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Multi-level Deal Making: Challenges and opportunities for Scottish City Regions

Arno van der Zwet, Julie Clark, Damian Dempsey, Sophie Mamattah and Hartwig Pautz¹

Abstract Deal-making is becoming an increasingly popular way to coordinate policy implementation between the local and central level. The design and implementation of City Region Deals in Scotland provide a unique perspective on some of the challenges and opportunities which these type of mechanisms encounter. This chapter focuses on the multi-level tensions between the local, regional and central levels of government in relation to the development process and implementation of City Region Deals. It frames the analysis along four interrelated dimensions: polity, policy, programming and politics. Although City Region Deals are a policy framework that was initiated by the UK Government, the Scottish Government has had significant influence on the way the deals are designed and implemented in Scotland. From a bottom-up perspective, deal-making has offered Scottish local authorities considerable political leverage to extract resources and support from both the UK and the Scottish governments. At the same time, deal-making within a multi-level environment has presented local authorities with considerable capacity challenges, and although the deal-making rationale has originated from a place-based understanding of urban economic development – culminating in highly technical agreements that are bureaucratically led – the chapter demonstrates that political expediency remains a key factor in the design of the deals.

Key words: Urban governance, Urban development, Deal-making, Multi-level policy-making, Scotland

1 Introduction

By focusing on City Region Deals (CRD)¹ as examples for urban and local development policy in Scotland, this chapter offers a unique perspective into the potential tensions within multi-level development agendas. The contractual arrangements called ‘City Deal’ (CD) in England and Wales and ‘City Region Deal’ (CRD) in Scotland² were first introduced in the UK in 2011. Negotiated between the UK Government and local authorities, they were to be ‘bespoke packages of funding and decision-making powers’ (Ward, 2017, p. 3). Initially, City Deals were confined to England but, in 2014, the first Scottish CRD² was agreed. By the end of 2018,

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² City Deals were also introduced in Wales in 2016 and, by early 2019, a City Region Deal was being negotiated in Northern Ireland.

six CRDs had been signed, in regions anchored by Glasgow, Aberdeen, Edinburgh, Stirling, the ‘Tay Cities’ of Dundee and Perth, and Inverness.

The introduction of the CRDs in Scotland has created a multi-level policy framework which requires close vertical coordination between the UK’s central Government in Westminster, the Scottish regional Government in Edinburgh, and local administrations, as well as horizontal coordination with a broad range of societal actors. No doubt, then, that CRDs have presented those involved with distinctive challenges, as well as opportunities for Scottish urban centres and their surrounding areas. The chapter considers these challenges and opportunities by framing its analysis along four interrelated dimensions that affect the way in which CRDs are designed and implemented in Scotland. First, the term *polity* captures the constitutional and institutional framework of the UK and the way in which administrative responsibilities at different levels impact CRDs. Second, from a *policy* perspective a multi-level environment means that there are competing policy frameworks, objectives and narratives in place that effect the way in which CRDs are developed and implemented. Third, the *programming* dimension captures capacity, monitoring and learning issues that are linked to the development and implementation of CRDs. Fourth, although CRDs are highly technical agreements that are thrashed out at a bureaucratic level, the *politics* of CRDs are also an important feature.

The evidence this chapter draws from comes from a research project carried out as part of collaborative work between the University of the West of Scotland and Oxfam Scotland, conducted in 2017/18. After opening with an overview of how CRDs are conceived and implemented, the chapter presents an analysis that draws from a review of academic and ‘grey’ policy literature, as well as from an in-depth analysis of CRD documents, particularly the final agreements. A series of semi-structured interviews, conducted with key stakeholders in summer 2018, adds further depth to the analysis by offering insights in terms of multi-level polity relations, the policy frameworks in which CRD are embedded, programming issues, and the politics of CRD-making. The chapter closes with observations on the tensions of this specific example of a multi-level deal-making approach in Scotland and places them in an international context.

2 City Region Deals: a short history

City Deals were introduced in the UK in 2011 under the coalition government of Conservative and Liberal Democrat parties (2011 to 2015). The purpose of this approach was to facilitate place-based economic development, taking into account endogenous growth factors (Atterton 2017), and to underpin the UK Government’s devolution agenda. Regarding the latter, City Deals were to allow local areas 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 (HM Government 2013).

The legislative basis for City Deals is the 2011 Localism Act (HM Government 2011b) which sets out the possibility for local authorities to submit plans to the UK Government on how to

promote local economic growth. If successful at this first stage, local authorities are invited to negotiate ‘bespoke’ deals with central government. From the perspective of Nick Clegg, then Deputy Prime Minister, the deals were ‘to empower cities to forge their own path, to play to their own strengths and to find creative solutions to local problems’ and the approach recognises that ‘every city is different. So we are moving away from a one-size-fits-all model towards individual city deals’ (HM Government 2011a).

In England, between July 2012 and August 2014, 26 deals were agreed. Most of the English deals have a strong urban focus although some of them also have regional dimension (Ward 2018). In Scotland, the first CRD was signed in August 2014 with Glasgow-Clyde Valley becoming the first area outside England to agree a deal. Subsequent deals were agreed in 2016 for Aberdeen, and Inverness and Highlands; in 2017, a deal for the Edinburgh and South East Scotland region was agreed, and in 2018 deals were agreed for Stirling and the Tay Cities of Dundee and Perth.

One of the prerequisites for the UK Government agreeing individual deals is that participating local authorities make a commitment to reforming and strengthening local governance mechanisms. In most cities, the deals have led to local stakeholders agreeing shared growth objectives and refining how they present these to the Government. Some cities have developed single appraisal frameworks that help them prioritise capital investments against strategic objectives (National Audit Office, 2015). The precise shape of each deal depends on the needs and opportunities of each locality. Although primarily geared towards capital developments (National Audit Office, 2015), the deals cover a range of policy areas. Amongst these are infrastructure investment including broadband; site reclamation; commercial development; job creation; employability and labour market initiatives; skills and apprenticeship development; and funding of small and medium size enterprises. Furthermore, deals may involve arrangements for regulatory change or the relocation of public agencies to facilitate the growth of ‘clusters’ of related businesses (National Audit Office 2015).

City Region Deals in Scotland cover several local authority areas and, as such, establish or reinforce cooperation across administrative boundaries, encouraging a more functional and place-based approach to local economic development (see Table 1). For example, the Glasgow City Region Deal includes eight local authorities, making it the most geographically complex Scottish CRD. An important distinction between Scotland and England is that, in the former, there is strong support for the policy to provide full geographical coverage. The idea of including regions and not ‘only’ cities in the deals reflects a preference for linking rural areas with conurbations. Ultimately, CRDs together with Growth Deals - which cover the more rural areas in South-West Scotland and the Border region to England - aim to incorporate the whole of Scotland. The strongest example of this is the Inverness CRD which includes the vast rural expanse of the Scottish Highlands and its remote islands. Upon the insistence of the Scottish Government, the Stirling CRD incorporates the small, largely rural local authority of Clackmannanshire. The Tay Cities CRD, likewise, incorporates large rural areas, as does the Edinburgh and South East Scotland CRD. In fact, despite the high number of local authorities involved, the Glasgow CRD – having been the first Scottish arrangement of its type – remains the only one in Scotland which covers a largely urban territory. In this respect the Glasgow CRD is similar to most English City Deals. For the most part, the Scottish deals retain an emphasis on supporting cities and their connectivity to rural and peri-urban areas.

In addition to funding from the UK Government, Scotland's devolved government, local authorities as well as other actors provide significant core funding to the CRDs. In the case of Scottish CRDs, the Scottish Government at least matches UK Government funding and in some cases has exceeded it. Local authorities generally contribute smaller amounts than central and regional governments. In several cases organisations such as universities, government departments and agencies, or housing associations have contributed directly to CRD budgets as regional partners. However, much of the funding involved in CRDs is not 'new' money. Rather, the budget is drawn from existing funds that have been repackaged or funding that has been devolved from central government to local authorities (EPRC 2016). The scale of funding provided by different levels of government also differs considerably. The Glasgow CRD is, financially speaking, the largest in Scotland and commands a £1.13 billion budget. The Edinburgh deal is, at £1.1 billion, only somewhat smaller but is constituted by significantly more funding from the participating local authorities. In most cases, the UK Government's and the Scottish Government's financial contributions to the deals are roughly equal. Exceptions are the Inverness and Highland CRD to which the Scottish Government has contributed 2.5 times more funding than the UK Government. In the case of the Tay Cities CRD the Scottish Government initially committed £50 million more than the UK Government but increased its contribution to £100 million in January 2019. The Scottish Government added an additional £5 million to the Stirling CRD in the very final stages of negotiation (BBC 2018).

Table 1: City Region Deals in Scotland

City Deal	Region	Number of local authorities involved	Approval date	Total value (£ million)	UK Government contribution (£ million)	Scottish Government contribution (£ million)	Regional partner* contribution (£ million)
Glasgow City Region		8 - East Dunbartonshire Council, East Renfrewshire Council, Glasgow City Council, Inverclyde Council, North Lanarkshire Council, Renfrewshire Council, South Lanarkshire Council and West Dunbartonshire Council	August 2014	1,130	500	500	130
Aberdeen		2- Aberdeen City Council and Aberdeenshire Council	Jan 2016	355.5	125	125	105.5
Inverness and Highland		1 - Highland council	March 2016	315	53	135	127
Edinburgh and South East Scotland		6 - City of Edinburgh, Fife, East Lothian, Midlothian, Scottish Borders and West Lothian	July 2017	1,101	300	300	501
Tay Cities		4 - Angus, Dundee, Fife, Perth & Kinross	July/2018	350	150	250	TBC
Stirling and Clackmannanshire		2 - Stirling and Clackmannanshire	May 2018	223.2	45.1	50.1	128

Source: authors' analysis

*includes local authorities, universities, colleges, direct private sector funding

3 Multi-level relations: the complex nature of CRDs

As the discussion of history and nature of CRDs shows, this development policy is based on a pronounced and explicit multi-level framework. The deal-making process itself emphasises not only the necessity for vertical but also for horizontal relations between all actors involved in the design and implementation of CRDs. Such complex relations can result in tensions or even conflicts. In order to identify any possible multi-level tensions, the following discussion is structured along four interlinked analytical dimensions – polity, policy, programming and politics. These dimensions allow an understanding of the CRDs within the context of existing governance structures in Scotland and the identification of the precise sources of tensions.

3.1 Polity – shared responsibilities

The asymmetrical nature of the United Kingdom's constitutional settlement has been a long-standing feature of the British state: the different constituent parts of the UK have different relations with the centre and different responsibilities for policy implementation. Scotland has had its own governing institutions since the Act of Union in 1707. Despite increased centralisation of powers in Westminster, these have continued to exist in modern times. The Scottish Office, which is responsible for implementing UK Government policy in Scotland and for providing Scottish representation in the cabinet (Mitchell 2003), has provided the basis for institutionalisation of multi-level relations in Scotland since 1885. The 1998 devolution settlement and the establishment of the Scottish Parliament in 1999 has strengthened Scottish distinctiveness in many policy areas. While England has remained a highly centralised state in terms of economic development policies (Pike and Tomanay 2009), Scotland - alongside Wales and Northern Ireland - has obtained extensive competencies in policies related to economic development. These include education and training, the environment, housing, land and planning, and some aspects of transport policy. More recently Scotland has also gained some responsibilities in areas such as social policy and taxation. Although the devolved nations' expenditure in relation to economic development policy has been limited, it is nevertheless important as it informs the wider policy agenda of the Scottish Government (Cooke and Clifton 2010). However, many policy areas related to urban economic development remain reserved, meaning that the UK Government retains competency in these areas. Reserved areas often have a strong economic dimension, including benefits and social security (partly), employment, equal opportunities, immigration, and trade and industry. Hence, economic development, including urban development, remains a shared responsibility between UK and devolved governments.

At the UK level, the CD/CRD policy framework has to be seen within the context of the highly centralised nature of England as a polity; the policy essentially stems from a desire by the UK Government to change the relationship between central and local actors. O'Brien and Pike note that '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' (2015: 14). The idea that cities must be willing to shoulder their fair share of risk if they are to be rewarded with new freedoms was married with the view that, in order to unlock their growth potential, 'local leaders in core cities will need to work effectively across their economic footprint' (HM Government 2011). The policy means significant changes to how public services are delivered and to accountability for large amounts of taxpayers' money' (HCCPA 2016: 9). In return for devolved powers in Manchester, for example, a mayoralty has been instituted investing strategic and budgetary authority and responsibility in a single individual (Gains 2015). However, this rebalancing of central-local relations should not be regarded as a hollowing-out of the state (Rhodes 1994; Jessop 2013). Instead the state retains a pivotal role in strategic planning. Conceptually, this particular form of localism has been defined as 'spatial liberalism' (Clarke and Cochrane 2013) and has its origins in communitarian forms of civil society activity. This new form of localism is constituted by an uneven shift from local government to local governance which increasingly involves a large variety of private, public and third sector actors at different spatial scales in local decision-making processes (O'Brien and Pike 2015).

There are a number of distinct aspects to the deal-making process in Scotland. First, it is important to note that the desire for rebalancing local-central relations mainly relates to England and not to Scotland, where local government is a devolved competency and therefore

outwith the remit of the UK Government. In Scotland, CRDs have not lead to any changes in terms of local devolution of powers, and the election of a mayor has not been a requirement for Scottish cities securing CRDs. A further dynamic in Scotland, and a contrast to England (but not to Wales and Northern Ireland), is that the deal-making is made more complex by the additional relationship between local authorities and the Scottish Government on the one hand, as well as the relationship between Scottish and UK Government on the other hand.

The investment in Scottish cities from the UK level is an important driver for the Scottish Government to support the process, and in all cases the Scottish Government has matched or exceeded UK funding commitments to the CRDs. There is no legal requirement for the Scottish Government to provide match funding but the political context (see section politics) would make it very difficult not to contribute. Yet the triangular relationship between central, regional and local government partners in Scotland can cause tensions in relation to the deal-making process, in the sense that the Deals have to link to a further set of policy and strategic frameworks.

Despite this complexity, CRDs have also provided Scottish cities with a more direct access point to the UK Government. This is potentially a very significant development. After all, it can be argued that since devolution the relationship between local authorities and the UK Government has weakened. Instead, the Scottish Government has replaced some of the central functions previously carried out at the UK level. Considering that certain policy areas reserved to the UK Government are important for local and urban development, Scottish local authorities can be argued to be somewhat disadvantaged in comparison to their English counterparts as their relationship with London is to an extent mediated by Edinburgh. CRDs could become vehicles for change in this respect – although this may be more of an unintended consequence rather than a deliberate governance strategy by the UK Government.

At the same time, City Deals require input from many different governance agencies and organisations at the institutional level. The Scottish institutional landscape in relation to economic development is dense: the urban agglomerations covered by CRDs operate in multi-scalar geographies in which policy areas related to urban development (e.g. transport or education) are implemented and managed through institutions that cover variable functional territory. Such institutional density can be considered to have a positive impact on economic development as it builds capacities at multiple levels. However, it also presents local actors with some challenges. One interviewee summarised the situation, noting that

‘things just get lost in the huge quagmire of Scotland’s governance arrangements’ (Interview 1).

In other words, the variable nature of the polity and the operation of policies at different spatial scales can be the source of significant coordinating challenges for urban actors.

3.2 Policy – diverging growth strategies

The introduction of CRDs in Scotland in the UK has given rise to considerations regarding the potential disjunction between the local, national and regional policy agendas. As Scottish CRDs receive funding from both the UK and Scottish Governments, it is important that the

deals ‘speak’ to policy agendas at both levels. However, linking local strategies to both UK and Scottish development agendas is not without its challenges. CRDs are designed and implemented in a dense and constantly shifting policy environment. Over the past decade UK and Scottish economic development policies have been diverging in terms of their aims and objectives. The UK, first under the coalition government of Conservative and Liberal Democrat parties and subsequently under a Conservative Government, has continued to follow a more traditional economic growth agenda with a focus on GDP growth. The Scottish Government has adopted an economic development agenda based on what it refers to as ‘inclusive growth’. It defines this as ‘growth that combines increases in prosperity with greater equity, creates opportunities for all and distributes the dividends of increased prosperity fairly’ (Scottish Government 2015: 1). In England, urban authorities have had little difficulty establishing the primary objectives for economic growth: ‘for many agreed UK City Deals it is clear that the primary focus has been on increasing jobs and GVA, with distribution being principally reflected in the spatial arrangements of capital projects’ (Waite et al. 2017). However, in Scotland the divergence between UK and Scottish policy is apparent in the development of CRDs:

‘what has been interesting about [CRDs] is they really began as an English mechanism. They were seen very much as in a traditional economic growth sense. ... their evolution in Scotland has been quite different. ... And the main difference has been around the inclusive growth agenda, which of course is a Scottish Government initiative’ (Interview 2).

In particular, it has also been noted that the UK Government’s focus on productivity metrics may present tensions for the Scottish Government’s inclusive growth agenda. The UK Government’s emphasis on productivity could be seen as damaging for regions characterised by relatively low employment and wage rates. This could potentially limit the scope for developing projects that emphasise labour market inclusion if creating such jobs does not also increase GVA. Thus, there may be a risk that this emphasis could compromise inclusion from a labour market perspective by reinforcing spatial disparities between regions which already have high productivity/high wage labour markets, relative to those which have lower productivity/lower wage labour markets.

However, the divergence between Scottish and UK Government objectives should not be overstated. Scotland is not unique within the UK in terms of its understanding of economic growth. There are also several English cities that have developed strategies around the idea of inclusive growth. Nevertheless, the definition of ‘inclusive growth’ is fuzzy and vulnerable to criticism as simply a buzzword. However, Lee (2018) notes that the Scottish Government’s definition of inclusive growth is one of the sharpest and, as one interviewee remarked:

‘the UK Government is committed to growth and there is less emphasis [on inclusive growth], they would probably say if you asked them they’d say “yes of course”. But it’s not in the top line of their agenda, whereas for the Scottish Government it is on the top line of the agenda’ (Interview 3).

Nevertheless, some interviewees noted that there remains a lack of clarity in terms of the operationalisation of the concept in the context of CRDs and that

‘there is a process of helping the Scottish Government to develop the concept’ (Interview 3).

All in all, the divergence between UK and Scottish policy vis-à-vis economic development could mean that CRDs in Scotland have conflicting objectives to satisfy UK and Scottish Government objectives. This would lead to issues of coherence and limit the cumulative impact of CRD as a strategy. Furthermore, it may be the case that in a selection process, some of the projects are not selected because of the division of responsibilities. In other words, potentially projects that do fit the Scottish inclusive growth agenda but are related to reserved areas may not receive support because they do not reflect UK priorities and vice versa.

These issues are further complicated by considering the temporal dimension of CRDs. They are designed to span development activities over two or three decades and are therefore subject to continuously adaptation updated to emerging policy frameworks. However, in their genesis CRDs were linked to existing economic growth agendas, as discussed above. The extent to which strategies and projects need to be ‘retrofitted’ therefore depends on when they were adopted. Importantly, the Scottish Government Economic Strategy (Scottish Government 2015), which sets out its vision for inclusive growth, was agreed in 2015 after the first Scottish CRD – that of Glasgow - had already been agreed. Establishing a coherent strategy in such circumstances can be challenging and several interviewees mentioned the need for retro-fitting of projects and programmes of already-agreed CRDs to a new policy context. In those cases where CRDs were agreed later this was less of an issue. For example in Stirling

‘just by dint of timing really as a deal, ... we were in the right place at the right time for that... we didn’t really have to retrofit it’ (Interview 2).

However, also in cases where strategies were still under development there were concerns that the Scottish Government’s focus on inclusive growth may mean that some CRDs might support sectors that are important for traditional economic growth but may not relate sufficiently to inclusive growth.

3.3 *Programming – capacity, monitoring and learning*

CRDs are highly complex arrangements that rely on detailed knowledge of development issues. Developing them requires capacity at the local and central level. The CRD agreements do not make any financial provision to local authorities for assisting them to developing their management capacities. Rather, it is expected that local authorities ‘will pool their resources to manage deals at a city-region level, consolidating people and skills across several local authorities’ (National Audit Office 2015: 9). However, it is not clear that pooling resources will effectively address any gaps in capacities which emerge as a result of changes to work practices as a consequence of entering into a CRD. Capacity at central level is also limited and the ‘bespoke’ deal-making process requires considerable resources (Jones et al. 2017; O’Brien and Pike 2015). The fact that CRDs were developed in the aftermath of the financial crisis which led to severe cut-backs and staff reductions in many government departments further complicates this situation so that, on occasions, CDR negotiations have been delayed by constrained finances and reduced staff capacity. In the context of Scotland, the deal-making process also requires double negotiation with UK and Scottish Governments. The additional resourcing and pressure this puts upon on local government is problematic:

‘Not only are you having to deal with the UK Government and their requirements ... You’re equally dealing with the Scottish Government, and their policy requirements– as I’ve already mentioned –have a different focus’ (Interview 2).

The negotiations

‘can be a bit of a minefield with the neighbourhood plans and regional plans and city plans. And then you’ve got Scottish, UK, other development plans to take into account. It’s asking a huge, huge burden on—of its staff’ (Interview 4).

A second related issue is that CRDs are more regionally focused than most of their English counterparts which according to some interviewees causes financial capacity issues. The extension of City Deals to include this more regional dimension has amongst some interviewees raised concerns that the approach is being hollowed out and that

‘the jam is spread too thinly (Interview 9)’.

In other words, there is not enough funding available for a genuine urban development policy. Third, it is questionable that this approach can continue to be viable in the context of austerity. Many of the administrative and financial capacity issues should be seen in the context of UK Government’s ongoing austerity agenda which have significantly reduced local authorities’ overall budgets. The following interviewee notes that

‘given the financial austerity that’s going on within local government ... you cannot underestimate the pressures that local government are under’ (Interview 1).

In this context, the CRD process

‘feels like another thing that’s kind of grafted on top of everything else they’ve got to do, and I’m very alive to the fact that, ultimately, it’s these officers that are gonna be accountable to their chief executives, to demonstrate that their council, or their city region deal partnership, is actually delivering on this agenda’ (Interview 1).

All in all, staffing, financing and resourcing both at the local, regional and central level can be a significant issue.

Monitoring and oversight are an important part of assessing the progress and success of CRDs. However, some concerns have been raised that the deal-making approach does not have an overarching monitoring and reporting framework. This can make it difficult to aggregate results and assess the impact of the policy (O’Brien and Pike 2015). As CRDs differ significantly from each other and are often intertwined with other policy initiatives, each CRD requires a monitoring framework that is sensitive to its own needs. While local authorities have developed methods for monitoring the impacts of some individual deals, without consistent indicators, shared definitions around key measures or agreed key measures across all deals (and as deals comprise programmes which accrue impact at different points in their lifecycles), assessment of impact is particularly challenging (National Audit Office 2015). In particular, as a consequence of the emergence of inclusive growth as a key concept in Scotland, ‘technical issues arise in defining and choosing what indicators should be used to appraise inclusive growth, and whether and how they can be applied in the monitoring and evaluation of CRDs where future funding is at stake’ (Waite et al. 2017). In that vein, some interviewees argue that CRDs create issues in terms of accountability:

‘Who’s responsible, where’s the oversight? And who’s taking that pan-Scotland overview?’ (Interview 1).

Others noted that some stakeholders had encouraged the Scottish Government to establish a common monitoring framework for inclusive growth from the outset:

‘Right at the outset of the process the Cities Alliance suggested to the Scottish Government perhaps there should be a common approach across Scotland’ (Interview 2).

However, this has proven difficult because each CRD is unique. Instead, stakeholders responsible for implementing the CRDs have undergone an iterative learning process (i.e. learning is taking place whilst deals are being implemented) in terms of how to establish indicators and monitoring frameworks.

In response to some of these issues the UK and Scottish Governments have set up a high-level Scottish City Region Deal Delivery Board (Scottish Government 2018). It is, amongst other things, responsible for ‘the oversight, monitoring and successful implementation of current Scottish City Region Deals, including the effective monitoring of performance, outcomes, budget, risks and other issues relating to the programme, in accordance with best practice and any recommendations issued by auditors, Audit Scotland or the National Audit Office (NAO)’ (Scottish Government 2018). It also provides a mechanism for ‘appropriate escalation and advice through both Governments should major issues arise’ (Scottish Government 2018).

Although there is no formal pan-Scotland framework for sharing experiences, an element of ‘cross-deal learning’ is evident as CRD teams from different cities are in regular conversation with each other. For example, in the case of Tay Cities CRD, the interviewee notes that

‘we’ve looked at what’s been put in place at Aberdeen in particular, we’ve got a good relationship with Glasgow and we’ve looked at Manchester. We’ve had some conversations with colleagues in Edinburgh’ (Interview 5).

In particular, larger and more advanced deals are taking a lead role in setting indicators so that later (and often smaller deals) can learn, adapt and synthesise these experiences. A second element in this learning process involves research that has been undertaken by NGOs that have interest in promoting inclusive growth. For example, the Joseph Rowntree Foundation has supported the development of an inclusive growth toolkit which allows ‘places to assess the inclusive growth outcomes of interventions or investments, placing inclusivity at the heart of decision-making’ (Metro Dynamics 2018). As these toolkits and ideas emerge after the approval of the CRDs, there is an element of retrofitting them to strategies.

Finally, there are also concerns in terms of the shared responsibilities of the UK and Scottish Governments and what impact that may have on monitoring requirements. As the CRDs in Scotland have to answer to UK and Scottish policy frameworks there are questions of overlap and dual reporting. The following interviewee expects that

‘the UK Government are still very much in those traditional economic indicators, whereas the Scottish Government, it’s going to be something that looks quite different’ (Interview 1).

This links back to capacity and resourcing concerns where local actors may have to dedicate additional resources and staff to meet both UK and Scottish Government requirements.

3.4 *Politics – establishing narratives*

CRDs are technical policy deals that require a high level of involvement of bureaucrats and experts. At the local level they often have a galvanising effect in terms of gaining cross-party political support. However, the development of CRDs is not isolated from the wider political context. Scottish CRDs are not only multi-level in terms of policy. They also have a multi-level politics perspective. Over the past decade, Scottish politics and policy have been strongly influenced by the debates about Scotland's future in the United Kingdom. The Scottish National Party (SNP), which has governed Scotland since 2007, in 2011 an outright majority of seats in the Scottish Parliament and was able to progress its, agenda of leading Scotland into independence. In 2012, the UK Government and the Scottish Government SNP agreed the terms of a referendum on Scottish independence to be held in September 2014. The next two years saw intense campaigning by the SNP for a 'Yes' vote, while the Conservatives, Liberal Democrats and most of the Labour Party argued for Scotland to remain in the Union. The Scottish electorate voted to remain in the Union but the continued electoral success of the SNP - in 2016 it was once again the largest party - has shaped the relationship between the UK and Scottish Government. On the one hand, both government have worked constructively together as the SNP wishes to demonstrate competence in office (Wright 2014). On the other hand, constitutional politics tend to spill-over into a wide range of policy areas including CRDs. The following discussion shows this.

The first Scottish CRD – the Glasgow City Region Deal – was agreed in August 2014 and ought to be seen against the background of the Scottish independence referendum. One interviewee states that

‘the Glasgow deal was put together so quickly for ... reasons that were much to do with politics’ (Interview 6).

The agreement of the deal so shortly before the referendum has certainly led to speculation that the UK Government used the Glasgow CRD and the associated funding to influence the outcome of the referendum and demonstrate that the UK Government provides effective support for cities in Scotland (McColm 2014). Glasgow may have secured a CRD eventually but there is at least a perception that it got the deal because of the political circumstances:

‘the only reason Glasgow really got the deal at the time was both the Scottish Government and the UK Government were desperate to do something positive ahead of the referendum’ (Interview 6).

Glasgow insiders note that negotiations on the Glasgow CRD started as early as the summer of 2012 (Interview 7). However, for many policy actors that were involved in urban development outside of Glasgow, the announcement of the Glasgow CRD came as a complete surprise:

‘It was announced from nowhere, days before the independence referendum’ (Interview 5).

This perhaps reflects the secretive nature of the deal-making process which has led to some concerns about transparency and ultimately accountability of deals (Tomaney 2016).

Waite et al. (2017) note that in Scotland, the localism agenda which in England was associated with a strong push for more tools and autonomies to be exercised at the level of the city region, has had to compete with the constitutional debate about reserved and devolved powers. Since Scottish devolution in 1999 the relationship between Scottish local authorities and Westminster is thought to have weakened, Many Scottish cities were of the opinion that they were not able to get the same access to UK Government as their English counterparts. Furthermore, there is

a long-term trend towards centralisation of policy responsibilities of Scottish local authorities since devolution (McGarvey 2012). Several interviewees note a desire for more devolved powers for local authorities in Scotland, but as one interviewee expressed the situation that

‘there is a reluctance in the Scottish Government to devolve much below the Scottish Government level that isn’t already enshrined in the local government legislation .. [and] ... at the moment there has been limited appetite to devolve powers to the City Deals (Interview 5).

Nevertheless, CRDs have some potential to change the power dynamics between local authorities and Scottish Government. First, CRDs provide a direct access point to UK Government departments through which Scottish cities can compete for resources and influence policy at the UK level. Second, CRDs provide local authorities with some leverage over both the UK and the Scottish Government. To an extent, both can be played off against each other in order to obtain larger commitments for funding. For example, the following interviewee recalls numerous

‘phone calls with cabinet ministers from Scottish Government trying to get the UK Government to match what the Scottish Government was prepared to put in’ (Interview 8).

Third, CRDs have introduced a more place-based development focus in Scotland which takes into account local development needs and puts more emphasis on local actors. Yet at the same time each of the parties will aim to claim ownership of the deal - or at least part of it - as their policy

‘I think some, a lot of this is about branding, about saying, “We, the Scottish Government.” Or, “We, the UK Government.” Or, “We, Glasgow City Council are bringing these new projects and ideas and City Deals and it’s really exciting and interesting’ (Interview 4).

In other words, the more place-based approach and integrated nature of the CRDs does not override political expediency.

Party politics at the local level also plays an important role in the multi-level relations between the urban administration and the Scottish and UK administrations. Certainly, many CRDs are agreed with cross-party consensus, for example in Stirling where for the

‘city region deal we got cross party support. Everybody could coalesce around it. And that’s... that’s a rare thing in politics. And... and of course, that’s because you had a Tory led UK Government, an SNP led Scottish Government, and at that... and at that time, we were a Labour led council’ (Interview 1).

However, in the case of Tay Cities CRD it was noted that

‘the stars were probably more aligned when we started this process, because all three of the Tayside councils were SNP led administrations’ (Interview 5).

Nevertheless, changes in terms of the political control of a local authority as this interviewee described may not only alter the priorities in terms of economic development at the local level, but they can also lead to changes in the relationship between local authority and regional or central government at a political level. For example, in the 2017 local election the local administration in Glasgow changed for the first time in 37 years from Labour to an SNP minority administration. As the SNP is also in office at the regional level and sets the economic

development agenda it can be expected that the CRD will seek greater alignment to the Scottish economic strategy.

4 Conclusions

The analysis of Scottish City Region Deals highlights significant tensions within this multi-level urban/regional development policy vehicle, relating to polity, policy, programming and politics. First, considering polity, the City Deals policy is a UK policy initiative that has been deployed by the UK Government to support Scottish urban regions. When implemented in England, City Deals cover a large number of devolved policy matters, for which the Scottish devolved administration is responsible. However, in these circumstances the Scottish Government becomes a policy-taker, as it is to an extent coerced into following the UK policy approach of deal-making, despite being, at least partially, responsible for policy competences in economic development matters. In order to secure UK funding for Scottish cities, the Scottish Government is also being asked to allocate its own funding to the Deals. On the other hand, the analysis demonstrates that despite this fact the Scottish Government has been able to shape the deals through its own economic agenda. Ways in which Scottish policy differs from the rest of the UK include more focus on rural-urban and peri-urban connections and an emphasis on the concept of inclusive growth. It is significant that Scotland's inclusive growth agenda emerged whilst negotiations over deals were underway with some local authorities and one deal had already been approved. This meant that emerging and existing deals had to be retrofitted to Scottish Government policy frameworks. Furthermore, despite calls from UK level politicians to extend the decentralisation agenda to Scotland, the local devolution agenda that has underpinned City Deals in England has not been transferred to Scotland's CRDs (Cramb 2015). Therefore, CRDs can be regarded as more traditional economic development programmes - albeit with significant local inputs - without the potential of unlocking growth potential through governance reform.

Second, deal-making as a policy approach to local development in a multi-level state can pose considerable challenges but there are also opportunities for local authorities. On the one hand, local actors are asked to engage with multiple government departments at Scottish and UK levels, as well as to demonstrate that their strategies links to both UK and Scottish economic development policy objectives. The need to respond to diverging policy agendas has the potential of causing tensions in the CRD design process. Additionally, it requires capacity and resources which are particularly problematic in the context of austerity and government cutbacks. For many local authorities, resources are scarce and the additional pressures of designing, implementing and monitoring highly complex multi-level deals which require coordination across multiple local authorities and consultation with wider socio-economic partners poses considerable challenges. One of the implications of the highly individual and somewhat secretive nature of the deal-making process is that the opportunities for cross-deal learning is limited.

Nevertheless, local authorities can use the deal-making process to attempt to extract more funding from both UK and Scottish Governments. Given that politicians at the UK and Scottish level are of different party political persuasions and both want to be seen as supporting CRDs and claiming the deals as theirs, there is an opportunity for local actors to maximise support.

This has to be seen against the background of ongoing constitutional debates in Scotland which compel the UK government to pro-actively support Scottish cities. For the Scottish National Party, it remains important to demonstrate competence in supporting the economy if it wishes to successfully pursue its goal of an independent Scotland. In this context, negotiations on CRD are not only informed by functional needs of the territory and resource availability but also political expediency at the central and regional level which provides opportunities for local authorities to maximise their bargaining power.

From a more international perspective, transactional mechanism approaches such as contracts, agreements or deals for policy implementation are becoming increasingly popular (EPRC 2016). France has a long history of contractual arrangements linked to the decentralisation of specific tasks to regions, departments, and to some extent, municipalities over the last three decades (OECD 2016). In 2014, a new law for city and urban cohesion particularly targets deprived areas Urban Contracts (*Contrats de Ville*) aim to bring together actors and policies to address complex urban problems, including: housing, jobs, environmental challenges, social inclusion etc (EPRC 2016). The Netherlands has recently adopted a city deals approach as part of its New Urban Policy (*Agenda Stad*). The city deals differ considerably from those in the UK as they take the form of cross urban networks that are negotiated in relation to a certain theme. They should focus on innovative solutions that cover social or economic issues in urban areas (EPRC 2016). Also European Cohesion policy has adopted a contractual approach in the form of integrated sustainable urban development strategies. These strategies are negotiated between urban local authorities and Managing Authorities, usually at the regional or national level and are informed by an overarching European strategic framework.

Generally speaking, contractual arrangements dovetail ideas of endogenous growth and place-based development (Barca 2009) which support the idea that although centralised policy frameworks may inform and set out principles of urban and local development, their implementation requires a more place specific approach in which local knowledge plays a key role. Yet, the highly technical and often secretive nature of deal-making approaches raises important questions of which actors are involved, which values are represented, and what knowledge is included in the development and implementation.

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