



Regional Approaches to Maximising Inclusive Economic Growth: Local Authorities' Perspective

Final Report for the Improvement Service,
SOLACE, COSLA and SLAED
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Executive Summary

Introduction

Recent years have brought something of an upturn in regionalism in Scotland. Although areas such as health, transport and planning have long operated a regional dimension, education and now economic development have more recently turned to regional structures to seek improved outcomes.

The current study is concerned with regional approaches to maximising inclusive economic growth. As such, it extends to consideration of areas such as, *inter alia*, economic development, transport, planning and infrastructure development. This agenda has been given recent impetus by the development of City Region and Growth Deals, and by the recommendations of the Scottish Government's *Enterprise and Skills Review* for the establishment of Regional Economic Partnerships.

Recognising these drivers, the local government partners the Improvement Service, COSLA, SOLACE and SLAED jointly commissioned a consultation exercise to explore councils' experiences of regional working in the context of promoting inclusive economic growth.

The aims of the study were to understand the experiences, opportunities and challenges of regional working and to provide actionable intelligence, which will help the local government partners develop a practical improvement and development agenda that can result in enhanced inclusive growth across Scotland.

The research was conducted in three main stages:

- a desk based review of relevant materials to set the consultation in the context of the wider landscape for economic development in Scotland;
- consultation with local government and partners, comprising:
 - interviews with 32 elected members and 38 senior officers from Scottish local authorities. All 32 authorities participated in the consultation
 - interviews with 11 relevant partners, including Scottish Enterprise, Highlands and Island Enterprise, Skills Development Scotland, Transport Scotland, Scottish Government, UK Government, SCDI,

South of Scotland Partnership, Federation of Small Businesses,
Scottish Chamber of Commerce and VisitScotland

- four consultation events for local government officers and partners (total of 39 participants in Glasgow, Edinburgh, Dundee and Inverness)
- consultation sessions with the COSLA Environment and Economy Board and with SOLACE; and
- analysis and reporting, working with the Study Steering Group to refine conclusions and recommendations.

The work was undertaken by EKOS and was supported by a Steering Group comprising representatives of the local government partners: Improvement Service, COSLA, SLAED and SOLACE.

Context

Inclusive economic growth is a key policy priority for the Scottish Government, and is driven both by the desire to provide a high quality of life for all citizens and to increase income from taxation to support high quality public services. As such, it is at the heart of national and local government, and councils have a central role to play.

Local authorities in Scotland have direct responsibilities for the delivery of business advice and support services via Business Gateway and for local economic development, including employability services and local area regeneration. They are also responsible for a wider range of services and functions which impact directly on the growth of the economy, including, *inter alia*, planning, roads and transport, environmental health, education and childcare, events and tourism, community development and culture and leisure services.

In addition, local authorities are themselves significant economic actors with an annual income in excess of £15bn, employing 230,000 people, spending £7bn per annum on procurement and managing more than 40,000 assets¹.

Councils are also the drivers of the recent City Region and Growth Deals, agreements between the Scottish Government, the UK Government and local authorities designed to bring about long-term strategic approaches to improving

¹ *Economic Outcomes Programme: Overview Report*, Improvement Service, 2018

regional economies. These have required councils to establish regional governance structures to facilitate collaborative approaches to their delivery. Glasgow City Region was the first Deal, followed by Aberdeen City and Shire, Highland (Inverness) and Edinburgh and South East Scotland. More recently, Deals have also been approved for Tay Cities, Ayrshire and Stirling and Clackmannanshire. The Borderlands Growth Deal has also been approved and is a collaboration between Dumfries and Galloway, Scottish Borders and Northumbria, Carlisle City and Cumbria. Further Deals are planned for Moray, the Islands, Falkirk and Argyll and Bute.

The regional agenda has also been given further impetus in the *Enterprise and Skills Review* (ESR) which proposed the formation of Regional Economic Partnerships (REPs) to develop and oversee strategic approaches to regional economic development.

The ESR is clear that the REPs should be self-assembled according to the needs of different regions and there are no predefined regional geographies. The Review also commits other agencies and stakeholders (including the enterprise agencies and Skills Development Scotland) to working regionally.

Together, these drivers point towards a growing focus on regional approaches to stimulating economic growth and while they are still recent the time is right to take stock of experience to date, and consider future directions.

Experiences of Regional Working

All councils in Scotland report regional collaborative working. This ranges from the more formal governance structures of the City Region and Growth Deals and statutory functions such as planning and transport through to collaboration on specific projects or initiatives.

Most are positively disposed to regional working, even if some are taking a measured and cautious approach, and a few have opted for a more local model. Some perceive real potential for innovation over the longer term, with evidence of a willingness to explore the use of collective resources to pursue strategic regional economic development.

There is broad agreement around the rationale for regional working based on functional economic geography, mutual benefit and the potential to deliver improved

outcomes. For some, regional approaches are also about building more resilient public services for the future. The rationale is generally well understood in spite of a lack of clarity regarding the longer term policy objectives for regional working, and the as yet undeveloped evidence base to demonstrate its value.

The City Region and Growth Deal structures have provided an initial platform from which REPs are now developing, and there is evidence in many quarters of ambition now to move from the City and Growth Deal structures to something more strategic (and less transactional) over time.

However, the pace and extent of progress in developing regional approaches is varied across the country, and a small minority of councils are less committed to a regional model, preferring instead to pursue a more local agenda. This should not be surprising. Regional working in the context of inclusive economic growth is still in its early stages, and collaborative working takes time to establish. It may also be the case that regional approaches make more sense in some areas than others. In particular the notion of functional economic geography may be less compelling in some of the more rural and remote parts of the country.

There is variation too in the extent of political and officer support for the regional agenda. While some are clearly ambitious and consider regional models to offer significant potential for long term innovation in public services, and economic development in particular, others are more cautious. There are some lingering concerns about perceived threats to local democratic decision making, and of diluting resources targeting local areas, although many felt that these issues are mitigated by appropriate governance.

Capacity and capability are real challenges for many authorities. As a discretionary service, economic development has borne significant reductions in budget, and resources are thinly stretched. The City Region and Growth Deals have also made substantial demands on councils, and the further development of regional collaborative approaches will need investment and action to support the development of the thinking and skills that will support regional collaboration.

The consultation helps identify a number of characteristics or practices that could be considered important to the success of regional working. These include:

- willingness to work at regional level;
- common purpose and shared priorities;

- trust and respect amongst partners;
- political and operational leadership;
- clear and appropriate governance;
- wider partnership involving relevant public and private sector stakeholders;
- alignment of regional and local priorities; and
- flexibility to target inclusive growth in different ways across regions.

Shaping the Future of Regional Working

Local government has an opportunity now to lead and shape the future of regional working to maximise inclusive economic growth. There is no single successful approach, and it is for the relevant regional partnerships to determine the models that will work best for their circumstances. However, some issues will be common, and there are areas in which collective action may be useful.

Appetite and Ambition

There is widespread, albeit not universal, appetite for regional collaboration, and evidence of considerable ambition in some councils. This is positive, and provides a useful basis for articulating a **proactive** and **ambitious agenda** for accelerating regional collaboration as a means of maximising inclusive economic growth outcomes. There is an opportunity here for councils to push the ambition for regional working.

Action: Local government should lead the charge on this, making a clear case to the Scottish Government for resources to support **ambitious regional approaches**.

Support could be financial, but other mechanisms such as staff secondments could also be considered as a means of supporting regional partnership working. A transfer of resources from central government to the regional level could also mitigate concerns about power being removed from local areas.

Leadership and Skills

Political leadership is critical to driving ambition, and leadership at officer levels will help ensure effective operational working, delivery of the intended outcomes and stronger communications.

In addition to the capacity constraints, there are also **capability** issues to be considered. Regional collaboration requires different skills at both political and officer level, and this is an area in which local government and its partners may have an important developmental role.

Action: Local government and its partners should develop and deliver a programme of training and development to promote:

- **understanding** of the importance of economic development as part of the wider landscape of public service delivery and of the central role of local authorities in the economic development system;
- **ambition** for regional working as a mechanism for developing innovative approaches to achieve a step change in inclusive growth outcomes;
- **understanding** of regional working in economic development, its objectives and potential benefits;
- **leadership** skills to support regional working while also maintaining appropriate focus on local interests - balancing regional collaboration with democratic accountability;
- **knowledge** of the multiple stakeholders in economic development and their roles in the regional (and local) context; and
- effective **communications** such that all elected members and officers (at different levels) have a shared understanding of the regional approach.

Strategy and Objectives

It will be important, if pursuing a regional approach to economic development, to have **clear objectives**. At least initially, these largely related to the delivery of the City and Growth Deal Programmes, and the policy goals for regional working beyond the Deals are not always clear.

In addition to clear objectives for regional working as a policy, regional partnerships need clear objectives and priorities to guide their work. These should be set in **regional economic strategies** with clear alignment both to local priorities (as defined in Local Outcome Improvement Plans and relevant economic strategies at council level) and to national priorities.

Action: As part of a proactive approach, local government should now work with the Scottish Government to agree clear and deliverable policy objectives and principles for regional working. These should move beyond general statements about improving outcomes or delivering inclusive economic growth to clearer statements against which progress can genuinely be measured. This is an area in which the local government partners could seek to show some leadership, particularly in relation to the right balance of effort in terms of economic opportunity and need.

Action: Regional economic partnerships should develop ambitious strategies for regional inclusive economic growth based on deep understanding of regional economic conditions. Critically, these strategies need to balance local needs and circumstances with shared regional priorities.

Maximising Inclusive Growth

The overarching policy goal is **inclusive economic growth**, but the definition of what this means in practice remains the subject of some debate. There are also tensions between the regional approach as demonstrated by the City and Growth Deals and what many perceive to be the priorities for inclusive economic growth in two main respects:

- the perceived focus on the city regions for investment, at the expense of other (often more rural or deprived) parts of the country; and
- the emphasis of the Growth Deal programmes on GVA growth, channelling investment into high value jobs and areas of existing opportunity rather than those communities in greatest need.

Action: Regional Economic Partnerships should give due consideration to what inclusive growth means in different parts of the region, connecting regional priorities to local needs. This is an issue for regional economic strategies and for subsequent implementation, and calls for close alignment between regional and local strategies (e.g. Local Outcome Improvement Plans).

Developing the Evidence Base

The **evidence base** for the added value of regional working is undeveloped. This will be crucial in making a stronger case (or not) for regional approaches in future, particularly in the absence of any compulsion via statutory requirements. The lack of

evidence is base is not, however, reason for inaction. Indeed, if regional working does not progress, then there will be no opportunity to develop the evidence base.

Action: Councils should now seek to put in place the right building blocks for developing the evidence base for regional working. This will include the development of clear policy objectives and regional strategic priorities as above, and also a measurement framework against which performance and progress can be assessed. This is again an area in which local government can take a lead, building on work such as the SLAED Indicators and the Economic Outcomes Programme.

Widening Partnerships

Councils cannot act alone in delivering inclusive economic growth, and the role of other partners will be crucial. As such, their involvement in regional working is essential. This will include partners such as the Enterprise Agencies, Skills Development Scotland, Scottish Funding Council, universities and colleges but must also include the private sector.

The consultation suggests that private sector involvement, while commonplace at a project level, is far from embedded in regional approaches and structures. This will require further thinking, as securing and sustaining private sector involvement can be challenging, particularly if the benefits (to firms) of their involvement is not immediately clear.

Action: More work is needed to develop the partnerships that can help to drive inclusive economic growth at a regional level and two areas in particular should be considered as a priority:

- the new regional groupings should engage with the national partners (e.g. SE, SDS, SFC etc) with a clear ask that sets out their role and the expectations of the regional partners. The consultation suggests a clear willingness to engage on the part of these partners, but it is for local government to be clearer about what they require from these organisations; and
- further work is required on how best to engage the private sector, and articulate their role in maximising their contribution to inclusive economic growth.

1. Introduction

This report documents the outputs of a broad consultation across local government in Scotland and with a range of relevant partners on the development of regional approaches to maximising inclusive economic growth.

The work was commissioned by the Improvement Service, in partnership with COSLA, SOLACE and SLAED, and delivered by EKOS over a 12 week period in Spring 2019. The focus of the work was set within the context of the role of local government and economic development, and it sought both to understand Councils' experiences of regional working in this context and to determine possible future practices and approaches.

As the brief highlights: *“the overall aim (of the research) is to engage key stakeholders involved in regional economic working across Local Government in Scotland in order to better understand the experiences, opportunities and challenges of regional working. The ultimate purpose of this work is to provide actionable intelligence, which will help the local government partners develop a practical improvement and development agenda that can result in enhanced inclusive growth across Scotland”.*

Background

The growth of collaboration at regional level reflects some of the challenges facing the public sector in general and local government in particular.

Most obviously, councils are grappling with the twin pressures of rising demand for services, particularly as a result of a range of demographic and economic factors and reducing budgets. At the same time, they are under growing pressure to improve performance against priority outcomes and reform service delivery and delivery channels.

Regional approaches are naturally diverse, ranging from project level partnership working through to more structured and formal governance arrangements. At a simplistic level, regional approaches may be perceived as offering the potential for economies of scale in service planning and even, in time, in delivery. Already there are regional health boards (the NHS has long operated a regional structure); regional transport and planning partnerships; regionalisation of further education

colleges; Regional Improvement Collaboratives in education; and the now developing regional approaches to economic development.

The last of these was given further impetus as a consequence of the proposals contained in the *Enterprise and Skills Review*² to establish Regional Economic Partnerships (REPs) in Scotland. In large part, the REPs developed from City Deal and Growth Deal geographies. However, the rationale for their formation remains contested, raising as it does questions about local democratic accountability.

This is a complex and evolving landscape, and it is therefore appropriate that the local government partners take stock of progress to date, and seek to develop an understanding of the rationale for regional working and the priorities for the future. This is the core focus of the research project.

Research Process

The research was conducted in three main stages:

- a desk based review of relevant materials to set the consultation in the context of the wider landscape for economic development;
- consultation with local government and partners, comprising:
 - interviews with 32 elected members and 38 senior officers from Scottish local authorities. All 32 authorities participated in the consultation
 - interviews with 11 relevant partners, including Scottish Enterprise, Highlands and Island Enterprise, Skills Development Scotland, Transport Scotland, Scottish Government, UK Government, SCDI, South of Scotland Partnership, Federation of Small Businesses, Scottish Chamber of Commerce and VisitScotland
 - four consultation events for local government officers and partners (total of 39 participants in Glasgow, Edinburgh, Dundee and Inverness)
 - consultation sessions with the COSLA Environment and Economy Board and with SOLACE; and

² *Enterprise and Skills Review Report on Phase 1*, October 2017, Scottish Government

- analysis and reporting, working with the Study Steering Group to refine conclusions and recommendations.

Throughout, the study team has been supported by a Steering Group comprising representatives of the local government partners: Improvement Service, COSLA, SLAED and SOLACE.

Structure of the Report

The report is structured as follows:

- **Chapter 2** sets out the context for the study and describes the landscape for regional working in Scotland;
- **Chapter 3** provides an account of the outcomes of the consultation process drawing on the interviews with elected members, senior officers and stakeholders as well as the consultation events; and
- **Chapter 4** considers the future of regional working in economic development and sets out some areas for action for the local government partners.

2. The Contextual Environment

2.1 The Role of Local Government in Economic Development

Inclusive economic growth is the Scottish Government's top policy priority. In a time of unprecedented pressure on public finance, coupled with growing demand for many essential services and the uncertainty of Brexit, the delivery of high quality public services depends more than ever on a thriving economy. Without economic growth, income from taxation will stagnate and public services will suffer. Similarly, improving economic outcomes can be seen in the context of preventative spend. Addressing economic inactivity not only increases economic contribution, but can help reduce the demand for future services – if citizens are in employment they are less likely to suffer ill health or commit crime.

Economic development is a complex and multifaceted function requiring input from a wide range of public, private and third sector agents. Local government has a central role in this effort and has lead responsibility for local economic development. While it is true that economic development resources are under pressure – it is a discretionary service – the role and contribution of councils to economic development goes far beyond that of a single department.

Councils have some direct responsibilities for the delivery of business advice and support services via Business Gateway and for local economic development, including employability services and local area regeneration. Research has shown that for every £1 of council investment in economic development a further £1.54 is levered from other sources³. Councils are also the drivers of the City and Growth Deal programmes, of which more later.

However, councils are also responsible for a wider range of services and functions which impact directly on the growth of the economy. This includes, *inter alia*, planning, roads and transport, environmental health, education and childcare, events and tourism, community development and culture and leisure services. All of these services have a direct or indirect impact on economic success by establishing the

³ SLAED Indicators Report, 2016/17, SLAED and Improvement Service

conditions for growth and enabling economic participation across diverse communities.

Local authorities are also themselves significant economic actors. The *Economic Outcomes Programme* report by the Improvement Service identified that Scotland's councils have an annual income in excess of £15bn and employ 230,000 people (187,000 FTEs), spend £7bn per annum on procurement and manage more than 40,000 assets⁴. These are powerful economic levers, and underline the central role that councils can play in supporting inclusive economic growth. The report made several recommendations for ways that councils can further develop this contribution by using these economic levers as mechanisms for inclusion and economic development. It also noted a growing willingness on the part of councils to collaborate to achieve stronger economic outcomes.

2.2 An Evolving Regional Approach

Regional approaches to public service development and delivery are not new. Local government previously operated under a regional structure, healthcare has long been regional and the Scottish Enterprise Network previously included the Local Enterprise Companies (LECs) as regional delivery organisations.

However, much of this gave way to an approach that sought to combine national strategic planning with local delivery. In the economic development landscape this led to the dismantling of the LEC structures, and subsequently to the transfer of responsibilities for local economic development to the Councils.

More recently, there has been wider renewed interest in regional approaches, driven by a number of considerations:

- focus on 'functional economic geographies' – this relates in particular to the role of cities and their surrounding areas as drivers of economic growth. This is a rationale based partly on scale, but also on consideration of how key markets operate (e.g. housing, labour markets) and the interdependence of cities and their surrounding hinterlands;
- the rationale for regional approaches in key areas such as planning and transport, both of which have long taken a regional approach;

⁴ *Economic Outcomes Programme: Overview Report*, Improvement Service, 2018

- the drive towards greater efficiency in public service delivery and the need to improve outcomes, the latter being a key driver of the formation of Regional Improvement Collaboratives in education;
- a focus on REPs as set out in the Enterprise and Skills Review; and
- the Scottish Government's wish to encourage the development of a connected network of national, regional and local structures to guide economic development and inclusive growth in Scotland.

Of course, the City Deals and Growth Deals have also been a key driver, providing an initial platform for regional collaboration and for the development of Regional Economic Partnerships (REPs). The City and Growth Deal areas form the initial REPs with other regional partnerships now in various stages of development.

The move towards regional models is also not confined to Scotland, with a strong and developing approach in England through Local Enterprise Partnerships; Regional Industrial Strategies; Local Growth Deals; and new Combined Authorities.

In this section we consider these various drivers and approaches, drawing out some of the possible implications for Scotland.

2.3 England

In some respects, England has already embraced the concept of regional structures and approaches to economic development. The demise of the previous Regional Development Agencies (RDAs) in 2008 led the UK Government to seek alternative options for devolving powers from central government to a regional level.

Local Enterprise Partnerships

The [38] Local Enterprise Partnerships were set up across England from 2011. They are business led partnerships between groups of local authorities, local FE/HE institutions and local private sector businesses. They play a central role in determining local economic priorities and undertaking activities to drive economic growth and job creation, improve infrastructure and raise workforce skills within the local area. LEP boards are led by a business Chair and board members are local leaders of industry (including SMEs), educational institutions and the public sector.

Activities and responsibilities include:

- development of Strategic Economic Plans;
- development of Local Industrial Strategies;
- Local Growth Hubs (business development);
- developing and delivering Regional Housing and transport projects (Growth Fund);
- Skills and Careers planning;
- Allocating European Structural and Investment Funds; and
- developing Enterprise Zones.

The LEPs were largely self-assembled, and have created a somewhat inconsistent geography of provision across England.

Combined Authorities⁵

Combined authorities are a legal structure that may be set up by local authorities in England. They can be set up with or without a directly-elected mayor. The relevant legislation is the *Local Democracy, Economic Development and Construction Act 2009* and the *Cities and Local Government Devolution Act 2016*.

The first combined authority to be established was the Greater Manchester Combined Authority, in 2011. Four additional combined authorities were established in 2014 (North-East, Liverpool City Region, Sheffield City Region, West Yorkshire).

Combined authorities may be set up by two or more local authorities. They may take on statutory functions transferred to them by an Order made by the Secretary of State, plus any functions that the constituent authorities agree to share.

When the first combined authorities were established, the legislation gave them responsibility for transport, economic development and regeneration.

The current position is more open, leaving the functions of a combined authority to be determined by a combination of local choice and the outcome of negotiations with government. They can include both local authority functions, where it makes sense

⁵ <https://www.local.gov.uk/topics/devolution/combined-authorities>

for them to be delivered at a larger scale across administrative boundaries, and the powers of other public bodies, where this is agreed through a devolution agreement.

Current combined authorities cover eleven locations across the Country⁶.

Local Authorities

The regionalisation of economic development has not led to Councils abandoning their economic development functions, and although a detailed review of all England authorities is outside the scope of the research, a brief review of a sample highlights that many still retain an economic development “function and departments”, have their own economic development strategies and continue to deliver business support, regeneration and place activities.

UK City Deals

City Deals were initiated by the UK Government as a means of incentivising local public sector partners (mainly local authorities) to come together to define strategies and priorities for investment.

While the City Deal model began in England, it has since expanded into Scotland, as discussed below.

2.4 Scotland

City Region and Growth Deals

City Region and Growth Deals are agreements between the Scottish Government, the UK Government and local authorities designed to bring about long-term strategic approaches to improving regional economies. They are implemented by regional partners and overseen by the Scottish City Region Deal Delivery Board.

Each deal is tailored to its region, reflecting its individual economic strengths and weaknesses, and comprises a programme of interventions to support positive, transformative change. These are developed and delivered in collaboration with

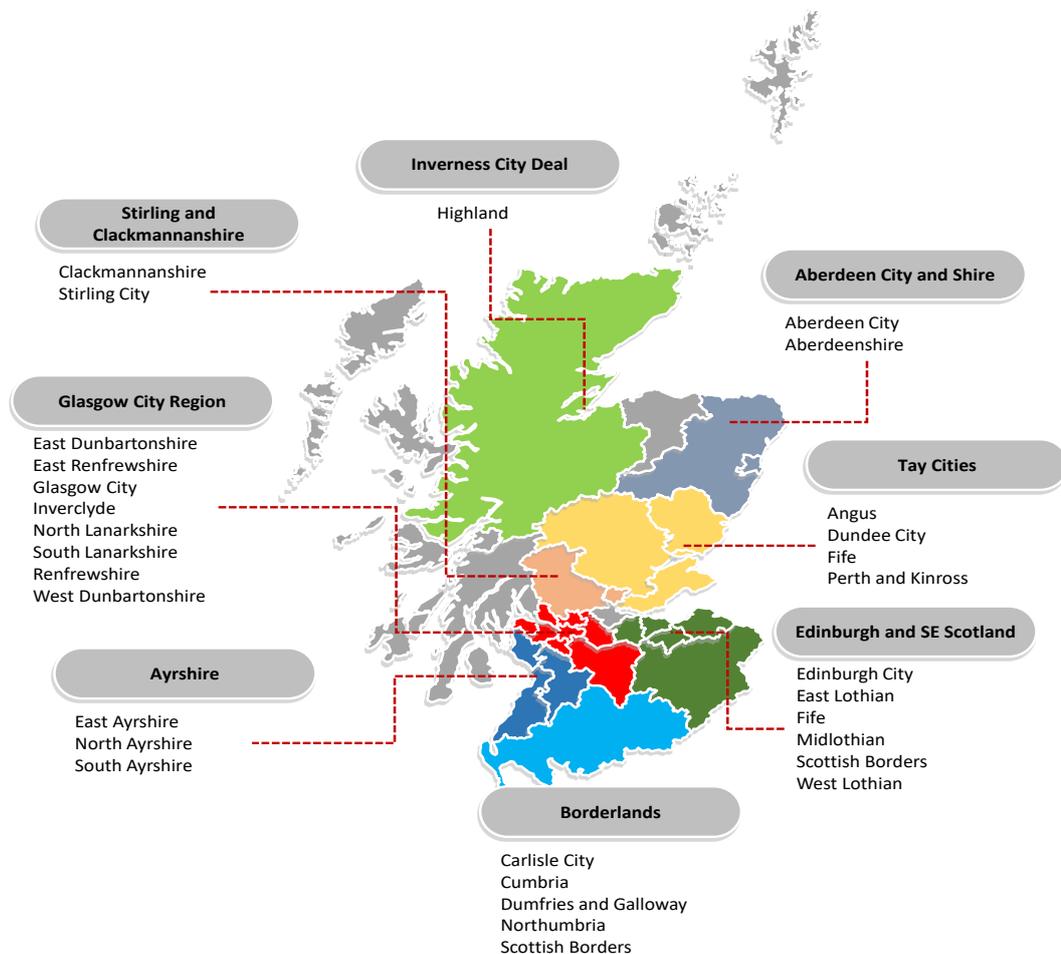
⁶ Cornwall & Isles of Scilly; Cambridgeshire and Peterborough; Greater Manchester Combined Authority; Liverpool City Region; Sheffield City Region; Leeds City Region; North East; Tees Valley Combined Authority; West Midlands Combined Authority; West of England Combined Authority; London

partners drawn from the broader public sector, such as Scottish Enterprise and Skills Development Scotland, as well as from businesses, colleges and universities.

Glasgow City Region was the first Deal, followed by Aberdeen City and Shire, Highland (Inverness) and Edinburgh and South East Scotland. More recently, Deals have also been approved for Tay Cities, Ayrshire and Stirling and Clackmannanshire. The Borderlands Growth Deal has also been approved and is a collaboration between Dumfries and Galloway, Scottish Borders and Northumbria, Carlisle City and Cumbria. Further Deals are planned for Moray, the Islands, Falkirk and Argyll and Bute.

Fife is a partner in two Deal areas – Tay Cities and Edinburgh and South East Scotland – and Scottish Borders is also involved in two Deals (Edinburgh and Borderlands). The current City and Growth Deal Map is shown in **Figure 2.1**.

Figure 2.1: City and Growth Deal Areas



The City and Growth Deals are programmes of investment, and each has evolved (or is evolving) its own structure and approach to the development, approval and delivery of projects. All are predicated on collaboration, and are based, to a greater or lesser extent, on the notion of the Deal areas as functional economic geographies. A recent report by Oxford Economics conducted on behalf of Scottish Futures Trust⁷, examined the notion of functional regional economies and concluded that while most of the current Growth Deal areas in Scotland could be considered functional economic geographies, a more pragmatic approach may be required.

The Scottish Parliament's Local Government and Communities Committee reviewed the City Region Deals in 2017 and concluded that while it was too early to assess their progress and performance, work was needed to improve governance, the transparency of project development and appraisal and the resources available to council to deliver the Deal programmes⁸.

Regional Economic Partnerships

The *Enterprise and Skills Review*⁹ commits to Scotland having Regional Economic Partnerships (including City & Growth Deals) which represent every community in Scotland.

In 2017, the Enterprise and Skills Review: Report on Phase 2 Regional Partnerships was published and states:

"...in 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".

The Review went on to highlight a number of characteristics that REPs should seek to develop:

⁷ *International Research on Regional Economies*, Oxford Economics, 2019 (unpublished draft)

⁸ *City Regions - Deal or No Deal*, Local Government and Communities Committee, Scottish Parliament, January 2018

⁹ https://www.parliament.scot/S5_Local_Gov/Inquiries/20171101_CRD_SPICeOverviewUpdate.pdf

- **leadership** across the public, private and third sector to build strong consensus and regional vision and a culture of trust and collaboration;
- clear and compelling **economic vision and strategy** created and owned by the regional partners;
- a deep **understanding** of the assets, challenges and constraints of the regional economy, informing a clear plan for action and a suitable measurement framework for assessing progress against priorities; and
- a clear **purpose and commitment** to adding value to exiting provision by aligning partnership assets and investment.

At present, six regions have committed to forming REPs, although these are clearly at different stages of development. A brief snapshot is as follows:

- **Glasgow City Region Economic Partnership:** members includes the City Region councils, Scottish Enterprise, Skills Development Scotland and the Glasgow Chamber of Commerce. The Partnership is separate to the City Region City Deal structures and has a broader and more strategic remit;
- **Aberdeen City and Shire:** the North East benefits from many years of partnership between the two main authorities and is also supported by the private sector backed development agency Opportunity North East, which has a central role in the economic development of the region;
- **Ayrshires:** the three Ayrshire Councils have been working to develop a partnership approach to economic development for some time and have recently approved a new regional governance structure and REP to drive the Ayrshire Growth Deal and agree a new Ayrshire Regional Strategy;
- **Edinburgh and South East Scotland:** The Edinburgh City region partners are working towards the development of a regional economic strategy and the formation of a strategic partnership for the City region;
- **Tay Cities:** The partners are working to developing a formalised regional economic strategy and other complementary regional policy, including a tourism and inward/mobile investment strategy. Further, there are ongoing discussions around the opportunity to further integrate their core economic development services; and

- **Stirling/ Clackmannanshire:** following Heads of Terms being agreed in May 2018 for the City Deal the local authorities are working towards a regional governance model, which is at an early stage.

In addition to the above partnerships, which have developed from the City Region and Growth Deal structures, some Councils are pursuing an approach that is more focussed within their authority area. These include:

- **Highland:** The Highland Economic Partnership is the basis for Highland's REP, and is based on the premise that Highland is a region in its own right;
- **Moray:** Moray is arguably caught between Highlands on the one side and Aberdeen City and Shire on the other, although they have opted to pursue their own Growth Deal and economic partnership based on the need to provide a locally appropriate approach;
- **Falkirk and Argyll and Bute** are each pursuing individual Growth Deals, but plans for REPs are less clear at this time; and
- **The Islands** are also developing a Growth Deal approach, but again plans for a REP based on the Island authorities are not yet clear.

Economic Development Agencies

Economic development is being delivered at a regional level with different agencies reflecting the specific needs and opportunities of their respective areas. The main economic development agencies in Scotland are:

- Scottish Enterprise;
- Highlands and Islands Enterprise;
- South of Scotland Agency (being developed); and
- Skills Development Scotland.

In this category we could include Opportunity North East (ONE) which was launched in December 2015, following extensive consultation with the region's business community and discussion with the public sector.

Although not regional in a traditional sense, all of the main economic development agencies are developing in ways that lend weight to a regional agenda:

- the new **South of Scotland Agency** is itself a regional structure;
- **Scottish Enterprise (SE)** is developing a new approach which is expected to be more regional in focus, driven by a shift towards placed-based economic development;
- **Highlands and Islands Enterprise (HIE)** has long operated a sub-regional structure and is strongly focussed on placed-based development; and
- **Skills Development Scotland** has been driving skills planning at a regional level through the Regional Skills Assessments.

In addition, the Enterprise and Skills Review¹⁰ commits the agencies to greater regional working, noting that they will

- ensure issues of regional equity are taken into account in project appraisal and business planning and that activity is 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; and
- establish a strategic location director approach to lead and shape national agency engagement with regional partnerships.

¹⁰ *Enterprise and Skills Review, Report on Phase 2: Regional Partnerships*, Scottish Government, 2018

2.5 Services Delivered Regionally

Tourism

Regional Tourism Partnerships were established following the abolition of Area Tourist Boards in 2006. They cover the following regions:

Aberdeen & Aberdeenshire	Loch Lomond, The Trossachs, Stirling & Forth Valley
Argyll & The Isles	Orkney
Ayrshire & Arran	Outer Hebrides
Dumfries & Galloway	Perthshire
Dundee & Angus	The Highlands
Edinburgh & The Lothians	The Kingdom of Fife
Greater Glasgow and The Clyde Valley	Shetland

Scotland's National Parks are also regional partnerships.

Business Start Up and Development

Introduced in 2003 as an evolution of the Small Business Gateway, **Business Gateway** is a key delivery channel for local economic development and a first point of contact for business support across Scotland. Initially managed by Scottish Enterprise (SE), responsibility for the Business Gateway was transferred to local authorities (LAs) in 2008 as part of the review of the Enterprise Networks.

Initially, delivery contracts were on a regional basis but with the Councils being given full control, this has evolved with some contracts being delivered in-house in individual Authorities and some still delivered externally on a regional basis.

Skills

Although **Skills Development Scotland** (SDS) is a national agency, it operates elements of a regional focus. For example, it now produces regional skills strategies covering:

- Aberdeen City and Shire;
- Edinburgh and South East Scotland;
- South of Scotland; and
- Highlands and Islands

There also appears to be support for developing regional skills strategies to map onto the City and Growth Deals and SDS is actively supporting this process, with a regional skills strategy now developed for the Glasgow City region.

Employability

Employability Partnerships are delivered at a local level to the Scottish Government's Employability Framework. With an emphasis on better partnership working, it sets out actions at both national and local levels to increase the numbers of people in rewarding and sustained work. A new Memorandum of Understanding between the Scottish Government and local government¹¹ sets out a collaborative partnership approach to the delivery of employability services in Scotland.

Ongoing work includes the development of local multi-agency, cross-sectoral Employability Partnerships across Scotland's Local Authorities. Initially focusing on seven priority areas (Glasgow, Dundee, Inverclyde, West Dunbartonshire, Renfrewshire, North and South Lanarkshire), all of Scotland's 32 local authorities now have an employability group based on the Workforce Plus model to drive this agenda forward at a local level.

Partnerships vary in membership but often include representatives from: Local Authorities, Jobcentre Plus (JCP), Skills Development Scotland (SDS), local colleges, the Third Sector and the NHS. The groups sit within the Community Planning Framework.

Transport

Regional Transport Partnerships (RTPs) were established on 1 December 2005 to strengthen the planning and delivery of regional transport to meet the needs of people and businesses. RTPs bring together local authorities and other key regional stakeholders to take a strategic approach to transport in each region of Scotland.

RTPs are independent corporate bodies defined in the Transport (Scotland) Act 2005. That legislation bases them on the local government model but they are not local authorities and they are not NDPBs. RTPs are more akin to joint boards, bringing councils together to perform local government functions collectively and strategically over a larger area.

¹¹ *Partnership Working Agreement for Employability: Scottish Government and Local Government, 2018*

All local authorities in Scotland are members of regional transport partnerships and Councillors make up around two-thirds of the membership. There can be up to a maximum of five Councillor members from each constituent council but no more than 20 Councillor members in total.

The RTPs can also appoint Advisers/Observers. Around a third of members of RTPs are non-councillor members who fulfil a role similar to that of Non-Executive Directors.

The seven RTPs are:

- Shetland Transport Partnership (ZetTrans)
 - Shetland
- Highlands and Islands Transport Partnership (HITRANS)
 - Eilean Siar, Orkney, Highland, Moray, most of Argyll and Bute
- North-East of Scotland Transport Partnership (NESTRANS)
 - Aberdeen City and Shire
- Tayside and Central Scotland Transport Partnership (TACTRAN)
 - Angus, Dundee City, Perth & Kinross and Stirling
- South-East of Scotland Transport Partnership (SESTRAN)
 - City of Edinburgh, Clackmannanshire, East Lothian, Falkirk, Fife, Midlothian, Scottish Borders and West Lothian
- Strathclyde Partnership for Transport (SPT)
 - East Dunbartonshire, East Ayrshire, East Renfrewshire, Glasgow City, Inverclyde, North Ayrshire, North Lanarkshire, Renfrewshire, South Ayrshire, South Lanarkshire, West Dunbartonshire and the Helensburgh and Lomond area of Argyll and Bute.
- South-West of Scotland Transport Partnership (Swestrans)
 - Dumfries and Galloway

Planning

Planning also has a strongly regional dimension. There are 34 planning authorities in Scotland (all 32 Councils and the two national park authorities), all of which are required to produce Local Development Plans.

The four largest city regions are also required to produce Strategic Development Plans which address important land use issues that cross local authority boundaries or involve strategic infrastructure; local development plans; and supplementary guidance.

The four strategic development plan (SDP) areas are:

- Glasgow and the Clyde Valley;
- Aberdeen City and Shire;
- Dundee, Perth, Angus and North Fife; and
- Edinburgh and South East Scotland.

Education

Regional Improvement Collaboratives were established by the Scottish Government as part of its reform of the Scottish Education system. This entails local authorities retaining control over local education, whilst the Regional Improvement Collaboratives act as platforms for the sharing of skills and knowledge.

They seek to provide targeted advice and support in order to drive improvement, making use of all available evidence and data. There are six RICs in Scotland bringing together groups of Councils.

The Scottish network of further education colleges has also moved to a regional structure through a series of mergers designed to reduce duplication and increase efficiency by establishing larger colleges. The focus was on improving skills and ensuring that the needs of both learners and employers are delivered at the regional level through partnerships between colleges, universities, employers, local authorities, Skills Development Scotland and other community planning partners.

Health

Finally, **NHS Scotland** consists of 14 **Regional NHS Boards** responsible for the protection and improvement of their population's health and for the delivery of frontline healthcare services. These conform to a different regional structure as follows:

NHS Ayrshire and Arran	NHS Highland
NHS Borders	NHS Tayside
NHS Dumfries and Galloway	NHS Western Isles
NHS Fife	NHS Lanarkshire
NHS Forth Valley	NHS Lothian
NHS Grampian	NHS Orkney
NHS Greater Glasgow and Clyde	NHS Shetland

2.6 Assessment of Regional Working

As broad context, we have reviewed some of the existing literature assessing regional economic development approaches, mainly in England and some from overseas. Much of the evidence base understandably suffers from the lack of a clear counterfactual assessment (what would have happened without a regional approach) and from the sheer diversity of different models for regional working.

Nonetheless, some broad pointers are worth noting:

- assessment of the learning from UK City Deals¹² stressed the positive benefits of local empowerment, local governance reform, vision and strategy making, project and programme integration and innovation. It also highlighted issues with accountability, transparency and decision making as well as capacity constraints, political haggling and limited evaluation work;
- lessons from regional working in Canada and the US¹³ note that there is no single optimal model for regional collaboration, but instead that important success factors include: history and identity of operating as a region; integrating rural areas into regional initiatives particularly where there are strong urban centres; transparent and accountable governance; access to resources; focus on relationship building across multiple stakeholders; and monitor performance and outcomes using both quantitative and qualitative methods; and
- a review by the OECD of regional economic development agencies identified some relevant lessons, including: the benefits of aggregating activities to reduce duplication and fragmentation; the need of flexibility in

¹² www.parliament.scot/S5_Local_Gov/Inquiries/20170427_CRD_CURDS.pdf

¹³ <https://edco.on.ca/resources/Documents/Vinodrai%20Lipsei%20Parker%20-%20EDCO%20Conference%20-%20Feb%202016.pptx>

spatial focus – local as well as regional; and the importance of public-private partnership and the leverage of private assets and capital.

2.7 Summary

It is clear that the delivery of economic development services at a regional level is becoming more widespread across the UK with, for example, Local Enterprise Partnerships (England); Regional Economic Partnerships (Scotland/ Wales); and combined Local Authorities (England).

In Scotland, a wide range of services are already delivered at a regional level, and these could provide an evidence base to inform regional working.

However, it is important to note that the ‘regions’ are defined differently and in all cases are designed to suit the subject theme rather than geographic or administrative conveniences. Governance arrangements are also bespoke to each service delivery area and range from statutory underpinnings (e.g. transport and planning) to less formal structures (e.g. REPs, Regional Tourism Partnerships).

There is therefore no single model that could provide a specific reference for delivery of economic development.

Crucially, regional economic development is complex and is not the preserve of any single actor, organisation or institution. Instead it is a collaborative endeavour requiring the input of many different actors. It is also highly context specific, as it is informed by factors specific to particular places, such as locational attributes, demographic profile, industrial structure, cultural characteristics and innovative capacities. This also argues against ‘one size fits all’ thinking.

While the focus has been on the notion of functioning economic geographies, the recent research by Oxford Economics¹⁴ argues that this can be difficult to define for two reasons. First, the report argues that the concept of functional economic geographies remains ambiguous and the reality is that there are few clear boundaries to local or regional economies.

Secondly, the data that would be used to identify these economic geographies are not readily available or are out of date. As such, the report argues for a more

¹⁴ *International Research on Regional Economies*, Oxford Economics, 2019 (unpublished draft)

pragmatic approach that takes account of the distinctive economic, geographic, demographic and indeed historic characteristics that define regions.

Experience also suggests that there is a risk in designing regional geographies that certain communities or rural parts get 'squeezed out' where there is a large urban centre. If inclusive economic growth is the goal then this must be addressed.

3. Experiences of Regional Working

3.1 Introduction

This Chapter reports the findings of the consultation exercise and focuses on the reported experiences of Local Government across Scotland of regional working in the context of economic development.

In particular it considers:

- what regional working means to councils in the context of economic development;
- the rationale for regional working in economic development;
- the nature and extent of regional working by councils across Scotland;
- experiences to date of working in this way including pros and cons and issues arising; and
- governance issues.

The report draws on the interviews with elected members and senior officers across local government in Scotland as well as the consultation events held in Glasgow, Edinburgh, Inverness and Dundee.

The feedback is reported in aggregate form only, such that views and comments cannot be attributed to individuals or to any one authority.

3.2 Regional Working: What it means

Regional working is undeniably complex and challenging. Unsurprisingly, councils had differing interpretations of regional working based both on prior experience and on current circumstances. For most, regional working is understood to mean *collaboration* with partners outwith their administrative boundaries. This includes other local authorities as well as transport partnerships, strategic planning authorities, national agencies and others. The examples provided tended often to be either specific (particular projects or initiatives) or to have a statutory basis (e.g. transport, planning) or funding role (e.g. City and Growth Deals, EU Structural Funds Partnerships).

Importantly, regional working is not considered to imply shared services, although some have attempted to explore this, nor is it seen as an early step in a move towards local government reorganisation.

Many officers and members commented on a need for clearer objectives for regional working as a policy (at national level). While few felt that regional working was being directly imposed on councils, there was a general view that City and Growth Deal monies were a ‘carrot’ that had brought together a new set of regional collaborative arrangements, the ultimate objectives of which (regional working arrangements) are could be made clearer.

Also, a few authorities are less supportive of a regional approach mainly because they believe either that economic development is best considered at local level or that their local authority area constitutes a region in its own right.

Many issues were raised with regional geographies, highlighting the question of what should be the most appropriate levels on which to collaborate. We return to this issue below.

While there was no single or universal definition of “inclusive growth” there was a broad consensus that it is about ensuring that all individuals and communities have an opportunity to benefit from future economic growth.

Although there was a strong overview sense of what it is, there was little common understanding of how successful inclusive economic growth should be measured (however success is defined). While the work of the Scottish Centre for Regional Inclusive Growth (SCRIG) was welcomed, it was less clear how the inclusive growth outcomes would be used to define and measure progress.

In this respect, while most councils support the potential of regional working to deliver inclusive economic growth, the effectiveness of this as an approach is not yet evidenced.

3.3 Rationale for Regional Working

A large majority of councils were supportive of regional working, albeit with some exceptions and caveats (discussed below), and invariably identified a rationale based on:

- **functional economic geographies:** reflecting that economies do not conform to political or administrative geographies. This includes labour markets and travel to work areas, business activity, trade and supply chains, housing markets, transport and infrastructure;
- **improving outcomes:** the view being that collaborative working can deliver greater outcomes than working in isolation, particularly on economic factors that operate on a geographic scale larger than council boundaries;
- **lobbying and influence:** many felt that regional working allowed councils a stronger voice by virtue of their collective scale and influence, and that this was successful in terms of lobbying and securing funding (City and Growth Deals being a frequently cited example);
- **mutual benefit:** successful regional working is considered to offer the potential for mutual benefits particularly in relation to some services such as tourism and inward investment; and
- **reducing duplication and fragmentation:** working together can help reduce duplication of effort and even provide more consistent and coherent services in some areas. Business Gateway was used as an example of this, as it is already largely delivered through regional structures.

Although many councils highlighted the pressure on resources for economic development, particularly as it is not a statutory service, efficiency and cost saving were less often identified as drivers for regional working. This is somewhat counter intuitive given that economies of scale (and scope) might be expected in regionally collaborative approaches, thereby offering some resilience for the services in financially constrained times. Some did feel that regional working, if successful, would ultimately deliver efficiencies, and may help protect services, but that this was not considered to be the starting point or the driving priority.

While most councils voiced a rationale in the terms above, it was also widely acknowledged that the evidence base for the effectiveness of regional working (relative to other models) was as yet undeveloped. For some, this was sufficient reason for caution, and elected members were more likely than officers to advocate a cautious approach.

A small number of councils considered their own council area to constitute a functioning economic geography and, as a result, were less interested in a regional

model for economic development. This is not to say that these councils do not collaborate beyond their boundaries. They do, but this is on a highly pragmatic basis and where it makes sense to do so e.g. transport planning. For these councils, the rationale for more general regional working on economic development is less apparent.

At the risk of overstating this, there is also something of a rural and urban split on the issue of regional working. Many of the rural councils reported that the concept of functional economic geography tended to make more sense for city regions than for rural areas. Travel to work areas are clearer, and the city regions offer concentrations of infrastructure and activity that naturally cross council borders while remaining connected and interdependent. Critical mass is also greater. By contrast, rural area distances can be large and population more dispersed, with fewer agglomerations of businesses and economic activity. As such, their 'regions' may be larger geographically, but smaller economically.

It is also worth noting that the views of members were more variable than those of officers insofar as caution was more likely to be voiced by politicians than by officers.

This is not to say that there was widespread political opposition – far from it – but rather that there was greater variation in the extent of the political support for regional approaches.

This is perhaps understandable. Members are accountable to local electorates and need to be convinced of the benefits of investing time and resources in regional working. In this respect, the lack of a robust evidence base is a clear issue.

Finally, the perceived lack of clear objectives and policy around regional working in economic development was seen by a few consultees as being a constraint on them buying into its rationale.

3.4 Nature and Extent of Regional Working

All councils reported regional working, and not just within the context of the City and Growth Deals. In fact, most noted that regional collaboration was something that they do as a matter of course including in functions relating to economic development. A full mapping is clearly beyond the scope of the current study (and indeed would be a substantial undertaking) but we have drawn out some salient points from the consultation to provide a flavour of regional working across Scotland.

As noted earlier, there are established regional structures to support spatial planning and transport, and councils are already involved in these. Councils also reported regular collaborative working on specific issues and projects ranging from Business Gateway to tourism, key sector development and inward investment promotion.

Many of these pre-date the City and Growth Deals and, in some places, regional collaborative working has a long and well established history. For example, many noted the work of the previous European Partnerships as good examples of regional collaboration along with specific examples such as the South of Scotland Economic Partnership (SoSEP), ACSEF in North East Scotland, and the Convention of the Highlands and Island (CoHI) in the Highlands and Islands¹⁵.

The geographic focus of existing regional working is similarly varied and is based on opportunity and need rather than any predefined geographic boundaries. For example, authorities in the East of Scotland are working together to develop offshore wind opportunities on a geography that does not map to the City and Growth Deal areas. Similarly, there is a developing informal collaboration amongst authorities in the West Coast of Scotland concerned about depopulation.

These are pragmatic approaches driven more by shared issues and thematic concerns than any overarching principle of regional collaboration or economic geography. This is widespread and common to all councils.

The regional working that is the subject of the current consultation arguably goes beyond these existing relationships and is driven more by the City and Growth Deals and by the Enterprise and Skills Review recommendations for Regional Economic Partnerships (REPs).

Progress in both is at different stages across the country, as summarised previously.

Glasgow City Region was the first Deal to be agreed in Scotland and as such is further ahead than the others in terms of project appraisal, approval and delivery. Indeed, as the first phase of City Deal projects progress through the appraisal and approvals process, their delivery moves towards becoming mainstream business for the partner authorities. This then creates space for the collaborative structures that have developed to devote more attention to strategic issues, and the Glasgow City Region has now established a REP – distinct from the City Deal structure - and each

partner authority has a lead role in one of eight portfolio areas relating to priorities for the region. It is also worth noting that the Regional Improvement Collaborative reports into the Glasgow City Regional Cabinet indicating the ambition to explore regional working across different service areas in future.

Edinburgh and the South of Scotland is also well advanced and there are plans to develop the structure to support a more strategic function, the specific structure of which is still developing.

Other Deal areas are more recently established, and are still working through the practicalities of process and decision making to progress projects. As such, they are perhaps not yet at a stage to start to develop the collaborative arrangements arising from the Deals into more strategic functions, even if there is ambition to do so.

Of course, for some, regional collaboration at a strategic level pre-dates the City and Growth Deals. The strategic development plan area authorities are a clear example of this, but there are others.

Aberdeen City and Shire for example, have long established structures of regional working on economic development dating back to the Local Economic Forum and its successor body ACSEF. This has now evolved into the current partnership with the distinctive feature of a private sector partner in the form of Opportunity North East (ONE).

The **Convention of the Highlands and Islands** (CoHI) seeks to strengthen alignment between the Scottish Government and member organisations in order to support sustainable economic growth. It seeks to enable the exchange of ideas on strategic issues affecting the people of the Highlands and Islands, and membership includes the relevant councils and NHS Boards as well as organisations such as Skills Development Scotland, Scottish Funding Council, Highlands and Islands Enterprise, Bord Na Gaidhlig and the University of the Highlands and Islands.

The experience of the **Ayrshire Pathfinder** is also worth brief mention. In addition to working towards securing the Ayrshire Growth Deal (AGD), the three Ayrshire authorities were invited by the Scottish Government to participate in an Ayrshire Regional Partnership Pathfinder. This was driven by the functional economic geography concept as well as by a perceived need to refresh the approach to economic development and to develop a regional structure both to manage the AGD and to meet the Enterprise and Skills Review's suggestions for REPs.

The resulting proposal was to create a new economic unit that would bring together the people and resources of the three councils in a model akin to shared services for economic development. However, this initial proposal was not approved at political level. In November 2018, councils agreed the creation of a new governance structure to promote and deliver regional and inclusive economic growth on an Ayrshire level. This includes Ayrshire Regional Economic Joint Committee and Ayrshire Regional Economic Sub-committee (Ayrshire Regional Economic Partnership Board) which will oversee the implementation of the AGD and the development of an Ayrshire Regional Economic Strategy. The first meeting took place in April 2018.

This is an instructive example, highlighting as it does the issues that might arise around regional working. Indeed, we found evidence in the consultation of a degree of caution amongst some politicians and officers about bringing together organisational resources in this way. These concerns relate both to staff and jobs and to potential loss of control over council resources and decision making, issues that we return to below.

3.5 Experiences of Regional Working

On the whole, councils' experiences of regional working are positive, and are considered to offer potential for improved outcomes and more coherent service planning and delivery.

When asked about their experiences of regional working, consultees typically identified a myriad of different regional initiatives, relationships and activities. Of course, many also focussed on the City and Growth Deal processes, and on moves to establish REPs.

In respect of existing specific regional collaborative arrangements, these were generally considered to be positive and, as noted above, driven by pragmatic consideration of opportunity and need. This includes cross-border working on infrastructure development (e.g. broadband connectivity), roads, sector development initiatives, tourism promotion and business support (via Business Gateway's lead authority arrangements). While specific issues will inevitably arise, and there is no expectation that partners will always agree, such collaborations are seen as useful and productive. They are reported to be beneficial in terms of securing investment,

reducing duplication, planning and delivering at the right spatial level and realising some economies of scale.

These approaches are also based on clear understanding of mutual benefits for the partners and they are mainly specific and focussed. They do, of course, require careful management and political commitment, and members would typically identify the need to ensure local benefit and maintain local accountability.

Then there is the regional working for which there is greater statutory underpinning such as transport and planning. The reported experiences of Councils is again broadly positive here, not least as a result of the clear lines of accountability built into the governance structures and processes supporting regional transport partnerships and the planning structures. These areas also benefit from a longer history of joint working and are generally felt to have evolved an effective collaborative model. It should also be said that transport and planning are two areas in which there is strong support for a regional approach.

City and Growth Deals

It is when we get to the more recent regional approaches initiated by the City and Growth Deals and the moves towards REPs that reported experiences become more variable, particularly amongst politicians.

All acknowledge that the Deals have been useful in securing much needed investment, but there is a view that some of these partnerships may not have come together naturally without this initial incentive. There is thus a sense in which some of the partnerships may still be somewhat fragile.

That said, councils are generally supportive about the potential for regional working (as noted earlier) albeit with some caveats and reservations. For elected members, the principal benefits to date seem to relate to the ability to secure investment (Growth Deal monies), greater lobbying influence and the expectation that, in time, a regional approach can deliver improved outcomes. It was felt to be still too early to assess the benefits of the new structures and the Deals, although most were optimistic.

There were, of course, exceptions, and a small minority of elected members voiced quite strong opposition to a regional approach on the basis that it could compromise

local interests, divert investment from their own area or result in a loss of democratic accountability.

A small minority noted that the geography of their area was such that it should be considered a region in its own right, or that their neighbours were not always appropriate partners for economic development (differing priorities, different socio-economic profiles, etc).

There was also some evidence of suspicion amongst a few councils that larger authorities may seek greater control in regional structures, and past grievances with the old regional council structures occasionally surfaced. This highlights the imbalance in scale and resources within some of the Deal partnerships. Some of the smaller councils felt that their participation was a benefit as it provides them with access to a stronger voice, and possibly also to resources, while others had concerns that their priorities might be lost within the bigger structures.

Officers tended to be closer to the operational issues with regional working, and were on the whole positive about the potential. While many also recognised the initial role of the financial incentives in bringing these partnerships together, most reported that relationships were stronger as a result, and that this provides a robust platform for future collaboration. Some also noted that the new regional structures had enabled them to develop new relationships with partners such as universities, although many also commented on limited engagement from the private sector, at least thus far.

Interestingly, while some councils did identify a need for stronger private sector involvement, many did not, and fewer had given detailed consideration to what a more strategic role for the private sector might involve. The need to consider the role of the private sector in future discussions remains an issue to be addressed.

Capacity constraints are also widespread, and many commented on the considerable investment of time and resources made to the City and Growth Deals. While councils may view this as a worthwhile investment while there are resources to be secured via the Deal programmes, beyond this phase of investment, they may ask harder questions about the benefits arising from this commitment.

The capacity constraints relate both to financial resources and to the people capacity and capability of councils to be able to deliver future services. One aspect which was

highlighted was the cost (in staff and revenue) of developing projects within the umbrella of the City and Growth Deals.

For some, lack of capacity is a more acute and urgent issue, and there was frequent mention of the loss of experienced staff as a result of budget reductions.

It is also worth noting that different places are at different stages (see **Chapter 2**) and this has influenced responses. For example, those in the earlier stages of implementing a new Growth Deal tended to focus on governance, process and capacity issues, while those that are more advanced tended to be more reflective and to be thinking, often quite ambitiously, about the next stage of the evolution of the regional approach.

Despite the welcome investment, some concerns were raised by members and officers alike, about the potential contribution of the Deals to inclusive economic growth objectives. In particular, some felt that there was too great a focus on, and investment in, city regions, with the risk that other areas, in particular rural authorities or deprived communities, could be left behind. Others noted that the UK Government focus on GVA growth (particularly in the earlier Deals) could encourage investment in areas that are already performing well, rather than those in greater need of support.

While these may be issues with the City and Growth Deals rather than regional working more generally, the dominant influence of the Growth Deal structures make these pertinent.

Interestingly, while the interviews focussed on senior elected members and council officers, the consultation events attracted a wider cross section of officers from councils and their partner organisations. This provided a different perspective.

The Growth Deals have clearly engaged councils at the most senior levels and Chief Executives and Council Leaders are extensively involved. While the interview evidence clearly indicates that the regional collaboration being pursued is, in most cases, just that – collaboration rather than restructuring, there remains a perception amongst some of the less senior officers that some form of shared services model might result. Some also commented that this level of senior involvement has brought greater scrutiny, and a resulting reporting burden. These issues raise the question of how effective communications have been within councils regarding the implications of new regional approaches.

Regional Economic Partnerships

As noted earlier, progress on the development of the REPs is varied. Council areas that have not joined with others in a 'regional' approach but are instead going it alone have existing economic partnership structures which typically include a range of public and private sector stakeholders.

These are considered to be their economic partnerships, and councils report these to be effective and useful. Often these are a sub group of the Community Planning Partnership, or they may be a less formal structure.

As for the six developing REPs, most are still only recently established. Glasgow City Region is the most advanced and the REP has met twice. It is, however, instructive that the Glasgow City Region REP has evolved as a structure separate to the City Region City Deal.

There is less in the way of formal governance, no decision making power, and a membership that extends beyond the councils to include a wider range of regional and national stakeholders. The focus here is on developing coherent approaches to economic development across the city region rather than making decisions regarding investment projects (which is for the City Deal structure).

However, as the regional agenda develops it may be that closer connection will be required to decision making structures at both the regional level (in Glasgow this would be the Glasgow City Region Cabinet) and local levels, particularly if decision making powers are required within regional structures.

It is also useful to note that the Glasgow City Region has started to invest in regional capacity by establishing a city region intelligence hub (part of which has involved the development of an inclusive growth diagnostic based on and extending the work of SCRIG) and three portfolio lead posts.

Finally, the allocation of leadership roles across eight portfolios to each of the partner councils in the Glasgow City Region is also worth mentioning, as this was felt to have helped to build a sense of shared leadership.

Developing structures in both the Tay Cities and Edinburgh, Lothian and South of Scotland City Regions appear to have similar objectives to those in Glasgow but are less advanced, and have not as yet made the same kind of investments into specific

regional capacity. How these develop in future will depend on the objectives and ambitions of the partners.

While most authorities are positive about the potential of the REPs, there is also some awareness of the risk that they become ‘talking shops’ with no clear long term or strategic purpose, hence the focus on setting clear objectives. Also, the Scottish Government has been clear that these should be self-assembled, and the current developing structures are largely based on coalitions of the willing. In theory at least, councils can still opt out, potentially frustrating efforts to develop more regionally coherent and consistent delivery. There is no easy answer to this tension, as some councils might resist any suggestion of ceding control to a regional partnership on the basis that this would be counter to local democratic accountability.

It is also worth noting that despite the government’s position on self-assembling partnerships, there is still a perception in some quarters that regional working is being prescribed by central government. There was also (again) a clear call for greater clarity regarding the ultimate purpose of this as a policy.

3.6 Characteristics of ‘Good’ Regional Working

The consultation responses have started to identify a number of characteristics or practices that could be considered important to the success of regional working.

These include:

- **willingness to work at regional level:** this may seem obvious but the view is that successful collaborations are based on a coalition of the willing, a view that would argue against a more prescriptive approach;
- **common purpose and shared priorities:** clear purpose and common priorities may be easier to define and agree for more specific and focussed initiatives (e.g. development of a particular sector) than for broader economic development work (e. g. regional economic strategy);
- **parity of esteem (if not resources):** this was identified as a key lesson from other structures such as regional transport partnerships and is seen as a means of addressing some of the concerns noted above about larger councils dominating;

- **political and operational leadership:** this was identified as a critical determinant of the success of regional working to mitigate concerns about accountability and deliverability. This is discussed further in the next Chapter;
- **clear governance:** appropriate governance depends on the nature and purpose of any regional collaboration, and the extent to which decision making power is required;
- **wider partnership:** in the context of economic development, councils cannot deliver alone and regional approaches ought to involve a wider set of partners such as the Enterprise Agencies, Skills Development Scotland, universities and colleges, and private sector organisations;
- **alignment of regional and local priorities:** at a strategic level, the priorities of the partners should align to those at regional level to ensure a coherent approach to regional planning and local delivery; and
- **flexibility:** it was considered important that regional partnerships are agile and sufficiently flexible to respond to opportunities, possibly arguing for less formal structures than those that are required to manage large scale investment programmes such as the Deals.

It was also noted that some areas of economic development lend themselves more (or less) to a regional approach. Those considered to work well at regional level include:

- **Transport:** reflecting the realities of connected transport systems (although it is worth noting that the developing National Transport Strategy may involve changes in governance);
- **Planning:** reflecting the interconnectedness of markets for housing, infrastructure and industrial development as well as the need for a regional and national approach to the environment;
- **Business Support:** Business Gateway's lead authority model was generally considered appropriate (although these geographies do not match the Deal areas) but the need for local flexibility was consistently emphasised;
- **Skills planning:** some (but not all) considered the regional approach to be the appropriate level for strategic planning in areas such as skills, but

employability services were considered to require a more local delivery model to reach those furthest from the labour market;

- **Inward investment promotion** this was identified as an opportunity particularly for city regions to develop a clear proposition and promote the region for inward investment, even if the potential for intra-regional competition remains; and
- **Tourism:** this was also an area in which a regional approach was considered appropriate (and indeed is already in place via the regional tourism partnerships).

Despite this, most of the above were considered to still require local delivery, albeit against regionally defined priorities.

Areas felt to be less well suited to regional working included:

- local area regeneration;
- employability support (see above, although wider pipelines do cross borders where there are more suitable employers elsewhere, and regional approaches can offer some economies of scale);
- work with local communities; and
- place specific development.

3.7 Challenges and Risks

The primary challenges and risks that could arise, and thereby constrain effective regional working, include:

- **lack of clear purpose and objectives:** there is a risk with regional collaboration that the purpose is not sufficiently clear and agreed by the partners. The objectives of the Growth Deals is clear, but the next stage of regional working needs to articulate a clear purpose and ambition beyond the management of the Deal programmes. In particular, the focus on inclusive economic growth will be crucial in framing a clear direction for regional partnership working;
- **limited ambition:** the Growth Deal programmes have not all developed with inclusive growth ambitions as the initial primary driver (not least as it is a

Scottish rather than UK Government priority), and there is a risk that the new regional groupings progress an agenda that somehow lacks the necessary ambition to innovate new models to achieve a step change in inclusive economic growth;

- **competing priorities:** if the approach struggles to articulate common purpose and shared priorities then collaboration will be constrained;
- **insufficient capacity and resources:** the risks here is that councils struggle to adequately resource regional working. There is evidence that this is already an issue and one that is likely to continue as regional structures evolve beyond the Growth Deal programmes and the investment that they offer;
- **lack of longer term political commitment:** regional working is an inherently long term commitment which will run over electoral cycles. This requires political leadership (cross party) to sustain commitment over time and careful management of local expectations where benefits may be longer term. In the absence of this, there is a risk that some of the existing partnerships (often hastily assembled to manage the Growth Deals) may struggle when the Deal money runs out;
- **weak evidence base:** the success of regional approaches is not yet assured and will require a more robust evidence base to demonstrate (or not) the benefits and added value; and
- **limited engagement beyond local government and the public sector:** there is an issue about how the private sector can best be engaged in regional approaches to economic development such that their contribution is maximised. Currently, the extent of this engagement is limited, and ideas about how best to improve this are somewhat lacking.

It was also noted that much of the recent experience of regional working is based on the management of large scale funding programmes (the Deals) and that different structures and skills may be required in future.

3.8 Governance

As highlighted, governance is an issue for regional approaches, and one that was consistently raised in the consultations. Much of the governance is currently shaped around the Growth Deals and, as such, is often complex and designed to ensure

clear lines of accountability for partner councils. This reflects the decision making roles of the Growth Deal structures, and the legitimate need for councils to ensure their full involvement in that process.

These structures typically include some form of Joint Committee (or Cabinet) structure comprising elected members (often council leaders) from the participating authorities. Final decisions on project expenditure also typically require the approval of individual authorities via their own committee and council structures.

In contrast, REP structures (thus far) tend to have a lighter touch governance role in light of their more limited decision making role. This also allows wider representation from partners outwith local government and their immediate economic development partners (e.g. Enterprise Agencies, SDS).

To a large extent, the most appropriate forms of governance will depend on the role and purpose of the process being governed. However, it is clear that councils remain concerned to ensure that their interests are properly represented in regional approaches, and this requires clear governance structures and processes.

In general, most felt that existing governance was effective and appropriate and few issues were raised with existing governance processes or structures. However, it is also clear that the governance structures supporting the Deal programmes for example are not well connected to Community Planning Partnerships, even though all of these have an economic development or employability dimension.

In broader terms, there is limited appetite for greater integration of structures (as was initially proposed in Ayrshire for example). Shared services remains a loaded term for many in local government, and while some did see potential future benefits in formally combining resources, the political barriers to this are likely to be significant.

3.9 Wider Stakeholders

The interviews included a range of wider stakeholders covering the following organisations.

Scottish Enterprise

Highlands and Islands Enterprise

Skills Development Scotland

Scottish Government

South of Scotland Partnership

VisitScotland

Federation of Small Businesses

SCDI

Transport Scotland

Scotland Office

Many of the stakeholder organisations already deliver their own services on a regional basis or are planning to adopt this approach. There was therefore both strong recognition of and (near universal) support for a regional approach to economic development, with a view there was a strong rationale, again based on some concept of how economies function. It is worth noting that stakeholders, similar to many of the councils, felt that this rationale was stronger for city regions than for more rural areas and those with large geographies and dispersed populations.

There was, however, also a recognition that the evidence that regional working will deliver improved inclusive growth outcomes is not (yet) well developed, and that current approaches (to inclusive economic growth) do not appear to be working across all communities.

The general view was therefore that the rate of progress should be measured, with local government taking the lead role, but involving the many other organisations and stakeholders already active in delivering economic development services. In particular, it was considered vital to ensure productive dialogue and partnership with the business community both in terms of their role as recipients and (potentially) deliverers of services.

In respect of the current approaches, the general view from non-council stakeholders was that the Growth Deal structures and partnerships had been largely driven by the promise of investment and were often hastily developed. With the focus of the Growth Deals on infrastructure investment, an approach that can provide economies of scale and scope was considered appropriate, along with the need to consider and plan infrastructure on a regional level. While some noted the fragility of some of the Growth Deal partnerships, the structures were considered a useful platform from which to now develop deeper regional collaboration.

These new regional partnerships should be less transactional than the Growth Deal structures, and should seek to develop a clear common purpose and set of shared priorities.

There was also support for the self-assembly model, and consensus that one size does not fit all either in geographic terms or in relation to delivery models, even if this risks the development of a somewhat confusing landscape of overlapping geographies and inconsistent approaches. There was limited support for the alternative approach of some kind of top-down prescription, recognising that this would be less likely to win council support.

Many were also aware of the potential sensitivities for councils regarding any threat (real or perceived) to local democratic decision making, and identified a need for a clear and shared purpose, robust governance mechanisms and political leadership.

There was also evidence of clear concern about the capacity of councils to support regional working over the longer term. Successive rounds of budget reductions have created real constraints in economic development services across local government and stakeholders considered this to be a significant risk to the success of the REPs.

In relation to the kinds of functions that could be more easily or more appropriately considered at a regional level, stakeholders tended to identify areas such as major infrastructure, tourism, inward investment promotion, skills planning and sector development.

Wider stakeholders are also keen to engage with the developing regional structures (indeed many are already doing so) and perceive there to be complementary skills and responsibilities between national, regional and local partners. In order to for regional working to succeed, these need to be clearly articulated and understood.

3.10 Summary

While there is undoubtedly a diversity of views and perspectives across local government, some broad messages are worth reflecting:

- councils have a central role in economic development and in supporting inclusive economic growth;

- there is broad agreement around the rationale for regional working based on functional economic geography, mutual benefit and the potential to deliver improved outcomes. This is in spite of the limited evidence base;
- most councils are positively disposed to regional working, even if some are taking a measured and cautious approach, and some perceive real potential for innovation over the longer term;
- we should not be surprised by the variation in progress and pace - regional working in the context of inclusive economic growth is still in its early stages, and collaborative working takes time to deliver benefits;
- this is particularly the case in light of the significant capacity issues facing councils and the scale of resources required to manage the City and Growth Deals;
- there is evidence in many quarters of ambition to move from the City and Growth Deal structures to something more strategic (and less transactional) over time; and
- there is an opportunity now for local government to be more proactive in making the case for regional working, shape the agenda, lead by example and formulate a clearer ask of national government and other partners.

4. Future of Regional Working

4.1 Introduction

As noted in **Section 2**, inclusive economic growth is key to the future prosperity of Scotland and to the delivery of effective public services. It is a major priority for national and local government and councils have a critical and central role to play in its delivery. Indeed, inclusive economic growth has long been a priority for local authorities across Scotland. Regional working is an important dimension to this and will continue to grow in importance as part of the economic development landscape in Scotland.

In broad terms, most councils consider regional working to be an important part of the toolkit for future economic development (and indeed for other services). It is, of course, not a panacea and some authorities remain cautious while others have made a case for a more local approach. Nevertheless, the direction of travel towards greater regional collaboration seems clear. The key question now is how to make this work as effectively as possible.

4.2 The Case for Regional Working

As noted, there is general agreement (albeit with a few dissenting voices) that regional working is both consistent with the way that economies typically function and can add value by addressing shared concerns and priorities, making best use of scarce resources and addressing duplication and fragmentation.

There are some lingering concerns about dilution of local focus and local democratic decision making, but these can be largely mitigated by effective governance and political leadership. Attitudinal barriers may also persist and efforts to raise awareness and understanding of the potential of regional working can help. In due course, a firmer evidence base would also help, but this should not be regarded as a reason not to act now.

However, it is also worth stressing that local government can and should be very much in the driving seat with regional working.

The position set out in the *Enterprise and Skills Review* is that REPs should self-assemble. In other words, there is no prescribed geography and councils and their partners should form the partnerships that make most sense in terms of their economic priorities. This is certainly consistent with the consultation, which found no appetite for forced or legislated structural change.

It may also be that the functional economic geography rationale for regional approaches is stronger for the city regions than other parts of the country. This is discussed earlier, and is consistent with the findings of the recent work by Oxford Economics.

That is not to say that there will not be other reasons for councils to work regionally outwith the city regions, but that large geographies with dispersed populations may require a different approach. As ever, one size does not fit all.

Indeed, as the consultation has demonstrated, regional working is diverse and complex. At one end of the spectrum, it is project-based collaboration across borders and with different partners. At the other, it could be closer to models in which councils genuinely pool resources.

As noted, the term shared services evokes often strong responses within local government, particularly where previous attempts to develop these approaches have sometimes floundered. There is also clear political resistance to these models, at least in some places, and it is important to be clear that regional collaboration does not mean forced shared services.

Indeed, it may be important for regional partnership structures to have at least a vision of what the desired end point could be. If the driver is to provide a mechanism for greater collaboration and coordination of effort, that is fine; but if the intention is to move more towards collective use of resources, then partners should be aware that this will likely require a more staged approach that gathers evidence of the benefits as it goes, helping to make the case at political and operational levels. Moving too quickly to define the vehicle (e.g. shared services) risks early political opposition.

The experience of the Ayrshire Pathfinder would support this argument and suggests that different places will develop at different paces and towards different end goals. Again, one size will not fit all.

Clearly, governance is key, and form in this respect should follow function. There is no 'off the shelf' governance model that can be held up as the one to adopt. Instead, governance models should be fit for purpose, but genuine parity of esteem for the partners is a valuable principle and can help mitigate concerns about larger partners exercising undue influence.

Similarly, if the ambition is for regional partnerships to have a decision making role, then clear links into appropriate governance structures will be required to maintain the necessary democratic accountability. City and Growth Deal structures may offer mechanisms for this.

4.3 Shaping the Future of Regional Working

Local government has an opportunity now to lead and shape the future of regional working to maximise inclusive economic growth. As noted, there is no single successful approach, and it is for the relevant regional partnerships to determine the models that will work best for their circumstances. However, some issues will be common, and there are areas in which collective action may be useful. These are discussed below, with suggested actions identified where relevant.

Appetite and Ambition

There is widespread, albeit not universal, appetite for regional collaboration, and evidence of considerable ambition in some councils. This is positive, and provides a useful basis for articulating a **proactive** and **ambitious agenda** for accelerating regional collaboration as a means of maximising inclusive economic growth outcomes. There is an opportunity here for councils to push the ambition for regional working.

However, despite this appetite and ambition, capacity and resources are under real pressure. Council budgets continue to reduce, and non-statutory services such as economic development will continue to bear disproportionate reductions in resources. Regional working offers the potential to be part of the solution by combining resources to achieve more for less.

There is also the fact that regional approaches are currently being supported by councils over and above business as usual, and this is placing considerable strain on already stretched resources in many places. While there is no easy answer, this

is an issue that will need to be tackled if regional approaches to economic development are to be developed further and sustained.

Action: Local government should lead the charge on this, making a clear case to the Scottish Government for resources to support **ambitious regional approaches**. Support could be financial, but other mechanisms such as staff secondments could also be considered as a means of supporting regional partnership working. A transfer of resources from central government to the regional level could also mitigate concerns about power being removed from local areas. Regional work should involve both aggregation and devolution of appropriate power and resources.

Leadership and Skills

Many commented on the importance of political and officer **leadership** if regional working is to fulfil its promise. Political leadership is critical to driving ambition, and leadership at officer levels will help ensure effective operational working, delivery of the intended outcomes and stronger communications.

There is a need for alignment between political and officer levels around a clear understanding of objectives and this needs to be communicated within councils and partner organisations such that all staff understand the regional working aspirations and potential outcomes. This will help aid understanding and empower staff to contribute creatively to the development and delivery of innovative approaches that support regional collaboration ambitions.

In addition to the capacity constraints highlighted above, there are also **capability** issues to be considered. Regional collaboration requires different skills at both political and officer level, and the consultation suggests that these skills are currently uneven across the local government landscape. This is an area in which local government and its partners may have an important developmental role.

Action: Local government and its partners should resource, develop and deliver a programme of training and development to promote:

- **understanding** of the importance of economic development as part of the wider landscape of public service delivery and of the central role of local authorities in the economic development system;
- **ambition** for regional working as a mechanism for developing innovative approaches to achieve a step change in inclusive growth outcomes;

- **understanding** of regional working in economic development, its objectives and potential benefits;
- **leadership** skills to support regional working while also maintaining appropriate focus on local interests - balancing regional collaboration with democratic accountability;
- **knowledge** of the multiple stakeholders in economic development and their roles in the regional (and local) context; and
- effective **communications** such that all elected members and officers (at different levels) have a shared understanding of the regional approach.

Strategy and Objectives

It will be important, if pursuing a regional approach to economic development, to have **clear objectives**. At least initially, these largely related to the delivery of the City and Growth Deal Programmes, and the policy goals for regional working beyond the Deals were not always clear.

In addition to clear objectives for regional working as a policy, regional partnerships need clear objectives and priorities to guide their work. These should be set in **regional economic strategies** with clear alignment both to local priorities (as defined in Local Outcome Improvement Plans and relevant economic strategies at council level) and to national priorities. Some are already in place, and others are still to be developed, but clear strategic direction will be an essential starting point for successful regional working.

Action: As part of a proactive approach, local government should now work with the Scottish Government to agree clear and deliverable policy objectives and principles for regional economic working (perhaps similar to the Employability Partnership Working Agreement). These should move beyond general statements about improving outcomes or delivering inclusive economic growth to clearer statements against which progress can genuinely be measured. This is an area in which the local government partners could seek to show some leadership, particularly in relation to the right balance of effort in terms of economic opportunity and need.

Action: Regional economic partnerships should develop ambitious strategies for regional inclusive economic growth based on deep understanding of regional economic conditions. Critically, these strategies need to balance local needs and circumstances with shared regional priorities.

Maximising Inclusive Growth

The overarching policy goal is **inclusive economic growth**, but the definition of what this means in practice remains the subject of some debate. There are also tensions between the regional approach as demonstrated by the City and Growth Deals and what many perceive to be the priorities for inclusive economic growth in two main respects:

- the perceived focus on the city regions for investment, at the expense of other (often more rural or deprived) parts of the country; and
- the emphasis of the Growth Deal programmes on GVA growth, channelling investment into high value jobs and areas of existing opportunity rather than also balancing the focus on those communities in greatest need.

This tension will need to be resolved if regional working is to deliver against inclusive growth objectives.

This should not be inconsistent with a regional approach so long as regional and local priorities are appropriately aligned, and that regional partnerships recognise that inclusive growth will likely mean different things in different parts of the region.

Action: Regional Economic Partnerships should give due consideration to what inclusive growth means in different parts of the region, connecting regional priorities to local needs. This is an issue for regional economic strategies and for subsequent implementation, and calls for close alignment between regional and local strategies (e.g. Local Outcome Improvement Plans).

Developing the Evidence Base

We have already noted that the **evidence base** for the added value of regional working is undeveloped. This will be crucial in making a stronger case (or not) for regional approaches in future, particularly in the absence of any compulsion via statutory requirements. The lack of evidence base is not, however, reason for inaction. Indeed, if regional working does not progress, then there will be no opportunity to develop the evidence base.

While regional working is still in the relatively early stages in most places (at least in the context of economic development), it is important to take steps now to begin to put in place the factors that will support the development of this evidence base.

This starts with clear objectives (as above) which then need to be supported by SMART targets and appropriate research to establish the baseline position against the relevant measures.

Such measures will relate to economic outcomes, but may also include measures to assess the relative efficiency of regional working, and the effectiveness of regional models in areas such as lobbying and access to third party finance.

Action: Councils should now seek to put in place the right building blocks for developing the evidence base for regional working. This will include the development of clear policy objectives and regional strategic priorities as above, and also a measurement framework against which performance and progress can be assessed. This is again an area in which local government can take a lead, building on work such as the SLAED Indicators and the Economic Outcomes Programme.

Widening Partnerships

Councils cannot act alone in delivering inclusive economic growth, and the role of other partners will be crucial. As such, their involvement in regional working is essential. This will include partners such as the Enterprise Agencies, SDS, Scottish Funding Council, universities and colleges but must also include the private sector.

The consultation suggests that private sector involvement, while commonplace at a project level, is far from embedded in regional approaches and structures. This will require further thinking, as securing and sustaining private sector involvement can be challenging, particularly if the benefits (to firms) of their involvement is not immediately clear. Determining ways to maximise the contribution of the private sector to the regional economic development agenda will be of fundamental importance.

Action: More work is needed to develop the partnerships that can help to drive inclusive economic growth at a regional level and two areas in particular should be considered as a priority:

- the new regional groupings should engage with the national partners (e.g. SE, SDS, SFC, Transport Scotland etc) with a clear ask that sets out their role and the expectations of the regional partners. The consultation suggests a clear willingness to engage on the part of these partners, but it is for local

government to be clearer about what they require from these organisations;
and

- further work is required on how best to engage the private sector, and articulate their role in maximising their contribution to inclusive economic growth.

Timeframes and Roles

This issues discussed above suggest a number of areas in which local government could take positive action in order to support appropriate regional working. While these are focussed on local government, it is for councils and their partners to consider who is best placed to address these actions and how. We would note that the collective voices of local government that have sponsored this research offer a useful mix of skills and resources.

As for timeframe, it is important to recognise that the development of effective regional working is a long term project akin to a transformation programme. It will require commitment, but also consistency over a period of time that will likely span electoral cycles. This is undoubtedly a challenge.

However, many of the actions identified above can be started more or less immediately and, in some case, could run in parallel rather than sequentially.

Next Steps

It is for the local government partners to now take stock of the implications of this and related studies, and to provoke initial discussion through existing structures such as COSLA and SOLACE. Indeed, gaining some political and officer support for the proposed actions will be an important first step before developing the plan in more detail.