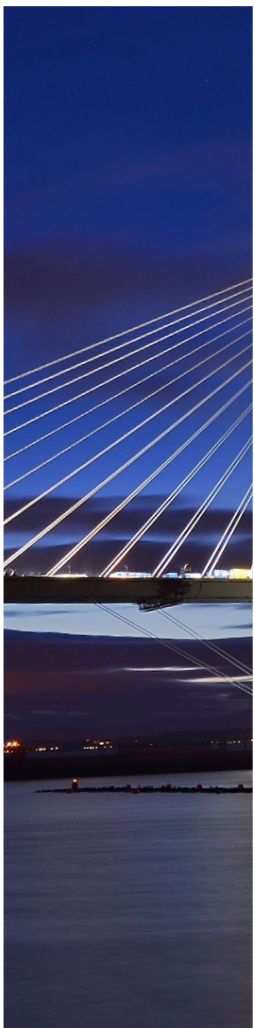




ENTERPRISE AND SKILLS REVIEW: REPORT ON PHASE 2 REGIONAL PARTNERSHIPS



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1. Introduction

In recent decades globalisation has brought major changes in the economic landscape, prompting national, regional and local governments to review established models of economic development and business competitiveness. Scotland has influenced now well-established international evidence which recognises the vital importance of place.

There is a significant and long-standing body of evidence that national economies can benefit from an effective regional tier of governance that can tailor policy and delivery to suit an economically diverse nation¹. Scotland is not only economically diverse, it is geographically diverse, with major urban centres in the central belt whose priorities and needs differ from those of rural Scotland and the Islands. The academic literature on thriving regional economies offers global comparators at a range of scales with specific comparisons made with countries of a similar size/scale to Scotland (New Zealand, Chile, Finland, Belgium) as well as comparisons with the city deal/devolution deal experience in England². From the wide variety of examples illustrated, it is clear that to be effective, regional solutions need to be tailored and bespoke; what works well in one situation, will not necessarily translate well to another.

The Scottish Government has long recognised the importance of thinking about and addressing regional challenges and opportunities. We have a regional enterprise body Highlands and Islands Enterprise (HIE) which is the Scottish Government's economic and community development agency for the north and west of Scotland. From launch in 1965, HIE has forged ahead to foster a successful and competitive region in which increasing numbers of people choose to live, work, study and invest. Building on this the Scottish Government has published an Islands Bill designed to ensure a sustained focus across Government and the public sector to meet the needs of island communities both now and in the future. Recognising HIE's success we have also committed to a further regional enterprise body to meet the unique needs of the South of Scotland which will take forward a range of activities to drive forward the economy and maximise the area's contribution to Scotland's inclusive growth³.

These are formal structures set out in legislation which are designed to meet the requirements of the particular regions concerned given their particular needs. **However in the rest of Scotland we want to encourage the development of regional economic partnership arrangements which are self-assembled around the bespoke requirements of particular regions. These will build and expand on the experiences, structures and learning from City Deals and we envisage that these partnerships will evolve over time and will be underpinned by the participation of the region's key private, public and third sector interests including Community Planning Partnerships (CPP), universities and colleges.**⁴

1 The Centre for Urban and Regional Development Studies (CURDS) as noted in evidence to the UK Parliament in 2005-06; David Skilling report to the Enterprise and Skills Review 2016; Policy Scotland's response to the Scottish Parliament's city deal inquiry 2017.

2 "Fiscal devolution and Scotland's cities: 'double devolution' and optimising urban investment" Fraser of Allander, December 2016, <https://pure.strath.ac.uk/portal/en/publications/fiscal-devolution-and-scotlands-cities/faacd115-c6c5-4807-a49e-755126f4ff8c.html>

3 Enterprise and Skills Review, Phase 2 Project Report. South of Scotland Vehicle

4 Key Regional Partners, Annex D

This report identifies the key attributes of successful partnerships and a series of actions: for regional partnerships, for national agencies and for Scottish Government. Taken together, these actions are designed to better align our combined resources to support regional partnerships to deliver improved inclusive economic outcomes across their regional economies.

Regional Partnerships and City Deals

Across Scotland our city region travel to work areas generate two thirds of our Gross Value Added (GVA) and are home to over half our population. If our cities and their regions thrive, then all of Scotland benefits. Scotland's cities and their surrounding regions represent the most significant concentrations of economic assets in the country. City Region Deals act as enablers to unlock these assets in order to fully realise their potential, drive economic growth and maximise impact. The Deals are designed to enhance alignment between national, regional and local ambitions, strategies and resources. By empowering Local Authorities to operate strategically with their partners at a regional level, the Deals encourage collaboration across and between cities and their surrounding areas to build their international competitiveness and wellbeing. The Deals also provide opportunity for greater private sector involvement complemented by strategic alignment of public resource behind those projects with the greatest economic potential for the region.

Scotland's Agenda for Cities⁵ reinforced the importance of cities working in close partnership with their regions – with collaborations and partnerships developing between local authorities, colleges and universities, businesses and with other public sector partners. It made a commitment to subsidiarity, to local decision-making and to supporting city region deals for all Scotland's cities, recognising the value of the regional collaborative partnerships forged as part of the deal process. As noted in the Policy Scotland submission to the Scottish Parliament⁶ "City Deals reflect a determination to move past 'one size fits all' policymaking, to allow interventions to be geared to the unique needs of local places". As part of the deal process, each city region develops its own bespoke regional governance, drawing in collaborative partners as appropriate and geared to its unique need. A number of city regions have established the basis of a regional partnership to develop or deliver these deals. More information about current and emerging city region deals is in Annex A.

Other Regional Partnerships

The move to build stronger regional economies has already evolved beyond City Deals. An 'Ayrshire pathfinder' was established as part of this project. The pathfinder is considering what is best delivered at local, regional and national levels. It is building on earlier collaborative work involving the three Ayrshire councils, and with full input from national agencies, to develop proposals for an Ayrshire Growth Deal. The Ayrshires are also examining opportunities to strengthen their approach to growing the economy. The pathfinder is utilising an inclusive growth diagnostic to systematically investigate the constraints to unlocking regional inclusive growth.

5 Refreshed in March 2016 <http://www.gov.scot/Publications/2016/03/3178>

6 Policy Scotland's response to the Scottish Parliament's city deal inquiry 2017.

Other areas are developing active partnerships to address opportunities across a smaller geography. The Falkirk Economic Partnership, for example, brings together the public and private sector to agree and deliver the Falkirk Economic Strategy. This partnership, led by the Council, is built on strong and effective relationships with business to address the needs of this area which includes one of the most important industrial complexes in Scotland.

The Scottish Government welcomes the different approaches that have been adopted to responding to issues critical to the economic health of the region concerned. We welcome this diversity and see strength in locally driven responses tailored to the needs of the area. Annex B and C provide further information about the Ayrshire pathfinder and emerging economic partnerships outside the city regions.

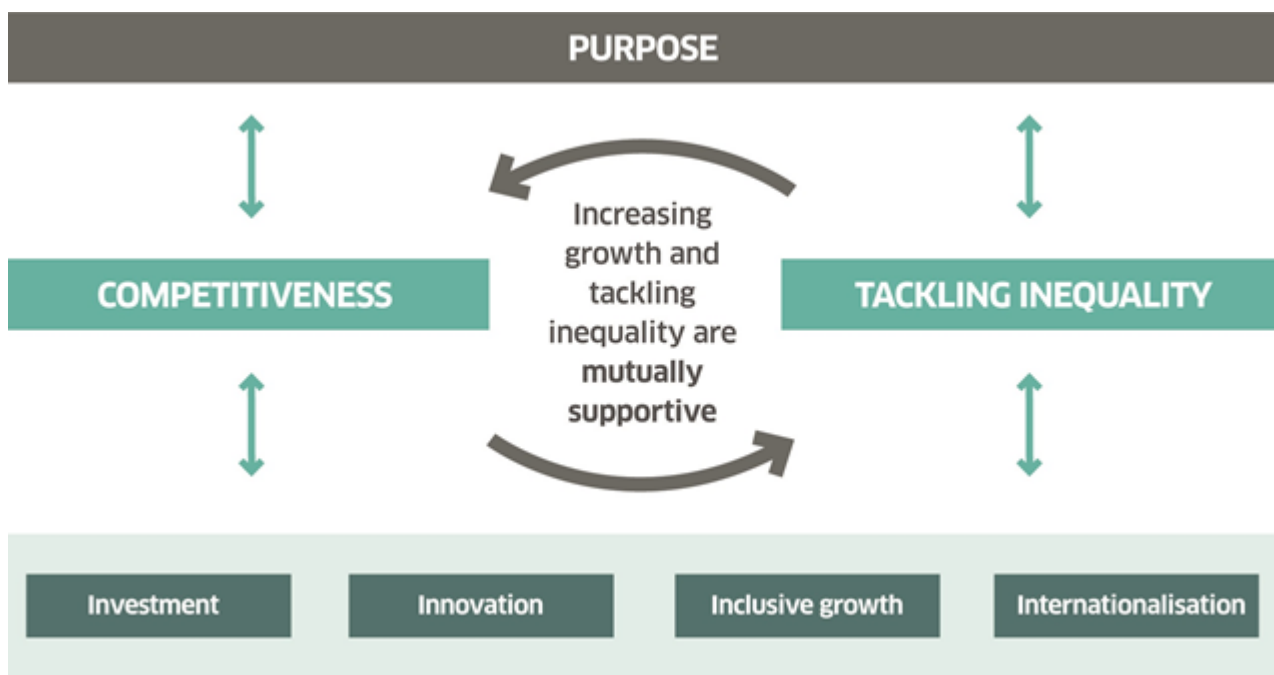
We also recognise that the emergence of regional partnerships has demonstrated the need for an approach that better understands regional strengths and opportunities, enabling a more tailored response at both the regional and national level.

2. Purpose, vision and benefits

Inclusive growth

Scotland's Economic Strategy, published in 2015, set out our ambitions for achieving productive and inclusive sustainable economic growth. Its two mutually supportive ambitions of boosting competitiveness and tackling inequalities are underpinned by the four key strategic priorities to drive economic growth – Investment, Innovation, Internationalisation and Inclusive Growth (figure 1).

Figure 1



The introduction of Inclusive Growth as a central component of Scotland's economic strategy set out the case for ensuring an economic agenda that gives prominence to driving economic growth and productivity across all of Scotland's regions, places and communities.

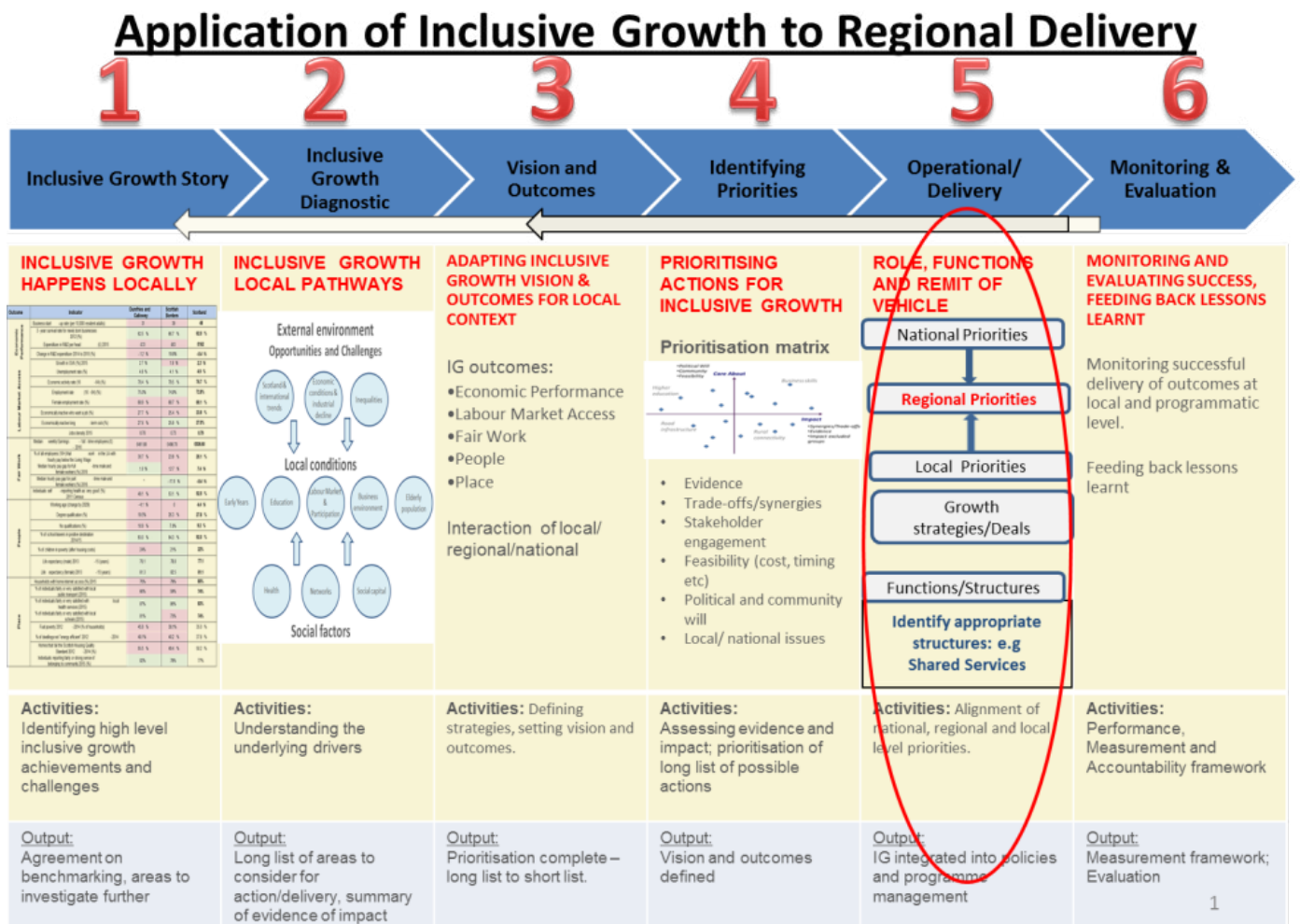
Within Scotland, disparity in the rate of economic growth and output varies considerably between regions, local authorities and places. International evidence supports the view that growing inequality is harmful for long-term economic growth. Ensuring that all regions and communities can prosper is fundamentally important for Scotland's overall economic performance and to build the country and society we wish to see. This can only be achieved by successfully creating the conditions that enable all areas to have the opportunity to contribute to, and benefit from, economic success. **This notion of inclusive growth has prompted the Scottish Government to consider a more holistic approach to economic development, requiring a sharper focus on actions that support and maximise regional and local economic development opportunities.**

The Government's inclusive growth ambition seeks to:

- Support strong and productive inclusive economic growth across Scotland.
- Maximise the opportunities of places that have been disadvantaged by adverse impacts of economic change.
- Spread the benefits of growth more evenly within and across different parts of Scotland.
- Ensure economic and socially sustainable communities.

Making the transition to a more productive economy and inclusive society requires an understanding of issues and drivers of growth and inclusion at all levels. This must be complemented by solutions which will address the challenges of productive economic growth in different parts of the country. The Inclusive Growth regional level framework⁷ has been developed as part of this project by applying and testing it across a number of economic geographies – including North Ayrshire, pan-Ayrshires (as part of the regional pathfinder work), South of Scotland and some City regions. The framework is summarised in figure 2 below.

Figure 2



The early findings of the Ayrshires analysis for the region identifies common challenges and opportunities within that economic geography. This suggests there may be scope to respond collectively across a number of areas.

7 The framework is built upon an evidence-based assessment of the economic needs of a defined economic geography. This assesses and prioritises actions to drive economic growth by examining constraints and opportunities of sectors, businesses, communities, places and individuals (stages 1-2). This enables a vision for economic growth and outcomes to be defined, recognising the specific ambitions and requirements of that economic area, be it local, regional or national (stage 3). The framework seeks to prioritise actions for inclusive growth (stage 4) by combining deliverability criteria against economic impact (where economic impact is measured through criteria of productivity/growth, inclusion and sustainability). This approach is then used to stimulate thinking and discussion around effective alignment between national, regional and local priorities and policies and to inform consideration of most appropriate delivery structures (stage 5). Setting up appropriate monitoring and evaluation of outcomes and ensuring sharing of robust data and intelligence is essential to assessing progress (stage 6).

The Scottish Government recognises that many of the activities set out in the regional inclusive growth delivery model are already in play in many parts of Scotland with much of the activity led by local authorities and their partners, as well as the universities, colleges and the private sector. We support this but want to encourage a more consistent use of the framework within and across regional economic partnerships going forward. **For future city deals and other types of regional growth deal focussed on place, we will expect the prioritisation process to have been informed by the inclusive growth model and will give weight to activities which score well in inclusive growth terms.**

We also recognise the vital importance of being able to measure success in terms of the five high-level outcomes for inclusive growth in Scotland. Those being:

- **Economic Performance and Productivity** – Economic growth is resilient, sustainable, and inclusive.
- **Labour Market Access** – Improved access to labour markets and jobs, inequality of opportunity to access work is addressed, and everyone is able to maximise their potential⁸.
- **Fair Work** – Fulfilling, secure and well-paid jobs, where employees' contributions are encouraged, respected and valued⁹.
- **People** – Economic benefits and opportunities are spread more widely across Scotland's population, with lower poverty levels, and more equal income and wealth distribution.
- **Place** – More economic opportunities across Scotland's cities, towns, regions and rural areas, ensure sustainable communities.

We are developing an Inclusive Growth Monitoring Framework which will incorporate clear indicators to measure progress towards these outcomes. This is being taken forward as part of the work to refresh the National Performance Framework.

Given the clear commitments in all region deals we will expect future monitoring of City and Growth deals to be informed by this work. We will also expect regional partners to produce annual monitoring reports including assessments against these outcomes, utilising the emerging framework.

Creating the conditions for success

We want a Scotland characterised by the different models of economic partnerships which local circumstances suggest will best stimulate local economies; we want to deliver improved regional economic performance which is also inclusive and to ensure enterprise and skills services can be delivered at the most appropriate level for the end user.

Across Scotland partners are working together to identify opportunities to make a difference and improve outcomes for local people. Different models of partnership responding to regional needs and priorities have emerged, and we welcome this flexibility¹⁰.

8 This outcome focuses on the experiences and outcomes of those who are seeking work or are outside the labour market and overcoming barriers (e.g. training and skills, transport, childcare, recruitment, and employment practices).

9 This outcome focuses on conditions when in employment: the types of jobs there are, and how employers treat employees. Also including progression and in-work training.

10 Annex A and B

The establishment of regional partnerships has been supported by local partners recognising the opportunities that come in working across boundaries and supported by agencies building on their CPP contributions. That bottom-up approach is key to their success, delivering clear local leadership and empowerment. Prescription of a national model would undermine that. While we support the emergence of regional approaches developed to suit regional circumstances, this review sought a means to bring structure to the range of approaches being developed, to secure greater long-term impact, improvement and support best practice.

Analysis of existing partnerships suggests there are certain characteristics which make successful partnership delivery more likely. **Moving forward we expect that partnerships seeking government support for investment will provide clear evidence of all of the following:**

- **Leadership** – strong leadership across the public, private and third sector which fosters a culture of genuine trust and deep collaboration, develops a vision for the region, drives action and rallies support.
- **Strategy** – a clear and compelling economic vision co-produced and owned by the partners which clearly articulates their respective roles and contribution.
- **Understanding** – A deep understanding of the assets, challenges and constraints of the regional economy; A plan for the regional partnership derived from this and a measurement framework which allows progress to be tracked.
- **Purpose** – a commitment to add value to the activity already undertaken by the Scottish Government and partners within the region to achieve greater benefit for the regional economy by aligning partnership assets and investment.

Our experience and international comparison tell us that these attributes are better able to stimulate growth by:

- Identifying synergies and common priorities across the region for co-ordinated and focused action designed to deliver growth.
- Embracing private sector leadership, expertise and networks to amplify growth opportunities and co-design the support necessary to unlock the full potential of the area, its businesses and people.
- Strengthening connections between schools, colleges, businesses and the enterprise and skills development system.
- Decluttering the landscape for service users, improving integration and awareness of the full suite of support available, including private and third sector provision.
- Increasing the potential to maximise economic benefit from all regional assets and developing clusters of strength.
- Helping align activity such as strategic spatial planning of development and infrastructure planning.

While recognising that business leaders may face time constraints associated with running their businesses, ensuring active and engaged private sector partners help lead, shape and deliver the priorities of any existing or future Partnership is key to their success. **For this reason moving forward the Scottish Government will expect private sector representation on regional partnerships, in most circumstances and certainly where government investment is sought.**

Governance

Good governance is at the heart of all successful organisations and should deliver clarity and confidence for partners and stakeholders. It can help empower a partnership and ensure clear roles and responsibilities. In considering legal forms of governance partners must be clear about the purpose, deliverables and necessary capacities of the partnership. There is a range of options that a regional partnership could adopt including:

- A Partnership Agreement, underpinned by a Memorandum of Understanding.
- A Joint Committee of councils, possibly accompanied by Partnership Agreements regulating wider partners' commitment.
- A Limited Liability Partnership.

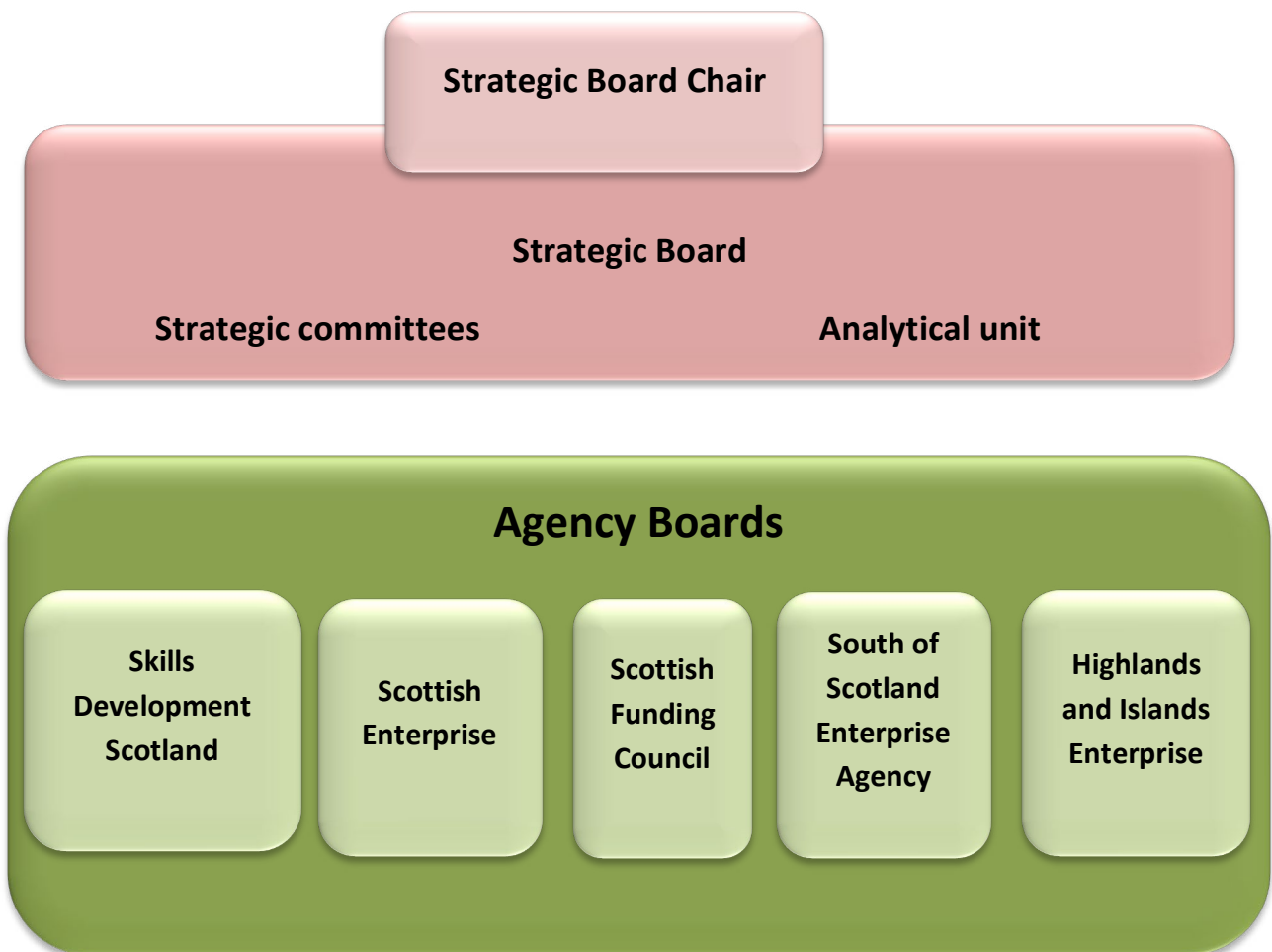
Until now most regional partnerships have taken the form of a Joint Committee under the Local Government (Scotland) Act 1973. A joint committee of this sort has the scope to assume responsibility for a range of local authority functions. It also enables members from outwith a local authority. This structure helps to deliver democratic accountability. However, what is key is that the legal structure helps and does not hinder the partnership delivering effectively. We will not be prescriptive about what the right legal structure is for a Partnership, but we expect every partnership to have carefully considered its legal structure and to demonstrate that its structure enables clear governance and clarity of roles.

3. Implementation

The aim of our Enterprise and Skills Review has been to enhance the system of support for enterprise, skills, investment and innovation. We want a system that contributes to a step-change in Scotland’s economic performance. Recognising the importance of supporting regional economies we will ensure that the needs of Regional Partnerships are aligned and integrated with the wider implementation of the Enterprise and Skills Review.

Phase 1 of the Review committed to establishing a new Strategic Board to deliver greater collaboration, innovation and common purpose across the agencies. The role and operation of the new Strategic Board is set out in more detail elsewhere¹¹. Its structure is described in the diagram below. It will have an important role in aligning activity across the whole enterprise and skills system to drive a step change in performance, locally, regionally and nationally. As an early task it will consider and report on opportunities for national and regional structures to work together more effectively to deliver the step change necessary for Scotland to become a top performing OECD country.

Figure 3 – Structure of Strategic Board



¹¹ Enterprise and Skills Review, Phase 2 report

Regional data

Regional data requirements will be considered as part of the work of the analytical unit supporting the new strategic board. This will build on existing regional data, like that utilised in Regional Skills Assessments delivered by SDS, and will sit alongside the development of an asset register to identify the spatial distribution of economic, education and skills assets across Scotland.

Regional partnerships will also need good data and intelligence and **we will work with others, including universities with particular strengths in regional economics, to consider how best to establish a data hub which regional partnerships may use in analysing their local circumstances, compiling their plans and managing their activities. This will also look at the most appropriate ways to measure impact complementing the Scottish Government Inclusive Growth Diagnostic and forthcoming measurement framework and will include opportunities for knowledge exchange.**

The Scottish Government will align itself to work effectively across regions with a clear understanding of the strengths and opportunities at a regional level. We are looking at options for strategic spatial planning to ensure that it best serves the need to drive inclusive and sustainable economic growth across Scotland. Future iterations of the National Planning Framework could support this by including greater coverage of regional priorities. We will continue to consider the relationships between regional partnerships and strategic planning as we develop proposals for a Planning Bill.

We also intend that stakeholders across Scotland, including at regional level will be given a greater say in influencing the development of transport policy. This will influence the transport system for the whole of Scotland over the next 20 or so years. It will also consider regional transport governance.

To further strengthen the regional voice in strategic economic and business support policy development we will ensure that regional partnerships are represented at the National Economic Forum which facilitates discussion between Ministers and senior business leaders on issues of strategic economic importance.

Economic Agencies

Our agencies are committed to ensuring that the needs of existing and emerging Regional Partnerships are aligned and integrated with the wider implementation of the Enterprise and Skills Review. Utilising their expertise and experience they have played an important role in shaping how Regional Partnerships can deliver the maximum impact locally, regionally and nationally. To support Regional Partnerships in an operational context our Enterprise and Skills Review will engage effectively across Scotland. Their contribution to this project indicates they can – and want to – do more to respond more flexibly to local and regional needs.

Moving forward they will:

- **Ensure issues of regional equity are taken into account in project appraisal and business planning and that activity regularly reviewed against regional and inclusive growth impacts.**
- **Ensure national products or services are tailored to regional conditions, making sure they both contribute to national strategies and dovetail with local delivery.**

- **Proactively engage with regional partnerships, offering clarity on the resources deployed in a region and discussing regional priorities.**
- **Support the development of a regional asset register to inform, amongst other things, regional economic strategies and set out agreed roles for agencies in support of these.**
- **Collaborate with the private sector, local and regional partners to produce Investment Plans and Regional Skills Assessments.**
- **Convene regional economic forums to ensure on-going private sector engagement with regional partnerships.**
- **Establish a strategic location director approach to lead and shape national agency engagement with regional partnerships.**

Local Government

The Scottish Government will invite local authorities to consider how their economic development activity contributes at local, regional and national level and how this can best be developed in line with the principles of the Christie Commission. **Our shared ambition is to see tangible progress on inclusive growth and the Scottish Government will welcome proposals that demonstrate how advancements can be made at pace.**

Scottish Government

The Government's support for partnerships will be focused on facilitation and alignment. We will ensure that the needs of existing Regional Partnerships are aligned and integrated with the wider implementation of the Enterprise and Skills Review¹².

For example the need for consideration of regional equity in agency business planning is recognised in the Business Support project. The new analytical unit¹³ will work with local and regional structures to ensure a coherent evidence base for the whole system. The International Project recognises the importance of coordination and cooperation at local, regional and national levels and the Skills Alignment project sets out an aim for SDS and SFC to focus support on the user, balancing national priorities with regional ambitions.

We will map the development of Regional Partnerships and encourage new locally led activity to address any geographical gaps. Over time we want a pan-Scotland network to emerge, delivering at local, regional and national levels. Working with our partners in local government and more broadly, we will develop plans for every community to be represented by a regional partnership on the economy in their area. We will work with COSLA and the Scottish Local Authorities Economic Development group (SLAED) to support this at local level and with the Strategic Board to ensure this network is able to deliver its full potential, supported by the Enterprise and Skills Agencies.

We will foster a collaborative environment across these regional partnerships by building inclusive networks. This will enable representatives of each regional partnership to come together to discuss challenges, share experiences and learn from each other.

Sharing of best practice and promoting the benefits of regional partnerships will encourage a deepening of partnership working. This will be supported by using the Scottish Government website to host information on the aims and successes of regional partnerships.

¹² Enterprise and Skills Review, Phase 2, project reports.

¹³ Enterprise and Skills review, Phase 2, Data and Evaluation.

Developing effective regional partnerships with a focus on place, can and should support and deliver transformational economic and inclusive growth locally, regionally and nationally. These actions will help make that happen.

Conclusion and next steps

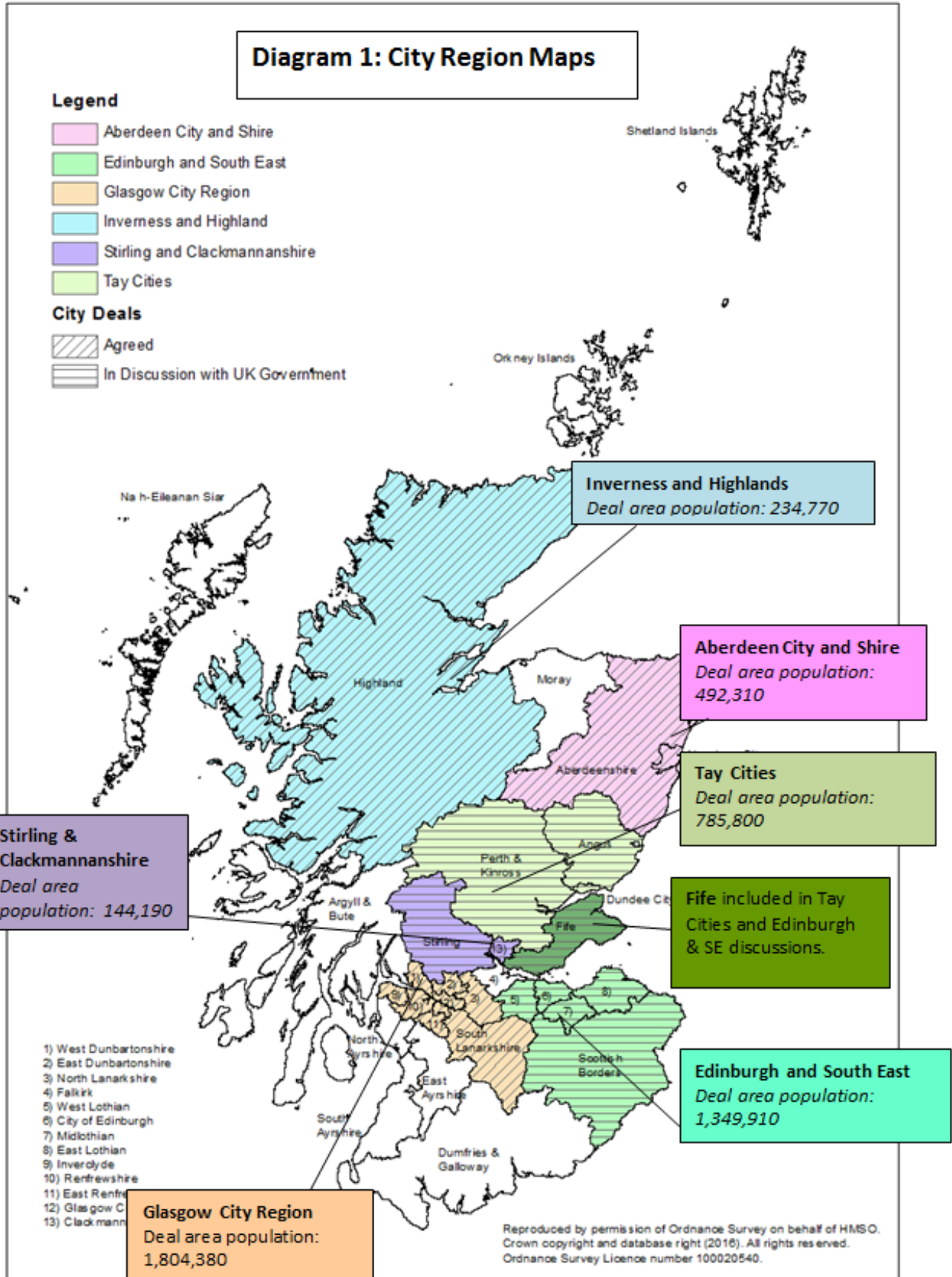
The Scottish Government has long recognised the importance of thinking about and addressing regional challenges and opportunities. There are already formal structures such as HIE which are designed to meet the requirements of particular regions of Scotland and our commitment to a new South of Scotland agency will expand this provision further. However to complement these, and deliver improved inclusive economic outcomes across their regional economies we see a need to support and encourage the development of regional economic partnerships which, building and expanding on the experiences, structures and learning from City Deals, are self-assembled and tailored to the bespoke requirements of each region.

We will do this by working with public, private and third sector partners to:

- Welcome the development of self assembled, bespoke regional economic partnerships.
- Ensure our Economic Agencies tailor their products and services to regional conditions and work constructively with partnerships.
- Utilise the inclusive growth model to inform the prioritisation of projects within city and regional growth deals, and ensure this is reflected in annual monitoring reports.
- Ensure partnerships provide evidence of clear leadership, strategy, understanding and purpose.
- Ensure private sector representation on regional partnerships where Government investment is sought.
- Establish a data hub to enable robust analysis and impact measurement for regional partnerships.

Annex A

Regional Partnerships: City Regional Deal Structure



GLASGOW CITY REGION

The Glasgow City Region deal was signed in August 2014. It includes a 20 year £1.13bn infrastructure investment alongside smaller scale investments in innovation, in employability and skills. The fund includes £500m from the Scottish Government, £500m from the UK Government and £130m from local authorities. Private sector contributions are not articulated in the deal.

It is governed by the Glasgow City Region Cabinet, a Joint Committee constituted in January 2015 comprising the elected local authority leaders from:

Glasgow City Council	Renfrewshire	East Renfrewshire
East Dunbartonshire	West Dunbartonshire	Inverclyde
North Lanarkshire	South Lanarkshire	

The Cabinet is responsible for strategic decision-making and leadership in relation to the Glasgow City Region City Deal. It is responsible to the UK and Scottish Governments for project selection and delivery of the deal itself. In addition the Cabinet will deal with issues relating to economic regeneration across the Glasgow City Region, and any other areas of activity agreed by them.

The Cabinet is chaired by the leader of Glasgow City Council and meets every eight weeks in public. The Cabinet is supported by a group made up of the eight Chief Executives from the Member Authorities. This Chief Executive Group takes operational responsibility individually (for activity within their local authority area) and collectively across the Glasgow City Region for the overall supervision and management of the City Deal and for monitoring performance of delivery.

An Assurance Framework underpins the governance of the City Deal. This sets out the decision-making arrangements for the Glasgow City Region Cabinet, governance structures, and key processes for ensuring accountability and compliance.

Building on the collaborative approach to City Deal projects, Glasgow City Region has developed an Economic Strategy and Action Plan¹⁴ setting out a shared longer term economic vision for the region. Development of a Regional Intelligence Hub to inform member authority and partner interventions and investments was an early action prioritised in delivering the strategy.

¹⁴ <http://www.glasgowcityregion.co.uk/CHttpHandler.ashx?id=19520&p=0>

ABERDEEN CITY REGION

The Aberdeen City region deal was signed in November 2016. It is a £826m funding package comprises £125m from the Scottish Government and £125m from the UK government, £44m from the local authorities and their regional partners, and £532m from the private sector. The investment over a 10 year period supports a package of measures including: a new, industry-led Oil and Gas Technology Centre; an Agri-Food hub for innovation; a Biopharmaceutical hub for innovation; investments in digital and transport; and support for the harbour expansion.

Aberdeenshire Council acts as the Accountable body for the deal and supports the Joint Committee created under sections 56 and 57 of the Local Government (Scotland) Act 1973. The Joint Committee is responsible to the UK and Scottish Governments for delivery of the deal. Voting members on the Joint Committee will consist of:

- Three elected members of Aberdeen City Council.
- Three elected members of Aberdeenshire Council.
- Three members of Opportunity North East (ONE).

The Joint Committee is responsible for recommending the project business cases to partners for approval. Subject to approval being granted the Joint Committee is responsible for approving expenditure within agreed budgets allocated by the constituent authorities.

The Joint Committee is supported by a Programme Board made up of senior officer representatives from Aberdeen City Council and Aberdeenshire Council, the Programme Manager and representatives from ONE, NESTRANS and Scottish Enterprise. The Programme Board is supported by an Enabling Group comprised of a pool of organisations with expertise and knowledge of the projects to be supported by the City Region Deal.

INVERNESS AND HIGHLANDS CITY REGION

The Inverness and Highland City region deal was signed in January 2017. It comprises £315m over 10 years, with £135m from the Scottish Government, £53m from UK government, and £127m from the Council and regional partners. Private sector contributions are not articulated in the deal. The package of measures include transport, housing, skills, infrastructure and tourism projects.

The Highland Council acts as the Accountable body for the Inverness and Highland City Region Deal and is responsible to the UK and Scottish Governments for the delivery of the deal. The Council's Planning, Development & Infrastructure (P,D&I) Committee ensure compliance with the City Region Deal; approve business cases for Council-led projects; approve final project funding allocations; scrutinise and monitor progress and programme spend; and approve match funding contributions for Council-led projects.

A Programme Board, through which the lead organisation for each specific project will report, has been established to support the Council's PD&I Committee. The Programme Board comprises the lead officers for each project, a representative from the Finance Service and a representative from the business community and representatives from the Scottish and UK Governments. The Programme Board is chaired by Highland Council's Director of Development and Infrastructure.

A City-Region Deal Scrutiny Board has also been established comprising the Leaders of the Council's political groups or their nominees to review and monitor the business cases and associated detailed documentation prior to reports being submitted to the PD&I Committee. In addition, the Highland Economic Forum, made up of representatives from across the region's public agencies and private sector, will provide an advisory forum on the implementation of the Deal.

EMERGING CITY REGION DEALS

Other city regions are currently working together and engaging the Scottish and UK governments to secure deals for their region.

EDINBURGH AND SOUTH EAST SCOTLAND

City of Edinburgh along with Fife, Scottish Borders, West Lothian, East Lothian and Midlothian are in discussion about a City Region Deal for the area and are developing a governance structure based on a Joint Committee with representation from each local authority, businesses and Higher Education. The Committee will be supported by an advisory Business Leadership Council and an Executive Board comprising representatives from the six local authorities as well as colleges and universities.

A Joint Committee of the Leaders of each local authority, along with business and Higher Education representation will oversee delivery of the Edinburgh Region City Deal and will examine the potential for assuming further strategic responsibility in related areas.

A new cross-regional Business Leadership Council will be established to bring together voices from across the private sector. An Executive Board of the six regional local authority chief executives and the local authority directors with a remit for the economy, plus a representative for the region's universities and colleges, and a programme management officer function has already been formed. The Board has responsibility for overseeing the development and prioritisation of propositions.

TAY CITIES

Dundee, Perth & Kinross, Angus and North Fife have published their plans for the Tay Cities Region Deal comprising two parts, a 20 year Regional Economic Strategy and proposals for a Tay Cities Region Deal.

To steer the delivery of this strategy, facilitate the devolution of powers, and to provide governance for the city deal, the four Councils have already approved in principle the establishment of a Tay Cities Joint Committee. Membership will comprise elected members from all four local authorities and representatives of the private sector, the higher/further education sectors and the voluntary sector.

To support, challenge, inform and debate the implementation of a Regional Economic Strategy (and the Tay Cities Deal) a new Regional Business Forum comprising senior leaders from the private sector has been established. The Regional Business Forum will be represented on the Tay Cities Joint Committee.

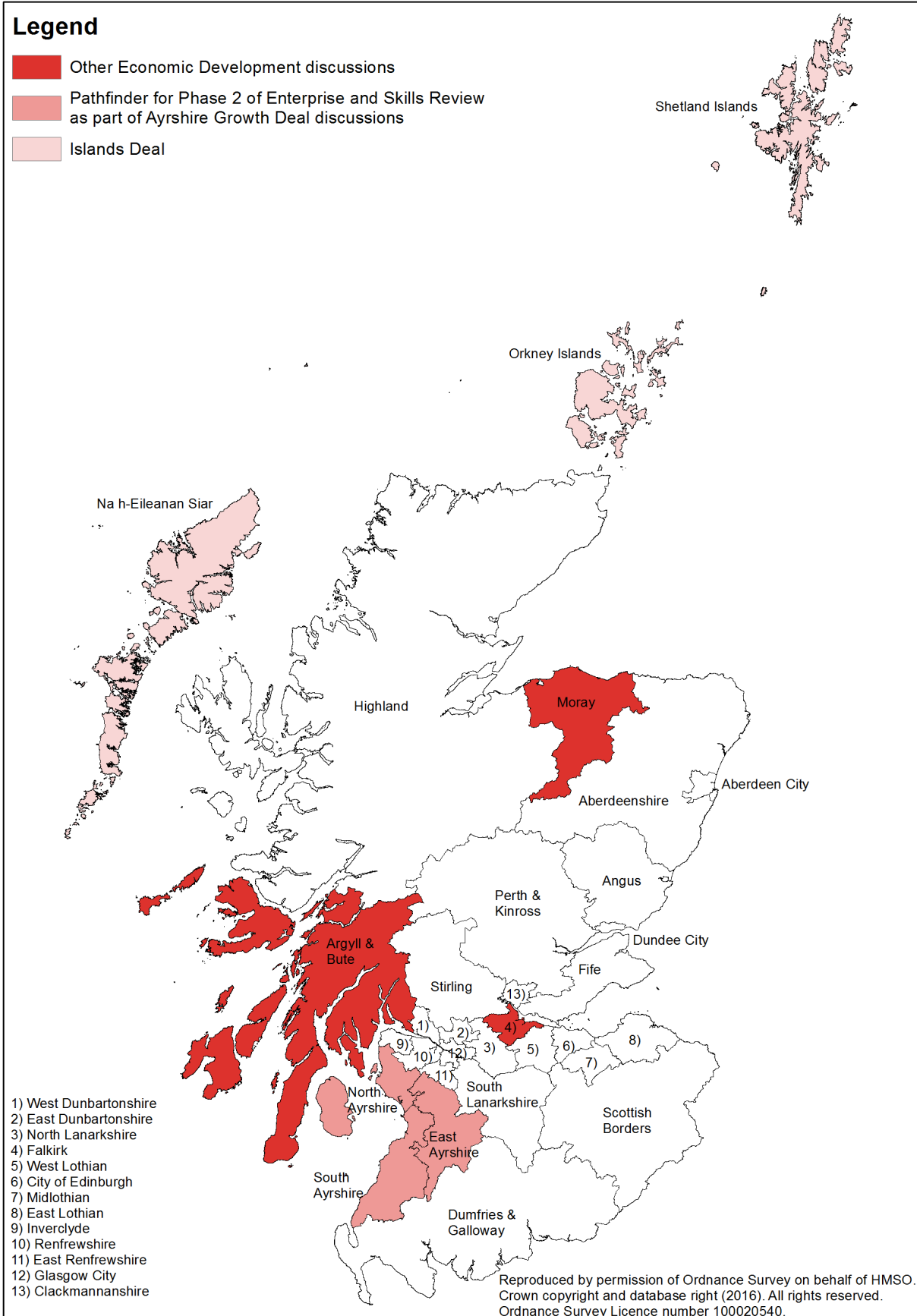
STIRLING AND CLACKMANNANSHIRE

Stirling and Clackmannanshire have been working together since September 2016 on a shared regional vision and a programme of interventions to help them deliver this vision.

Current proposals include interventions in digital, transport, energy and regeneration that have been developed in conjunction with their communities, stakeholders and Stirling's unique City Commission (a partnership of senior representatives from influential private and public sector organisations operating in the area). Governance structures are still in development.

Annex B

Regional Partnerships: Non City Region Partnerships



Ayrshire

East, North and South Ayrshire are working together and with the agencies and other stakeholders to develop proposals for an **Ayrshire Growth Deal**. They are in discussions with both Scottish and UK Governments, with the 2017-18 Scottish Government draft budget confirming we will work with the Ayrshires to make progress on developing proposals for a Deal¹⁵. Ayrshire partners have also agreed to explore and develop proposals for regional shared delivery arrangements for driving economic growth.

The collaborative approach to development of Growth Deal proposals, along with the potential for a regional partnership in Ayrshire to work alongside city regions to generate national growth was recognised in identifying Ayrshire as a regional partnership pathfinder location. Further information on the pathfinder and its relationship to Ayrshire Growth Deal proposals is provided in Annex C.

Islands

Comhairle nan Eilean Siar, Shetland Islands and Orkney Islands Councils are working together to take forward 'A Deal for the Islands'. The aim of the proposals is to develop an ambitious package of measures designed to enhance local democracy and enable the three islands to achieve their full economic potential.

Strand 1 of the proposals relates to '**Enhancing Local Democracy**' and seeks empowerment to create modern and confident Islands Councils, with the flexibility to generate solutions that fit specific islands' needs. Specifically this strand contains 11 proposals covering Governance, Fiscal Measures, and Greater Islands' Autonomy.

Strand 2 of the proposals focusses on '**Achieving Our Economic Potential**' and seeks to secure business and investment growth, through political commitment to implement a strategic programme of development projects in each island area. The proposals have a 10-year horizon to achieve population and employment targets, and a 20-year horizon to embed sustainability.

Other emerging partnerships

Local authorities in other locations across Scotland are working with key stakeholders to develop partnerships with a shared vision through which to drive inclusive growth across a recognised economic area.

Moray and **Argyll and Bute** Councils are both individually working with key partners to develop and bring forward proposals for potential growth deals for their respective areas.

Falkirk Council has brought together public, third and private sector partners in the Falkirk Economic Partnership. The Partnership has an agreed economic strategy for the area and is exploring the potential for the Grangemouth Investment Zone to drive growth across the area.

The potential opportunities for an **Upper Forth Partnership** are also being explored by local authorities as part of the work of the Longannet Task Force. This is looking at future economic prospects for the area surrounding Longannet to develop the resilience of the economy and respond to the loss of a major employer in the area.

¹⁵ <http://www.gov.scot/Resource/0051/00511808.pdf>

Scottish Borders and **Dumfries and Galloway** Councils are working closely with the agencies and the private sector to build on the collaboration fostered through the South of Scotland Alliance. They have been engaged in discussions to explore the potential of the **Borderlands Initiative**, working with councils across the north of England. They have also been engaged in the workstream taking forward the commitment for the new **South of Scotland Enterprise Agency** to respond to the area's specific opportunities and challenges and to drive growth. That vehicle will be key in developing a vision for long-term sustainable inclusive growth across the area and support and direct its delivery. A separate report on this work is available.

In addition to the partnerships outlined above the **Convention of the Highlands and Islands** (COHI)¹⁶ is an effective and well-established forum which fosters partnership working to drive sustainable economic growth across the Highlands and Islands. COHI brings Scottish Ministers and elected leaders of the area's seven local authorities together with the Chairs or Chief Executives of key public sector organisations, including Health Boards, to explore strategic opportunities and challenges impacting on the region's future prosperity.

16 <http://www.gov.scot/Topics/Business-Industry/Enterprise/Convention>

Annex C

Ayrshire Pathfinder

With a population of 370,000 and annual GVA of £6.4 billion, Ayrshire plays an important role in the Scottish economy and there are substantial strengths on which to build, particularly around life sciences, aerospace and coastal assets. Ayrshire also offers significant further potential to contribute to Scotland's economic ambitions in a way which boosts regional growth and improves local outcomes.

East, North and South Ayrshire have been working together, and with the agencies and other key partners, to maximise these strengths through developing proposals for an Ayrshire Growth Deal. They are in discussion with both the Scottish and UK Government on these proposals. The Ayrshires have agreed, as part of the strategic business case for the Growth Deal, to explore and develop proposals for regional shared delivery arrangements to drive economic growth in the region.

An established culture of partnership working in Ayrshire extends beyond the public sector. Groups like the Ayrshire Economic Partnership are providing a strong private sector voice in shaping the development and delivery of regional enterprise and skills support. Sectoral groups like the Ayrshire Engineering Alliance and Prestwick Aerospace Partnership also facilitate public-private sector collaboration on areas of economic strength in the region.

Increasing inclusive growth is a core principle underpinning the projects developed as part of the Ayrshire Growth Deal proposals, with the work guided by an agreed vision for Ayrshire to be:

“A vibrant, outward looking, confident region, attractive to investors and visitors, making a major contribution to Scotland's growth and local well-being, and leading the implementation of digital technologies and the next generation of manufacturing.”

Ayrshire was therefore an ideal location for a regional partnership pathfinder to further explore how locally led regional activity can drive inclusive growth across Scotland.

Building on the Growth Deal work the pathfinder is considering what is best delivered at local, regional and national levels. The pathfinder has also involved utilising an inclusive growth diagnostic approach to systematically investigate the constraints to growth and inclusion in the region. Early evidence from the diagnostic highlights potential priorities at all levels. These priorities will be explored with businesses and wider stakeholders in Ayrshire and will support development of proposals a Regional Partnership might deliver.

The inclusive growth work at the Ayrshire level is on-going, but emerging constraints and opportunities include: improving physical and mental health outcomes; stimulating local, quality job creation; creating an “Ayrshire offer” for inward investment; achieving a sustainable working population; and improving population skills, including softer skills and digital literacy.

Partners recognise the potential importance of a Growth Deal in establishing the ambition, scale, acceleration, resource and governance which can drive a step change in economic outcomes across Ayrshire. Partners also acknowledged that while a Growth Deal could be a key element of a regional partnership, other complementary activity will be required to maximise the impact of improved joined-up working across the region. The inclusive growth diagnostic is valuable in shaping the broader scale of collaborative potential the pathfinder is exploring.

As the pathfinder develops this wider ambition will be integrated with Ayrshire Growth Deal proposals. Work on the pathfinder is ongoing and the Councils and other stakeholders involved will consider the detailed options arising from this work and decide how best to move forward.

Annex D

Key Regional Partners

Local Authorities

Local authorities have a key role to play in regional partnerships. As part of the 2007 Enterprise Network Reforms they gained responsibility for local economic development. Across Scotland, over 1,300 local authority staff spend £222m on local economic development objectives. This encompasses a wide range of activities including: town centre and place regeneration; area marketing and promotion, inward investment and trade promotion; Business Gateway and business support; business property and infrastructure development; development planning; skills and inclusion; employability support; sector initiatives; and strategy development, research and economic intelligence. Local Authorities also support the local economy in their role as major employers, as purchasers of goods and services and as asset owners. Many also benefit from strong and established relationships with the private sector.

Community Planning Partnerships

Local authorities work with their local Community Planning Partnerships to deliver better services which address local needs, improve local outcomes and address inequalities. Many partnerships have acted to strengthen their local economy. There is also a commitment supported by the Improvement Service to align community planning with spatial planning, providing an opportunity to better understand and respond to the geography of growth, development and infrastructure investment. The expertise of local authorities in driving local economic growth and the experience of community planning in driving alignment provide a good foundation for a regional approach, and offer substantial opportunities to build on existing policy and operational co-operation. Community planning partnerships have scope in particular to contribute to inclusive growth outcomes.

Scottish Enterprise

Scottish Enterprise is Scotland's main economic development agency and works with partners in the public and private sectors to identify and exploit the best opportunities to deliver a significant, lasting effect on the Scottish economy across all of Scotland. It currently works at regional and national levels and locally with key businesses. Scottish Enterprise has actively contributed to encouraging collaboration to maximise the impact of collective action in regions that share common opportunities or challenges. They have statutory requirements to work locally through Community Planning Partnerships while all also work regionally with city regions and through other enterprise, skills and education structures which operate across local government boundaries.

Highlands and Islands Enterprise

HIE is the economic and community development agency for an area covering more than half of Scotland, including almost 100 inhabited islands. It works with businesses, public and third sector organisations to build inclusive economic growth across the region.

Skills Development Scotland

SDS is the national skills body supporting the people and businesses of Scotland and brings together careers, skills, training and funding services. It helps individuals and businesses access the skills and training they need. SDS has an important role in regional partnerships bringing expertise and understanding of skills needs and a regional approach through their regional skills assessments.

Further and Higher Education Sector

With centres across Scotland, from the most rural to major cities Scotland's 13 college regions and 19 universities¹⁷ offer a diverse range of courses and are renowned for their world class research. They have a key role in supporting regional economic growth, ensuring that businesses can access necessary skills, addressing any skills gaps and driving innovation in the economy. College reform has created a landscape which is better suited to the delivery of skills, fosters engagement with employers and universities, supports implementing the Developing the Young Workforce reform programme and further improves provision for the benefit of our students. Their engagement in regional partnerships will help to ensure that the further and higher education offer can better support inclusive growth.

The Scottish Funding Council invests around £1.5 billion of public money in the sector each year. Through outcome agreements, the SFC sets out what colleges and universities plan to deliver for public investment. The outcome agreements help to reflect regional priorities, ensure that institutions are responsive to the skills and education needs in their area, and demonstrate the contribution that the institutions are making to inclusive growth.

The Private Sector

While the public sector can create the conditions for growth, it is the private sector that is key to delivering the growth, creating employment and improving competitiveness and productivity. Their representative organisations, including the Federation of Small Businesses and the Chambers of Commerce, bring a useful understanding of the business perspective to economic development helping to encourage focus and shape activity.

Across Scotland, we have seen examples of business-led partnerships coming together – including the Fife Economy Partnership and the Argyll and Bute Economy Partnership – to achieve economic growth in their areas. The Glasgow Economic Leadership is committed to enhancing the growth of Glasgow and the city region economy, bringing together business leaders, academic institutions and the public sector, and providing independent leadership and direction to economic development across the private sector. We already benefit from the commitment, energy and business acumen of Scotland's business leaders who have been instrumental in working for growth in different parts of the country. Regional partnerships will want to find ways of capturing that enthusiasm and leadership.

The Third Sector

The Third Sector, comprising community groups, voluntary organisations, charities, social enterprises, co-operatives and volunteers has an important role in supporting economic growth. It has strong local and regional relationships with individuals, communities, the private and public sectors.

¹⁷ Scotland has 19 higher education institutions of which 16 are universities and three are specialist higher education institutions.



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