

Regional Economic Policy Review

**Paper 2 – The Regional Perspective
Regional Economic Policy Advisory Group**

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1. Introduction

1.1.1 This is the second of four papers that combined make up the Regional Policy Review. The review will evidence why, and in what policy areas, economic development works well on a regional scale. This paper will look at regional economies and how they address the nuances of their economic landscape.

1.1.2 Covering the City and Regional Growth Deals Programme and Regional Economic Partnerships as the main structures through which regional economic development is delivered in Scotland, we look at the capabilities of regions to identify and address regional inequalities (both within and between regions) and build on regional strengths, building a narrative around regional empowerment.

1.1.3 REPAG is aware of other bodies that take forward wider regional work. We have chosen to focus on the City Region and Growth Deal Programme and Regional Economic Partnerships (REPs) as they represent core regional economic development activity of the Scottish Government and related agencies, notwithstanding the policy areas with regional leanings outlined in Paper One.

1.1.4 This paper focuses on regional approaches to achieving economic development within nuanced economic landscapes. It is not the intention to detract from smaller, localised approaches to economic development, nor imply that regional ought to be the default scale for delivery. We recognise the immense value that comes from other regional delivery bodies such as the Enterprise Agencies and the bodies that take forward a local approach, mainly local authorities, and the Scottish and UK Governments which implement national approaches.

1.1.5 Here we build on Paper One, where we noted the different relevant boundaries, the various public bodies involved in regional economic development, and surfaced some ways in which greater horizontal accountability and more meaningful place-based cross-policy working could strengthen regional economic development.

1.1.6 Collectively, they show multifaceted ways that Scottish Government can look to collaborate with their regional partners to support regional economic development further.

2. City Region & Growth Deals

2.1 Overview

2.1.1 City Region and Growth Deals involve agreeing a suite of projects to be delivered across a defined period of time, with an agreed budget between the Scottish Government, the UK Government and regional partners. The rationale behind these funded packages is to bring about long-term strategic approaches to improving regional economies, allowing them to harness additional investment and accelerate inclusive economic growth by creating fair new employment opportunities and skills programmes linked to the infrastructure projects.

2.1.2 There are 12 Deals in total:

City Region Deals:

- Aberdeen City Region
- Edinburgh and South East Scotland
- Glasgow City Region
- Inverness and Highland
- Stirling and Clackmannanshire
- Tay Cities

Regional Growth Deals:

- Argyll and Bute (in development)
- Ayrshire
- Borderlands
- Falkirk
- Islands
- Moray

The programme as a whole includes £2.692bn in capital spend and £93.1m in revenue spend. All Deals include a mix of SG, UKG and local authority funding. The exact makeup of the investment differs per Deal.

2.1.3 Overall the Deals Programme is expected to deliver a broad and deep range of economic interventions, with the estimated economic impact of creating 80,000 jobs and attracting over £1bn of additional investment.

2.1.4 The projects relate to known regional strengths, seeking to innovate across themes such as life sciences, food & drink, tourism & culture, aquaculture and advanced manufacturing, as well as exploit new market opportunities including space & aerospace, energy transition, digital and net zero. The Deals are intentional about building the skills and entrepreneurial culture needed to boost inclusive growth, with some weaving a Community Wealth Building approach into the fabric of what they do.

Governance

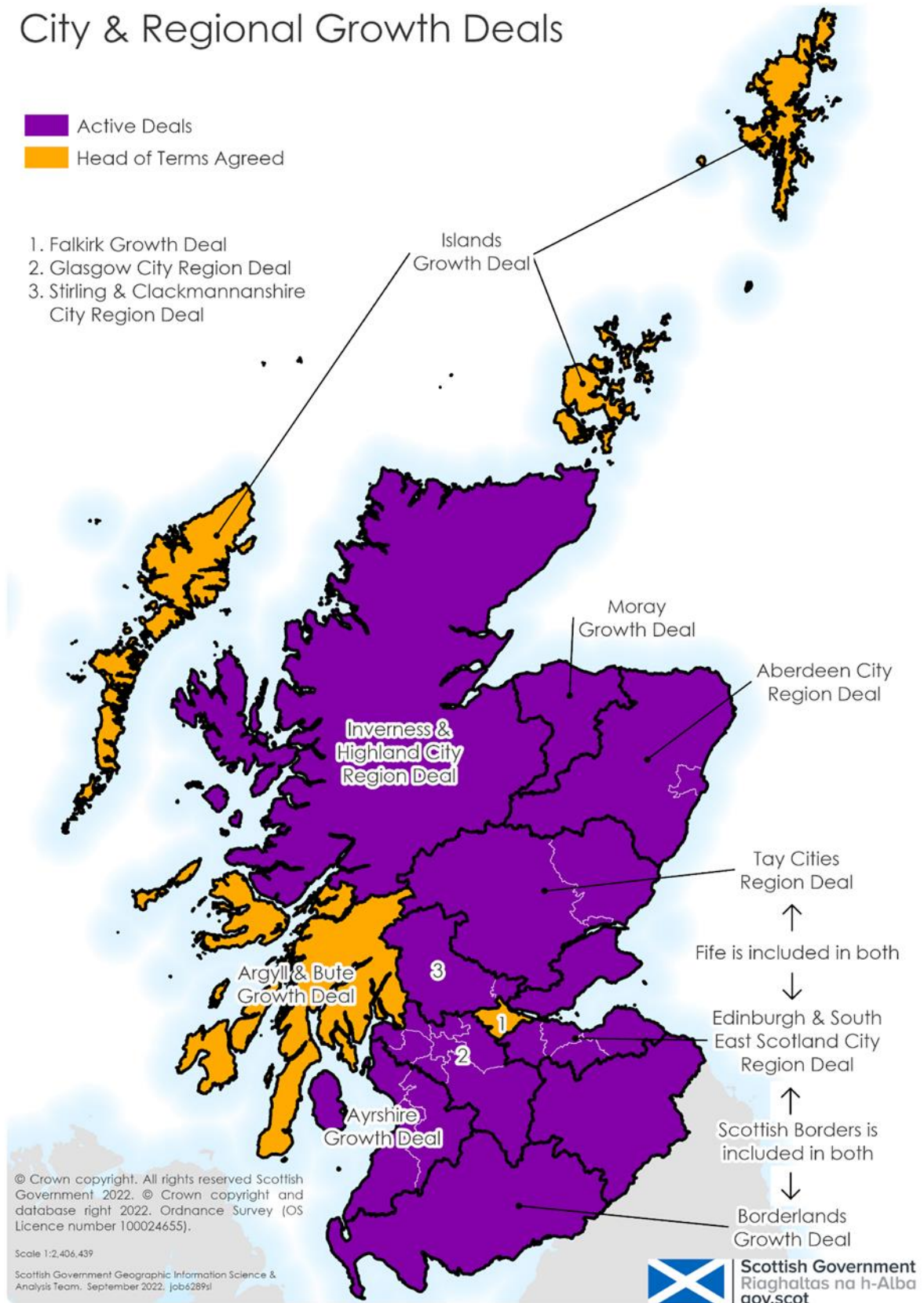
2.1.5 All Deals are overseen by the Scottish City Region and Growth Deal Delivery Board which is a joint UK Government and Scottish Government Board reflecting the joint funding profile of the Deals. This Governance structure enables Governments to

surface risks and mitigations, ensure progress remains on track, and work with regional partners to manage any significant changes.

2.1.6 It also ensures an overarching national picture, where particular aspects of the Programme that will affect all Deals can be discussed and actions taken. Currently the cost crisis is a priority for the Board, with both Governments working with regional partners to understand the impacts of rising inflation on project delivery, and seek to arrive at solutions that do not negatively impact the benefits expected from investment, or value for money.

Figure 1 below shows the geographical split of the Deals.

Fig.1



Operation

2.1.7 The Deal programme began with Glasgow in 2014, and by 2022 the Scottish Government had agreed Deals to cover all of Scotland. All Deals are partnerships between the Scottish Government, UK Government and local partners. It is noteworthy that there are Deals without City hubs (referred to as Growth Deals) and whilst the majority involve a partnership of multiple local authorities, there are some single local authority Deals (Falkirk, Argyll & Bute, and Moray).

2.1.8 Whilst the Scottish Government have emphasised regional working, some local authorities have opted to develop a suite of projects distinct to their particular local economy. This may be on the basis of very specific economic drivers, such as Grangemouth in Falkirk, and whilst it makes for a mixed picture, given the role of autonomy in regional working, the Scottish Government does not dictate when and how local authorities come together.

2.1.9 The exact nature of the Deals in each region differ to allow for tailored responses to each region's identified economic strengths and weaknesses, but all comprise of a programme of interventions to support positive change and transformation within the region. The authors of the Deal are the regions themselves, recognising that regions are best placed to determine and prioritise work that will enhance the strengths of their economy and create inclusive growth.

2.1.10 Ensuring regions self-selected the projects helped to establish a sense of autonomy and ownership over the decision making and delivery. However, there remains an approvals process for each Government in terms of the business cases that must be endorsed before any funding is released, and as such a sense of vertical accountability to UK and Scottish Governments remains within the Deals programme. This is balanced out by the existence of Deal Joint Committees, comprised mainly of elected members, who are final decision makers in many aspects of the Deal. The exception to this dynamic and structure is Glasgow which will be discussed in more detail below.

Project and Programme Management

2.1.11 The exact governance of individual Deals differs but due to the Scottish and UK Governments being the major funders, both Governments have a role in ensuring that Deals remain on track to delivering the success envisioned for the programme.

2.1.12 All of the deals must be HMT Green Book¹ compliant which means that every project in every Deal must go through a rigorous business case process. This journey can be challenging, complex and time consuming, often creating slippage and some delays to delivery.

2.1.13 Whilst both Governments would note that they aim to provide feedback and approval as quickly as possible, the business case journey is iterative and normally requires more versions of Outline Business Cases that regional partners may hope, which can cause frustration and the delays against optimistic timescales for delivery.

¹ [HMT Green Book](#)

2.1.14 The number of iterations can also be due to a lack of capacity, resource and expertise within local authorities too, with some technical aspects around carbon management and the economic cases a recurring weakness. The Scottish Government have responded to this by bringing in expertise on Carbon Management and developing an approach to calculating carbon costs. However, regional partners often resolve the capacity issue by procuring consultants to carry out economic analysis. REPAG view this as a costly solution, that fails to build expertise and capacity in the longer term.

Alternative Governance Models

2.1.15 It is worth noting that the Glasgow City Region stands as an exception from the standard management of the Deal Programme.

2.1.16 Business Cases are approved by the City Region Cabinet which has allowed for a more streamlined process for approving business cases and delivering on projects, and offers a very strong shared sense of accountability across the partnership.

2.1.17 The expert economic analysis provided by the Intelligence Hub in Glasgow City Region Deal is also vital to this streamlined process as it is able to produce the necessary data that would otherwise be commissioned by external consultants. The Hub is briefly mentioned in Paper One, and will be detailed later in this Paper but there is clearly value in the Scottish Government exploring how learning could be taken from this Hub and applied elsewhere in Scotland, perhaps building on existing capacity and expertise, ensuring that the development of business cases to release funding is expedited.

Outcomes to Date

2.1.18 Notwithstanding some governance and process challenges, and in spite of huge economic shocks such as Brexit, the Covid Pandemic, and the Cost of Living and Doing Business Crisis, the Deal Programme has managed to deliver an impressive array of successes to date, some of which are summarised below.

2.1.19 Highlights to date:

- Inverness and the Highlands: Highlands and Islands Affordable Housing project, aiming to deliver high quality, attractive housing for young people in the region, completed 57 housing units in 2021/22
- Ayrshire: Community Wealth Building project supported 85 businesses
- Inverness and Highlands: 2 of the 5 Newton Rooms are open in Fort William and Thurso
- Glasgow City Region Deal: 8,000 young people supported into employment through the Youth Gateway project
- Ayrshire: HALO Enterprise and Innovation Centre complete and open having received £24 million capital, revenue and in-kind support
- Aberdeen and Aberdeenshire: secured 66% of the Deal Fund in private sector investment
- Tay Cities: Construction works have begun at the James Hutton Institute on the Advanced Plant Growth Centre and International Barley Hub

- Edinburgh and South East of Scotland: delivery of 8000 new homes in Dunfermline will be supported by a £5 million grant awarded
- Inverness and the Highlands: work to transform Inverness Castle into an international visitor attraction is moving forward
- Aberdeen and Aberdeenshire are also investing in the Net Zero Solution Centre to utilise the skills, knowledge and experience that the region has in energy to support the transition to Net Zero by 2045

2.1.20 Each Deal is required, as a condition of grant, to develop a Benefits Realisation Plan (BRP). The primary objectives of Deal BRPs are to demonstrate, for the benefit of local, regional and national stakeholders, the outputs, outcomes, and impacts realised as a result of Deal investments in projects. They must also identify, collate, and explain the collective benefits of the Deal as a whole, which may be wider than individual project outputs, outcomes, and impacts. BRPs also provide accountability for both government and partner investment, enhance the operational effectiveness of existing projects, and improve potential future initiatives through the capture, dissemination, and application of learning.

2.1.21 BRPs will differ slightly between regions, but guidance has been offered to Scottish and UK Governments that state it should include number of jobs to be created/protected; evidenced contributions to inclusive growth and/or sustainability (e.g. carbon reduction); cultural participation; regional economic impact; and wider impacts (e.g. on place making, regional partnership working).

Case studies

2.2 Inverness and Highlands City Region Deal

2.2.1 The Inverness and Highlands Deal was signed in 2017 and totals £315 million of investment over a period of 10 years. The Scottish Government have committed £135 million, the UK Government committed up to £53 million, Highland Council and regional partners (particularly Highland & Islands Enterprise) up to £127 million.

2.2.2 The region recognises its strengths as an area that offers an outstanding quality of life providing a clean, healthy and safe environment in which to live and work. Inverness is recognised as one of the fastest-growing economic areas in the UK (RBS Study). The region has benefited greatly from the creation and expansion of the University of the Highlands and Islands. It continues to expand the further and higher education courses it offers which helps reduce youth out-migration.

2.2.3 The region has also secured major investment in digital infrastructure and transport in recent history making it significantly more accessible and attractive for business, making it less likely that the younger generation will be forced to migrate for employment and making it more attractive to working-age individuals and families wishing to relocate.

2.2.4 Although population retention remains an issue, especially when it comes to attracting more young people to live, study and work in the area, the region has seen population growth over the past 30 years. Over the period 2005-2015 the population in Highland increased by 7.4 per cent, from 218,100 to 234,100. However, the region faces significant challenges: median weekly earnings of full-time employees, who

reside in Highland, in April 2016, were 1.4 per cent lower than those in Scotland as a whole.

2.2.5 Additionally, lack of Higher Education opportunities in the past and a limited range of employment opportunities have contributed to significant outmigration of young people. In 2015, the population aged 15-29 in Highland region accounted for 16 per cent of the total population; significantly lower than that of Scotland as a whole at 19 per cent.

2.2.6 The Deal investment allowed the regional partners to address inequalities and build on strengths by focussing investment on:

- Digital
- Land remediation
- Housing
- Innovation
- Health and Life Sciences
- Transport
- Assisted Living
- Workforce Development
- Tourism
- Skills

Digital

2.2.7 The digital project aims to extend digital coverage to support the region in becoming the most digitally connected region in Europe.

2.2.8 The region has successfully provided WIFI to the city of Inverness and 14 other settlements throughout the Highlands which has been a welcome success for the Deal. This was only one part of the project with the development of a business case to secure funding for superfast broadband throughout the region underway.

Skills

2.2.9 To investigate, develop and deliver a Highland approach to employability and skills. The region recognised that a significant change like this needed:

- Local partners to align and deliver services better (for example, National Health Service and Highland Council);
- National partners to align or deliver services better with local partners (for example, Skills Development Scotland with Highland Council or third sector partners);
- New services aligned with existing provision rather than imposed (for example, replacement work programme or work choice).

Northern Innovation Hub

2.2.10 The Northern Innovation Hub (NIH) builds on and accelerates current business innovation support services in the region, enabling an increased focus on sectoral opportunities which will build global competitive advantage. It is not a physical hub; instead it is a coherent grouping of projects designed to benefit small and emerging businesses. This will include:

- Graduate placement programmes
- Intensive support to young and new businesses
- Digital skills programmes
- Adoption of competitive digital practices for highland businesses

Project Significance

2.2.11 The significance of these projects are they directly tackle the inequalities present in the region.

2.2.12 Digital connectivity is essential for linking geographically isolated communities with relevant markets, information sources and opportunities. It addresses rural inequalities such as limited opportunity to earn adequate income compared to urban counterparts (SIMD – Rural Deprivation, 2017).

2.2.13 The Covid-pandemic heightened our reliance on good connectivity and the greater adoption of flexible working patterns and geographically-neutral employment opportunities means that individuals in geographically isolated communities can have employment (and study) opportunities that were not available pre-pandemic. In a nutshell, geographical isolation should be less of a barrier to employment opportunities than it has ever been previously but fast and reliable broadband is the link that needs to exist to allow this reality.

2.2.14 Addressing digital accessibility is pivotal to unlocking the opportunities that are presenting themselves to geographically isolated communities.

2.2.15 Tying in with this, the region is delivering a skills initiative which is central to the objectives of the Inverness and Highland City-Region Deal. This project ties in with another skills project that is part of the Deal which is the Science Skills Academy which aims to transform the uptake of Science, Technology, Engineering and Maths (STEM) subjects in schools.

2.2.16 Combing a regional programme to deliver employability and skills opportunities with the development of STEM skill projects for young people leads to a young workforce ready and able to enter into new employment opportunities in the growing sectors within the region such as renewable energy and digital technologies. All of this ties in with the work being done on innovation.

2.2.17 The region has sectorial strengths in life sciences, digital, renewables, tourism, food and drink, and the creative industries. The region is using the Deal to support improvements to business competitiveness at a UK and international level to accelerate business growth in the region leading to it attracting employment opportunities and bringing about inclusive growth.

Above are just three examples but they highlight the strategic links that underpin the Deal. Combining projects on skills, innovation, and digital and focussing on the existing and future workforces and industries ensures that the Deal is best-placed to address regional inequalities such as lack of competitive employment opportunities for residents and youth migration.

2.3 Edinburgh and South East Scotland Deal

2.3.1 The Edinburgh and South East Scotland (ESES) Deal is a £1.13 billion Deal and was signed in 2018 and will run for 15 years. It will accelerate economic and inclusive growth by delivering improvements in innovation, housing, infrastructure and skills.

2.3.2 The region is of great economic importance to Scotland and the UK bringing in around £36 billion per year and the region is projected to have strong economic growth. The average annual growth projections from 2020-2030 suggest a growth rate of 2.4%, which could be higher than the average annual growth projected for Scotland as a whole.

2.3.3 However despite it being a prosperous region, it is not universal across the region with around 22% of children living in poverty at the time the Deal was signed. The region also lacks affordable and mid-market housing stock with the average house prices in the city region being higher than the Scottish average and high house prices to earnings ratios in many locations.

2.3.4 There are regional disparities also evident in job densities, ranging from 0.55 in East Lothian to 1.02 in the City of Edinburgh and gender and age inequalities with men across the city region earning 14% more than women, and lower female to male participation and employment rates.

2.3.5 The Deal therefore focusses on the following areas:

- Housing
- Employability & Skills
- Transport
- Innovation
- Culture

Housing

2.3.6 The Deal includes a Regional Housing Programme to accelerate the delivery of affordable housing and housing across all tenures, enable the development of seven major strategic housing sites and drive efficiencies across the public sector estate.

2.3.7 To do this the Deal will:

- Support the greater use of offsite construction to deliver affordable homes
- Deliver an expanded affordable housing programme
- Developing risk sharing guarantees
- Delivering seven strategic sites (as part of the strategic development plan)
- Increasing the supply of good quality, low cost rental housing
- Maximise the potential contribution of public sector land and property
- Create more jobs, training and apprenticeships as well as opportunities for regional construction related SMES

Employment

2.3.8 There are a number of employment projects included in the Deal such as:

- The Integrated Regional Employability and Skills Project – seeks to evolve regional labour market policy and practice to drive inclusive growth. It will

deliver an additional 14,700 skill improvements; 5,300 people into employment; and a further 500 career enhancements

- The Integrated Knowledge Management Systems Project – will create a new, joined up Management Information System (MIS) for Skills and Employability across the region. The system will have an access point for members of the public looking to engage with employability services and will offer a more streamlined approach for caseworkers and clients
- The Labour Market Analysis and Evaluation Project – this will develop the regional labour market intelligence capacity around patterns of demand and supply.
- The Integrated Employer Engagement Project – this will coordinate and improve the employability and skills service offer to employers which in turn will present opportunities to the citizens of the ESES region
- The Intensive Family Support Service Project – this is a multi-agency project that offers a combination of intensive, general, and specialist activities tailored to the needs of the whole family. The core offer includes family support, advice, and employability.

Project Significance

2.3.9 ESES have used the Deal investment to target the areas of critical importance within the region such as child poverty and inequality.

2.3.10 At the time of agreeing the Deal projects, unemployment was low but partners realised that despite this there was still persistent worklessness and poverty in the region due to low income, skills inequalities, gender and age inequalities and regional disparity in job density.

2.3.11 With a lack of affordable housing stock and a high-cost rental market, many low income families were struggling and a rate of around 22% of children were living in poverty.

2.3.12 The projects of work selected by ESES show an understanding by regional partners that housing and employability must be addressed simultaneously to allow for inclusive growth in the region.

2.3.13 Child poverty is a difficult issue for a region to tackle directly via an investment Deal but by creating affordable housing (including affordable rental properties) and offering employment and skills-development opportunities for residents, the rate of child poverty should fall as parents are able to utilise these opportunities. Including a specific family support project also ensures that families can access guidance on a wide range of subject matters from a well-connected partnership.

2.4 Ayrshire Growth Deal

2.4.1 The Ayrshire Growth Deal was signed in November 2020 securing £251.5 million to help the region achieve their vision of becoming “a vibrant, outward looking, confident region, attractive to investors and visitors, making a major contribution to Scotland’s growth and local well-being, and leading the implementation of digital technologies and the next generation of manufacturing”.

2.4.2 Ayrshire is an example of a region that does not include a city but instead covers South, East and North Ayrshire (which is inclusive of the island of Arran). Both North and East Ayrshire have high levels of deprivation with 28% of North Ayrshire's data zones being in the 15% most deprived in Scotland and 31% of East Ayrshire's data zones were in the 20% most deprived in Scotland.

2.4.3 Ayrshire has a number of strengths as a region. Tourism plays a vital role in the economy and is home to world-class golf courses, historic landmarks, high quality hospitality, coastal settings and breath-taking islands. Creative arts are also a significant strength of the area with arts, entertainment and recreation contributing around 2.4% GVA to the region. Manufacturing and Human health and social work activities are also high value sectors in the region.

2.4.4 The Ayrshire Growth Deal therefore focusses on the following areas:

- Aerospace and Space
- Energy, circular economy, and environment
- Tourism
- Community
- Economic Infrastructure

Community Wealth Building

2.4.5 The Scottish Government provided £3 million for a regional Community Wealth Building Fund. The aim of the Fund is to develop an Ayrshire approach to Community Wealth Building that enhances wealth, ensures fair and meaningful work, and creates successful places throughout the region. Ayrshire intend to achieve this by:

- Community Wealth Building Business Locality Officers – to work in localities alongside Anchor Institutions to facilitate CWB activities across public, private, and social economy on procurement, employment, assets and ownership, linking with existing local service delivery.
- Community Wealth Building Fund – to support place-based CWB activity, and the work of CWB locality officers, including but not limited to: social enterprise support, employee ownership transition, workplace innovation, supplier development and capacity building, and supporting locality entrepreneurship.
- Fair Work Ayrshire – A dedicated Ayrshire 'Fair Work' resource to engage key employers (including Anchor Institutions) to ensure they recruit inclusively and provide quality and meaningful work, and to develop practical steps with employers to position Ayrshire as a Fair Work region.

Project Significance

2.4.6 The project is the first regional place-based approach to Community Wealth Building (CWB). Ayrshire were keen to develop and pilot this work recognising the opportunity that it offered for the region.

2.4.7 The project seeks to develop resilient, inclusive local economies, with more local employment and a large and more diverse business base. As detailed above, the region has areas of high deprivation and so by focussing on engaging

meaningfully with the anchor organisations within the region, Ayrshire is able to make a positive move in tackling poverty in the region.

2.4.8 The outcomes from this project would include an increase in fair paid and meaningful employment for residents in the region along with supporting local entrepreneurship tying it squarely with the national priorities as set out in NSET.

The HALO

2.4.9 The Halo Project is a £63m brownfield urban regeneration project on a 23-acre site, formerly the home of Johnnie Walker, the world's leading Scotch whisky. The development is a fully integrated Enterprise and Innovation Hub which will establish an entrepreneurial ecosystem to stimulate innovative business practices between new and established businesses.

2.4.10 Working with Scottish Power the region has created an industry leading cyber and digital training and learning facility. The facility is open and making good progress.

Project Significance

2.4.11 The project is creating new jobs and offering "retraining" opportunities in digital skills which is helping produce a workforce for the future. This ecosystem is intended to encourage the development of new digital and cyber security products and services, responding in particular to the needs of the energy, health and space/aerospace sectors.

2.4.12 This addresses the need in Ayrshire for greater skills opportunities and plays to the regions strengths in manufacturing. As with the CWB project HALO opens up fair employment opportunities which in turn reduces poverty in the region.

2.4.13 Stimulating innovative business practices between new and established businesses should lead to inclusive growth in the region and a greater entrepreneurial base which again ties nicely with national targets.

3. Regional Economic Partnerships

3.1 Overview

3.1.1 The success of the regional approach to economic development was evident from the early Deals which was the basis for the commitment in the Phase 2 report of the Enterprise and Skills Review (2017). The review committed the Scottish Government to enable a network of Regional Economic Partnerships (REPs) across Scotland. It's important to note that whilst we refer to REPs at a national level, this is a blanket term with each partnership having its own terminology.

3.1.2 The REPs that are in place today have grown and developed from the governance arrangements put in place for the City and Regional Growth Deal Programme. Given that Deals in themselves are regional collaborations and offer the region the opportunity to build on substantial investment, this regional structure has been seen by partners as the most logical to build on in order to retain the evident benefits around coordinated investment and a collaborative forum for Government to engage with.

3.1.3 Despite this being the case, there are slight geographical splits between the City and Growth Deal geography and the REP geography. Where there are 12 Deals, there are only eight REPs. The rationale for differentiation has typically been due to close links to other local authorities not included in a region's Deal whether this be similar economic strengths and challenges or travel-to-work overlaps. The eight REPs are as follows:

- Ayrshire
- Edinburgh and the South East of Scotland
- Forth Valley
- Glasgow City Region
- Highlands & Islands
- North East
- South of Scotland
- Tay

3.1.4 The map below shows the REP split.

3.1.5 Just as the Deals programme developed over an extended period of time, REPs have also evolved over time. Those Deals that have been in place longest typically have the most mature REPs but many are still in their infancy.

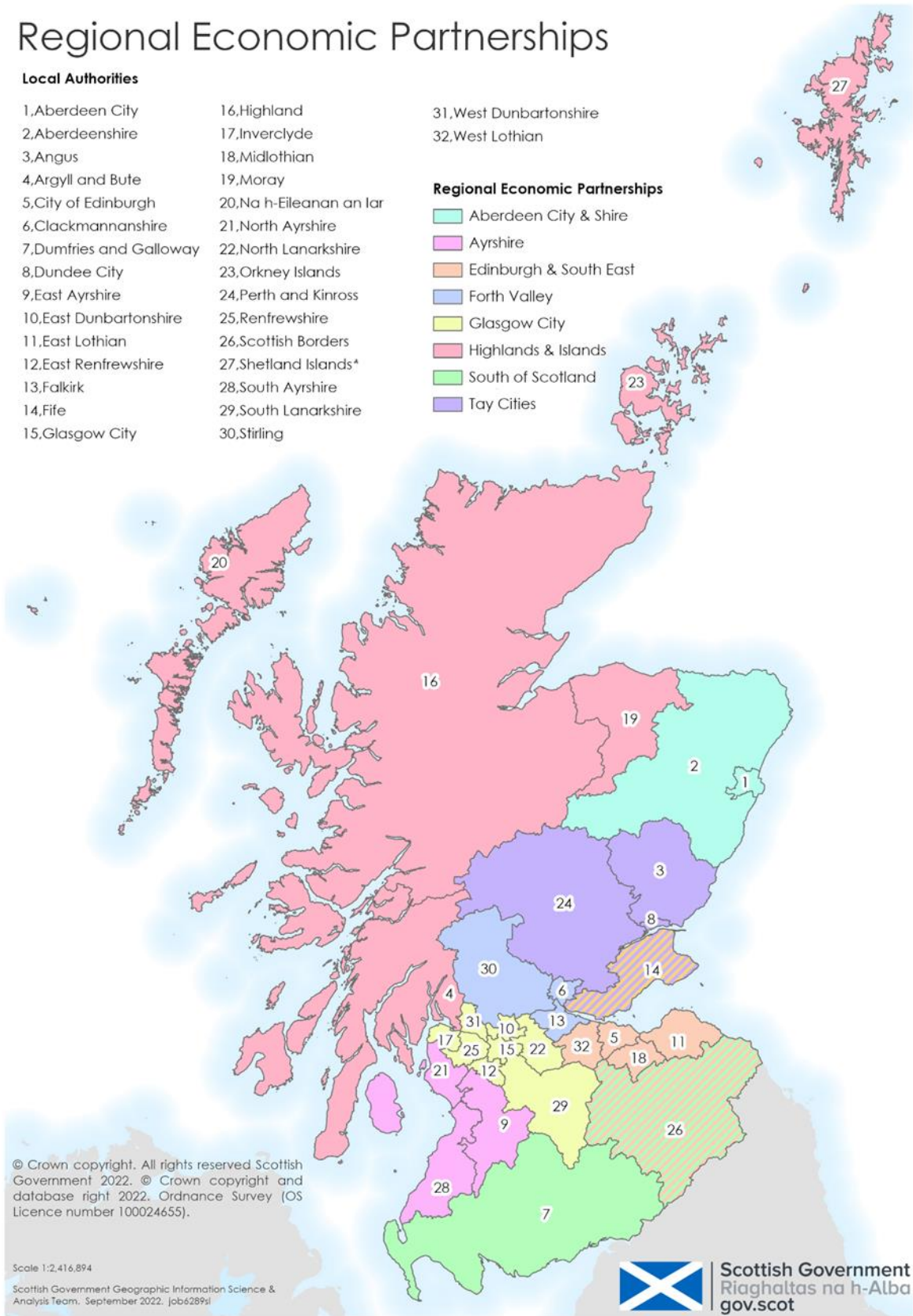
Regional Economic Partnerships

Local Authorities

- | | | |
|--------------------------|--------------------------|-------------------------|
| 1, Aberdeen City | 16, Highland | 31, West Dunbartonshire |
| 2, Aberdeenshire | 17, Inverclyde | 32, West Lothian |
| 3, Angus | 18, Midlothian | |
| 4, Argyll and Bute | 19, Moray | |
| 5, City of Edinburgh | 20, Na h-Eileanan an Iar | |
| 6, Clackmannanshire | 21, North Ayrshire | |
| 7, Dumfries and Galloway | 22, North Lanarkshire | |
| 8, Dundee City | 23, Orkney Islands | |
| 9, East Ayrshire | 24, Perth and Kinross | |
| 10, East Dunbartonshire | 25, Renfrewshire | |
| 11, East Lothian | 26, Scottish Borders | |
| 12, East Renfrewshire | 27, Shetland Islands* | |
| 13, Falkirk | 28, South Ayrshire | |
| 14, Fife | 29, South Lanarkshire | |
| 15, Glasgow City | 30, Stirling | |

Regional Economic Partnerships

- Aberdeen City & Shire
- Ayrshire
- Edinburgh & South East
- Forth Valley
- Glasgow City
- Highlands & Islands
- South of Scotland
- Tay Cities



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Regional Economic Strategies and Recovery Plans

3.1.6 The Coronavirus pandemic affected the development and priorities of REPs. Those that were more mature at the time of the pandemic were able to utilise the shared resources within the region to develop economic recovery plans. These were generally short-term plans including a focus on employment, business support and skills development to assist those who had lost employment find work in the region and/or retrain in key sectors such as green technologies.

3.1.7 Following on from the initial emergency responses to the pandemic, the established REPs then committed to refreshing Regional Economic Strategies (RES)². These are longer-term strategic approaches to ensuring inclusive growth within regions, with most recent publications taking account of the impact that the pandemic has had on the economy.

3.1.8 Although many regional partners were able to attend to the economic impacts of the pandemic and develop strategies that could help recovery and growth, the formation of a REP takes time and resource. Therefore the REPs that were still to emerge at the time of the pandemic were delayed in doing so.

3.1.9 The current landscape is that every region has a partnership or regional collaboration in place with the majority having the development of a RES high on the priority list. REPs recognise that by setting out their strategic aims, and providing evidence for their inclusion, they are able to proactively demonstrate to central Government where they wish to use inward investment, both public and private.

Role of Scottish Government

3.1.10 The Scottish Government supports and endorses the development of REPs, and are involved in all partnerships to varying degrees (according to the ask or REPs themselves). However, it does not prescribe membership nor does it set objectives, instead leaving it to regional partners to establish a partnership that best serves the priorities and existing governance structures of that region. REPAG believe that this is the right approach which respects the trust that ought to exist between local and central Government.

3.1.11 However, there is a fine line to take here, and whilst leaning into the autonomy of regions has genuine merit, consultees have noted that it has meant that the Scottish Government has not always been explicit in their expectations in a way that may have been useful for regional partners where greater clarity would could introduce welcome guidance. Paper one stated two conclusions that would help to provide a clearer steer to REPs as they come together and develop the strategies, which are worth reiterating here. These conclusions are:

Horizontal Accountability

3.1.12 By making a stronger and more explicit statement around regional structures, the overarching aim is to support a greater degree of horizontal accountability between economic actors across each region. The absence of legislation for REPs is an advantage here as it lessens the requirement for traditional

² Regions with a Regional Economic Strategy (or equivalent agreed strategic framework) are as follows: [Glasgow](#); [ESES](#); [North East](#); [South of Scotland](#); [Tay Cities](#), with the others planned or in development

vertical accountability to Government, and instead permits responsibility, accountability, problem solving and ambitions to be shared in a collaborative manner between SG, agencies and regional partners.

Permission to be Regional

3.1.13 Signal to regional partners an explicit and justified support for regional economic development, empowering regional partners to work and make decisions at this level. This may help unlock political barriers where working across boundaries has been viewed with some degree of scepticism, and allow officials within the region to take forward regional work with more confidence.

3.1.14 Helping to make the case for the value added from sharing resource (e.g., staff within an Intelligence Hub, or sharing procurement) and the benefit from the scale of ambition (e.g., the ability to share risk to deliver much larger projects on a transformative scale).

Regional Policy Clarity

3.1.15 Through this review REPAG believe that there is a clear rationale for considering certain policy areas in Regional Economic Strategies e.g., Net Zero, Just Transition, Population and Population Health, Child Poverty, Community Wealth Building, Transport, Land Use and Planning, Skills, Higher and Further Education. This clarity can help empower REPs to ensure a holistic approach to strategic economic planning is taken, looking at enablers and levers, constraints and barriers as much as developing statements of intent.

3.1.16 Much like Deals that have differing themes and priorities to tackle regional inequalities and build on strengths, REP membership and priorities differ greatly. Typically REPs involve the local authorities within the region, private sector representation, the relevant enterprise agencies, education and skills providers, and the third sector.

Case Study: ONE The North East Collaboration

3.1.17 It is worth highlighting one of the more mature and positive functioning collaborations in the north east, which has a unique level of involvement from the private sector in the form of Opportunity North East (ONE), a key private delivery partner who work in partnership with both Aberdeen City and Aberdeenshire Councils to catalyse public and private sector partnership and driving economic development in the region.

3.1.18 There is an opportunity to learn from the model led by ONE in the north east, and identify how similar positive public/private relationships can be built elsewhere in Scotland, to support regional economic growth. The partnership have focussed on setting out a clear vision for diversifying the north east economy, building resilience against price fluctuations in the oil and gas sector, and enhancing other regional strengths.

3.1.19 Established in 2015 and with a £62 million 10-year funding commitment from The Wood Foundation, ONE work in partnership with the public sector to

develop and deliver projects aimed at accelerating economic diversification and energy transition – always in line with the vision set out for the region.

3.1.20 The strength, consistency and clarity in that vision is a real asset for the north east, leaving investors (whether central Government or private sector) in no doubt as to how funding will be used and the benefits it will realise. It is something the partnership can coalesce around, offering a recognised regional identity that other regions can learn from.

3.1.21 The north east focus is on businesses in the key industry sectors: digital; energy; food, drink, agriculture; fishing; life sciences and tourism to help them develop and grow at home and internationally. ONE works in partnership to achieve this and uses its resources and funding to secure co-investment and expertise from public and private sector sources³.

3.1.22 These priority sectors are reflected in the projects delivered via the Aberdeen City Region Deal⁴; BioHub, and Seedpod (both of which are led on by ONE), the Net Zero Technology Centre, Aberdeen South Harbour Expansion, Digital infrastructure and enabling transport links.

3.1.23 What has been evidenced in the north east, that other regions can learn from, has been the manner in which they have used their vision to catalyse further investment opportunities. This is exemplified in the Energy Transition Zone, which connects to the Aberdeen South Harbour Expansion's additional capacity. Receiving £26.3 million as part of the Scottish Government's Energy Transition Fund⁵, The ETZ aligns with the wider north east regional strategy⁶. Interestingly, regional partners opted to layer in a Community Wealth Building approach, ensuring that local firms and workers directly benefit from the opportunities of these investments and the related supply chains.

3.1.24 In terms of regional skills and innovation, ONE noted that they consider digital to underpin and play an integral part in the future of the north east in their response to Mark Logan's request for input to the Independent Review on Technology Sectors Role in Economic Recovery.

3.1.25 This was articulated across three categories; 1) Stimulating a vibrant start-up ecosystem, drawing on expertise from the region and beyond to create the best possible environment for success, 2) supporting established digital companies through growth and diversification, and 3) enabling existing businesses in our key sectors of energy, food and drink, life sciences and tourism, to embrace digital and new working practices to continue to thrive into the future.

³ It has established a track record of identifying transformational opportunities and developing these into funded projects which move into delivery at an accelerated pace. In this sense, the public/private relationship here speaks to the recommendations made within the Advisory Group for Economic Recovery Report relating to partnership working with business. [Advisory Group on Economic Recovery](#)

⁴ More detail on the projects can be found in the [Aberdeen City Region Deal Annual Report](#)

⁵ The project has received match funding from UK Government as part of the 2021 Budget, with ONE making an additional contribution.

⁶ [Aberdeen Regional Economic Strategy](#)

3.1.26 ONE then allocated £6.14m of the £14.3m North East Economic Recovery & Skills Fund⁷ to deliver projects with a focus on entrepreneurship; accelerated business start-ups, development and growth; and across a range of sectors including hospitality and tourism, once more demonstrating how the strategic vision guides investment towards tangible economic benefits.

3.1.27 To enhance the investment offer Aberdeen City and Aberdeenshire Council's formed a joint venture Invest Aberdeen⁸ to showcase regional investment opportunities for inward investors and businesses, setting out the economic vision for the region and providing a central source of information relating all the various economic interventions across the region.

3.1.28 This is underpinned by the report⁹, issued each year by the independent Aberdeen Economic Policy Panel and giving an analysis of the regional economy. Interestingly, in the most recent 2020/21 report it is noted that:

The future success of the North East is critical for the long-term health of the Scottish and UK economies and the region cannot be expected to meet the complex challenges ahead alone. A more joined up and coordinated approach across the Council, UK Government and Scottish Government on all issues that impact on regional economic development would aid long-term planning in Aberdeen.

Aberdeen Economic Policy Panel Report, Dec 2021

3.1.29 This perspective is entirely consistent with the views and findings in this review, and marks a welcome agreement for future culture of delivery. The report also stated that the economic shocks of Brexit and Covid made it the right time to develop a new Regional Economic Strategy, noting the role of the north east in taking a regional lead on managing natural assets in the transition to Net Zero, building on the recognition in the current Regional Economic Strategy which stated the region's natural assets and clean environment are vital to its economic success.

3.1.30 Finally, it is worth highlighting the regional economic analysis carried out by North East Performs¹⁰ which provides the monitoring framework for the north east. It includes key economic indicators against which progress can be assessed covering economic, productivity and inclusive and sustainable growth. It also includes analysis of the type of diversification that will be required to achieve the Regional Economic Strategy objectives, and links with the content and conclusions of the Aberdeen Economic Panel Report. This provides another example of the value of nuanced regional data and intelligence, and is worth ensuring coordination with the Wellbeing Economy Monitor.

⁷ This fund is providing opportunities for up to 3,000 individuals in Aberdeen and Aberdeenshire through training and enterprise projects across a number of sectors.

⁸ [WELCOME TO INVEST ABERDEEN - INVEST ABERDEEN](#)

⁹ [Aberdeen Economic Panel Report](#)

¹⁰ [North East Performs](#)

4. Funding

4.1.1 The Scottish Government does not currently fund REPs on a year-on-year basis. However in 2020-21 the Scottish Government launched a Regional Recovery Fund (RRF), and in 2021-22 the Regional Economic Partnership Fund (REP Fund) both issued via the REPs. The funding was able to flow to REPs via the associated Accountable Body within the relevant Deal, supporting projects and activity that had been agreed at a regional level, even if led on by a single Local Authority.

Regional Recovery Fund (RRF) – fy 2020-21

4.1.2 This was a £2 million fund that offered targeted financial support for regions to help them in maximising local job creation, as well as accelerating delivery of City Region and Growth Deal investment and developing regional recovery plans.

South of Scotland

4.1.3 The South of Scotland (SoS) received around £76,500 and focussed this on regional recovery planning. The region which had established the South of Scotland Regional Economic Partnership in 2018 and had created the new South of Scotland Enterprise (SOSE) in April 2020, identified a need for better data to allow for targeted support.

4.1.4 SoS used the Fund to support an extended programme of engagement which enhanced engagement with businesses, organisations, and communities across the region. This helped build a richer understanding of the region's opportunities and supported a sense of wider ownership for future interventions.

4.1.5 The Fund was also used to support the development of a deeper understanding of existing data sources available, gaps in these, alongside the development of options to bring data together into a single, region-wide and more easily accessible repository.

4.1.6 They mapped existing work within the context of an enhanced focus on expanded measures which will better reflect inclusive growth, environmental ambitions and ultimately what the region considers important for its future.

4.1.7 Prioritising intelligence gathering has afforded the region a more developed and deeper understanding of the needs and opportunities facing it both presently and in the future. It also led to recommendations for the region to improve data retention and access. This shows strategic, long-term planning and the capability to take the region forward implementing strategically important projects to allow for inclusive growth within the South of Scotland.

Forth Valley

4.1.8 Forth Valley received almost £115,000 from the Fund and prioritised acceleration of the delivery of the growth Deal projects; Community Wealth Building; and regional recovery planning.

4.1.9 The region recognised the need to support the town and city centres in the aftermath of lockdown and used this fund to incentivise footfall, and support the SME base which they saw as the lifeblood of the regional economy. To do this the region delivered on the following projects:

Alloa First

4.1.10 Leaflet design and printing by local firm and postage costs, delivered to all Clackmannanshire residents and multi-page adverts in Scotland Loves Local Magazine and town centre banners all promoting Alloa Town Centre's 'reopening' post Covid restrictions.

Falkirk BID

4.1.11 To support the recovery of Falkirk Town Centre, the installation of 4 digital footfall sensors in the town centre to understand pedestrian traffic at key routes into the retail hub. This data-led intervention can be used across private, public and social sectors, to improve and revive town centre health and the resilience of local businesses.

Go Forth Stirling

4.1.12 In order to support recovery, investment in the geographical extension of city centre wi-fi network (at Port Street) to make the city centre better connected for businesses and to allow free wi-fi for all users of the centre including shoppers and tourists.

4.1.13 Recognising the strengths of a regional approach to recovery and to longer-term regional economic development, Forth Valley used a portion of the funding to support development of an updated economic strategy. They held fortnightly updates with the economic development leads in the region and collaborated together with partners on projects including "My Carbon Zero" and the "FV River Parc".

4.1.14 Much like SoS, Forth Valley recognised the immediate needs of the region and assisted its economic recovery from the pandemic with the funds available. Again, this highlights that local authorities coming together to deliver economic benefits is a strategic move for the region especially when it comes to economic shocks such as the pandemic.

Regional Economic Partnership Fund 2021-22

4.1.15 This fund supported work to develop or strengthen regional partnerships; develop/refresh regional economic strategies; intelligence gathering; and/or strengthen internationalisation plans. The fund itself was £995,000 and each of the eight REPs applied and received a share of the fund.

Ayrshire

4.1.16 Ayrshire received £96,000 and focussed the funding on the development of their RES and on internationalisation plans to maximise investment in the region.

4.1.17 To develop the RES for the region, Ayrshire used part of this funding to commission economic development consultants to research and produce an Ayrshire Regional Economic Strategy and two-year Action Plan. They were also tasked with embedding the principles of Community Wealth Building (CWB) throughout the Strategy.

4.1.18 Work is still underway on the development of the strategy but they have developed an economic baseline report and created a regional expert panel which is able to advise on embedding CWB principles into the strategy.

4.1.19 Ayrshire also reached out to the Inclusive Growth Network to ensure that thorough and meaningful engagement was part of the development process.

Tay Cities

4.1.20 Tay Cities Region received £117,000 and prioritised the development of regional collaboration.

4.1.21 Noting the importance that tourism plays on the regional economy, Tay Cities supported the development of a Regional Tourism Strategy. The purpose of the strategy was to deliver elements of the regional economic strategy through key actions to diversify and grow the visitor offer. By expanding the regional offer to tourists they hoped to increase the time that tourists would stay in the area.

4.1.22 As an extension of this work, the region also developed an expression of interest for the City of Culture 2025 bid. The region views this as an opportunity to showcase culture in the region and gain national and international awareness and new visitors.

4.1.23 Similar to Ayrshire, Tay Cities also recognised the importance of focussing on CWB and an action plan was developed using this Fund to support a CWB action plan for Dundee. Wishing to utilise knowledge available within other regions, Tay Cities engaged with Ayrshire on the development of the action plan. Work on this project is still under way.

Funding Conclusions

4.1.24 The past two financial years have seen comparatively small sums of revenue funding go to the eight REPs. Evaluation exercises for both funds have shown that despite the small sums of funding, positive outcomes have been achieved.

4.1.25 The readiness and ability of the regions to utilise these opportunities to develop their economic resilience; develop and support strong recovery projects; identify and address inequalities; further internationalisation to bring investment into the region and the country, showcases their capabilities.

4.1.26 Despite only receiving minimal funding, REPs have played a vital role in Scotland's economic recovery from Covid-19. Over recent years regions have prioritised intelligence whether that be in the development of an Intelligence Hub in Glasgow or the procurement of consultants to collect and analyse data. The willingness and readiness to focus funding on these types of activity show that REPs have the long-term resilience and growth of the regional economy at their heart. This is further evidenced by the high-quality of the Regional Economic Strategies, Frameworks and Action Plans that have been published.

4.1.27 The successes of REPs have not gone unnoticed, hence the enhanced emphasis placed upon them in NSET, flagging them as a key partner in ensuring

economic transformation, improved productivity, encouraging further inward investment all with a view to reducing inequality within and between regions.

4.1.28 REPs have also been recognised by the UK Government in their plans for the delivery of the Shared Prosperity Fund (SPF), with REPS theoretically able to apply for and deliver funding at a regional level,¹¹ though it should be noted there was insufficient time available to agree regional Investment Plans via regional structures (which requires local approval before regional agreement), especially for regions with less mature REPs.

4.1.29 Given past precedence of Scottish Government single-year funding, REPs are able to receive investment via the Accountable Body associated with the relevant Deal. That funding can be used to deliver projects and priority policy identified in Regional Economic Strategies, linking to national priorities. Thus, the successful implementation of projects such as those identified by the REPs are what will lead to the successful delivery of NSET.

4.1.30 To date the funding that has been issued to REPs has come toward the end of the financial year with little notice given prior to the application process opening. If REPs were to receive year-on-year guaranteed funding this would provide confidence to both them and private sector partners in terms of planning and delivery. In turn, this would improve the impact of government spending.

4.1.31 REPAG recognises the context within which REPs have evolved has been one without any secure multi-year funding, which has impacted on the pace at which they have developed, and what is within their capacity to achieve. As noted in Paper One, we believe it would be useful for the Scottish Government to explore options regarding how to support REPs, and share an assessment of the implications for REP outcomes given those options.

4.1.32 Relatedly, as Paper One discusses, it is REPAG's view that the Scottish Government can mirror the kind of policy alignment we see coalesced around regions, developing a placed based, regional, strategic conversation across relevant policy areas – making more joined up funding decisions, using existing streams to support shared outcomes.

¹¹ [Delivery geographies - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

5. Glasgow Intelligence Hub

5.1.1 The Glasgow Intelligence Hub¹² serves as an example of what a region can create to better understand the communities it serves. It is included in this paper to show the importance of intelligence gathering and knowledge transfer within a region, and its strategic impact.

5.2 Background

5.2.1 Glasgow has a long history of working regionally when it comes to land use (via Clydeplan) and transport planning (via the Strathclyde Partnership for Transport) and in 2014 it became the first city in Scotland (and one of the first in the UK) to sign a City Region Deal securing investment of £1.13 billion over 20 years.

5.2.2 The Deal offered the region the opportunity to expand joint working efforts to all areas of regional economic growth so the Cabinet that was established to oversee the Deal progress was quick to develop and launch a Regional Economic Strategy (RES). The Strategy covered the period 2017-2035 with the intention of building on the Deal investment and attracting further investment in the region.

5.2.3 Consultation with member authorities on how to deliver the RES identified a need for a range of intelligence services to support both the City Deal Programme and the wider regional economic activities associated with the RES.

5.2.4 The Business Case was approved in 2018 and it was agreed that the Intelligence Hub would provide a series of services which fall under the following workstreams:

1. Collating, analysing and presenting information, intelligence and data.
2. Undertaking and facilitating proactive policy research and environmental scanning.
3. Supporting service development, innovation and design.
4. Monitoring and evaluating the delivery of the RES and its related sub-strategies.
5. Supporting ongoing strategy and policy development of the RES and its sub-strategies.
6. Researching comparative practice and benchmarking regional economic development.
7. Commissioning and management of external research/consultancy work on behalf of City Region and City Deal structures.
8. Assisting delivery of the Commission's workplan including evaluation of the City Deal.
9. Providing intelligence service support to the City Deal PMO.

5.2.5 The initial work of the Intelligence Hub was to focus on the eight portfolio areas stemming from the 2017 RES however the Coronavirus pandemic led to a revision of the RES which was published in 2021 leading to revision of the Hub's focus.

5.3 Finance

5.3.1 With no external funds to support the development of the Intelligence Hub, the Member Authorities (MAs) funded the Hub through revenue contributions based

¹² [Glasgow Intelligence Hub](#)

on population share. Initial costings were based on a proposed staffing structure of 2 analysts and a Hub Manager and an indicative research budget of £50,000, totalling £313,700.

5.3.2 Running costs sit at around £200,000 per year and continue to be covered by the member authorities on a population-based formula.

5.4 Benefits

5.4.1 The Intelligence Hub has helped create a more competitive, inclusive, productive and resilient regional economy by developing high levels of awareness within the region of its strengths and development opportunities.

5.4.2 The Hub provides a range of economic intelligence related services. This ranges from economic modelling to project evaluation for the City Region Deal. The Hub collates data from across the region on a number of indicators including:

- Economy
- Labour Market
- Enterprises
- Population and Demography
- Poverty and Inequality
- Housing
- Transport
- Tourism
- Green

5.4.3 This data allows the Hub to undertake research and analysis to help the region identify economic opportunities and to make successful business cases for projects that will benefit the region.

Glasgow City Region Deal

5.4.4 Due to the level of data captured by the Hub, it is able to provide robust economic analysis to support business cases being developed for the Deal projects. This allows for a significantly smoother and quicker appraisal process. There isn't the need to procure outside contractors to perform the analysis for each project which saves both time and money for the region.

5.4.5 Managed in-house also allows for reactive responses to economic shocks or smaller-scale changes to a project. In recent years the Hub has been able to assess the impacts of the Covid-pandemic and the rise in construction costs to evidence the impact to date and to predict future trends and impacts on the Deal projects. This allows the project leads and the PMO to manage the projects, reprioritise where necessary, alter timelines and keep the governance structures informed ultimately allowing the programme of work to continue at pace despite challenging circumstances.

Regional Economic Strategy

5.4.6 A key part of the initial business case for the Hub was to support the implementation of the 2017 RES produced by the REP. Like the majority of regions

that had a RES in place, Glasgow recognised the need for a refreshed RES to take account of the impacts of the Covid pandemic.

5.4.7 The Hub produced a regional economic baseline and a detailed analysis of the regions business base to support the development of the refreshed RES. Analysts working in the Hub were able to identify the long-standing barriers in the labour market (such as skills and health) and how these had been impacted by the pandemic. They were able to show in which areas of the region and which demographics were hit the hardest allowing the RES to focus support in those areas. The refreshed RES was published in December 2021 and the Hub has just finished working with the REP to produce an action plan for delivery.

Other

5.4.8 Access to such data also means that the Hub is able to undertake bespoke economic analysis for a range of clients including member authorities that make up the region and third parties. This allows additional income for the Hub.

5.4.9 With the Cost of Living Crisis the Hub have been able to identify the impact to citizens within the region.

5.4.10 Most recently the Hub has worked with the REP to develop its Green Freeport bid. It was able to provide a strong economic case to support the bid by identifying how a Glasgow-based Green Freeport would help both the region and Scotland grow internationally and bring business and employment opportunities.

5.5 Regional Intelligence Hubs

5.5.1 Noting the work of the Hub and the benefits we see flow from it, REPAG believe it necessary that the Scottish Government explore the establishment of Intelligence Hubs across all regions in Scotland, akin to the Glasgow model (though modified to suit regional needs). This would build sustained expertise within regions to carry out novel and creative economic analysis, providing a far deeper and broader understanding of specific and nuanced regional strengths and challenges

5.5.2 Ideally, by making more refined intelligence led decisions regarding evidenced regional strengths, regional partners can invest in a way that “super-charges” productivity and realise the ambition of more productive businesses and regions as laid out in NSET.

5.5.3 Over time the expertise and product of the Intelligence Hubs will lessen the requirement for Local Authorities to procure consultants (benefit of reducing costs, procurement exercises, and time to develop project business cases within Local Authorities), and with a Regional Intelligence Network established, give SG a wealth of regional evidence to feed into OCEA's own analysis – links could, and ought to, be made to the Wellbeing Monitor.

6. Conclusions

6.1 The regional perspective highlights what regions are capable of achieving in the current landscape and with the barriers that are in place. The conclusions from this paper focus on how removal of those barriers and support for regions to continue developing and progressing economic development at this scale can lead to a fairer, greener, more innovative Scotland.

Regional Autonomy

6.1.1 This paper provides clear evidence that REPs are capable of planning and delivering targeted, significant economic development that aligns with national priorities. If the Scottish Government were to avoid traditional vertical accountability and empower regional partners to pursue economic development in the regional space then we would see more of this targeted response leading to successful implementation of the NSET ambitions.

Regional Intelligence Hubs

6.1.2 The Intelligence Hub established in Glasgow has led to greater data being captured by the region allowing them to use this data to support business case development, applications for funding, monitor progress amongst other benefits. It's the conclusion that the establishment of this Hub in Glasgow has been a cost-effective investment that has sped up progress in the City Deal and allowed for evidence-based applications for Levelling Up funds and Green Port status without having to procure outside contractors to capture the data.

Funding

6.1.3 Funding issued to the REPs over the past two financial years has proved very beneficial and has been utilised to support the regions respond to economic shocks whilst aligning responses to the national vision. This paper concludes that funding issued to the REPs would be of benefit to the delivery of the National Strategy for Economic Transformation, including that of future UK Government funding.

SG Placed Based Policy Making

6.1.4 It is REPAGs view that the Scottish Government can mirror the kind of policy alignment we see coalesced around regions, developing a placed based, regional, strategic conversation across relevant policy areas – making more joined up funding decisions, using existing streams to support shared outcomes.

Cost of Living Crisis – Hub Analysis

ECONOMY
OUTLOOK

Cost of Living Crisis

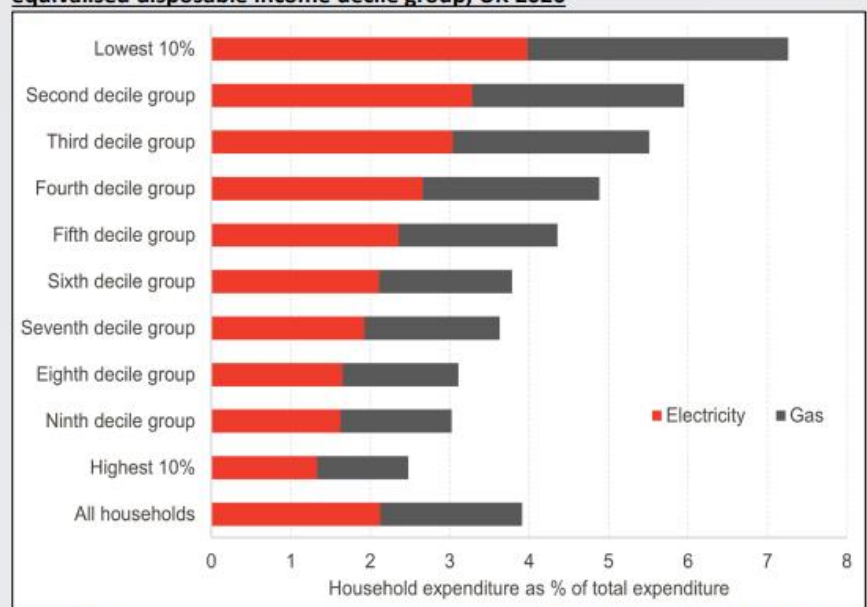
LABOUR
MARKET

The New Economics Foundation found that approximately a third of all households in the UK may have to cut back on some basics like food or heating as their incomes fall short of what is required to provide a decent minimum standard of living.

COST OF LIVING
CRISIS**Rising bills affect those on the lowest incomes**

- In January, 9 in 10 people in the UK reported that the price of their groceries had increased since the end of last year, and 8 in 10 people said their gas or electricity bills had risen.
- In 2020, the poorest 10% of households spent more than half of their average weekly expenditure (£300) on essentials such as housing (including energy bills), food, and transport.
- On the other hand, the top 10% spent just over 40% of their weekly budget on the same essentials.

Chart 4: Household expenditure as a percentage of total expenditure by equivalised disposable income decile group, UK 2020



Source: [FAI](#)

SECTOR
INSIGHTS
CONSTRUCTION

PLACE



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OGL

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