

# Independent Commission for Economic Growth: Gateway Review Report



**GLASGOW**  
CITY REGION  
City Deal

# Independent Commission for Economic Growth Gateway Review Report

## 1. Establishment of the Commission

1.1 The Independent Commission for Economic Growth stems from the Glasgow City-Region Deal document agreed in 2014. The **Commission was formed to provide support to the City Deal Programme Management Office (PMO) and to the City Deal Cabinet** while acting independently in a “critical friend” capacity.

1.2 **Chaired by Professor Sir Anton Muscatelli**, the Principal of the University of Glasgow, the Commission is comprised of senior people from public, higher education and private sector backgrounds, each of whom has relevant expertise, enabling them to contribute different perspectives to the Commission’s considerations. Membership as at September 2019 is:

- Lorna Kelly
- Claire Mack
- Prof Duncan Maclennan
- Prof Alan McGregor
- Des McNulty
- David Middleton
- Alison Muckersie
- Prof Graeme Roy.

## 2. Role and Remit of the Commission

2.1 The Commission’s initial remit, as set out in the 2014 deal document, was to act as the principal reviewer for the Glasgow City Deal. However, following the decision of the UK government to establish a National Evaluation Panel (NEP) to provide a pan-UK view of infrastructure investments across a number of deals, the Commission’s role has altered to include:

- specific **advice on maximising inclusive growth** benefits through City Deal;
- **supporting regional capacity building** and informing **future economic development** strategy; and
- on-going advice to City Deal officials to help inform their economic appraisal and evaluation work.

As noted further below, future roles for the Commission may evolve to reflect future policy priorities of the City Region.

2.2 The following sections provide a brief overview of the outputs delivered under this remit.

## 3. Advice on Maximising Inclusive Growth Benefits through City Deal

3.1 Since 2016, stemming from a letter from Cllr Aitken to the Chair of the Commission, a significant strand of Commission's work has focused on the inclusive growth agenda and how this can be taken forward through the Glasgow City Region City Deal. Activities and outputs include:

- An **overview note on inclusive growth** to Cabinet (December, 2017);
- The **Canal and North Pilot Evaluation Paper** (June, 2018) outlining a proposed evaluation approach to determine if, and to what extent, inclusive growth outcomes are being achieved;
- An **analysis of inclusive growth activities** in other UK core city/growth/devolution deals (June, 2018);
- **Consultation with Chief Executives** led by Prof Duncan Maclennan (summer, 2018); and
- An **inclusive growth workshop** led by Lorna Kelly, with David Middleton, Claire Mack, Alison Muckersie and Des McNulty (October, 2018).

3.2 Through these activities and outputs, the **Commission has recommended additional actions** which should be undertaken and evidence which should be collated **to maximise and demonstrate the City Deal's contribution to inclusive growth** (many of which are already being undertaken by the PMO). For example, while the Glasgow City Deal Programme Assembly process was geared towards selecting projects which would deliver GVA and jobs, **the Commission has assisted in the development of a robust mechanism** (known as the Programme Prioritisation Framework) **for the selection of new projects** (should funding become available for investment) **which would ensure local inclusive growth considerations are taken account** of through reference to Local Outcome Improvement Plans (LOIPs).

#### **4. Commission's Support in Building Capacity and Informing Economic Development Strategy**

4.1 The Commission believes an evolving knowledge base on the city-region coupled with constructive independent critique reflects a key institutional feature for successful urban policymaking. The Commission **regards the Glasgow City Deal as having had a major impact on regional capacity building, both in terms of the acquisition of data and skills and also greater awareness and willingness to think about and respond to economic and social challenges**. It has led to the **creation of the Intelligence Hub**, which we regard as a very important development whose work will dovetail with that of the Commission, **and the Regional Strategic Assessment** which has brought together analysts from local authorities, academia, economic development agencies and the Commission to put a comprehensive overview of data on the regional economy before the Cabinet.

4.2 The **City Deal Cabinet and the PMO have made considerable use of the expertise of the Commission**, asking the Commission to undertake specific tasks and **responding positively when the Commission has pointed to areas where evidence may have been lacking** if the appropriate actions had not been taken. Dr David Waite, the researcher who supports the Commission, has played an especially **pivotal role in liaising with the PMO and providing technical advice**. Several members of the Commission have taken responsibility for aspects of

its work or leading Commission events. Des McNulty has been the main liaison between the Commission and the Glasgow City Region Cabinet, and he and David Waite have been closely involved in the Economic Intelligence Support Group. Des McNulty is a member of the **Regional Economic Partnership** and chaired its most recent meeting, Professor Alan McGregor has played a key role in the development of the Regional Skills Investment Plan, Professor Graeme Roy has led the development of the City Region's computable general equilibrium (CGE) model and Alison Muckersie has facilitated knowledge exchange between the Glasgow and Edinburgh deals with regard to inclusive growth (and methods for evaluating impact).

**4.3** One of **the key contributions made by the Commission is its role in identifying best practice** from economic development initiatives past and current, as well as from city deals elsewhere, which can be adopted by the Glasgow City Deal. The Commission has also shared learning from Glasgow's Deal and the work on inclusive growth with other areas in Scotland, the UK and beyond through conference speeches, academic papers, membership of the Scotland's Centre for Regional Inclusive Growth (SCRIG) Board etc. **Members of the Commission have collaborated regularly with officials** from the Office of the Chief Economic Advisor (OCEA) and the Cities team in the Scottish Government **to advance understanding of the effective use of data and policy expertise.**

**4.4** **The futures work** being led by Professor Duncan Maclennan on behalf of the Commission **will identify what else is needed to realise the full potential of the City Region**, including how it can **better attract, manage and maximise the benefits of future strategic investment** and how core areas of economic development can also be directed, **through a mission framework, to achieve inclusive growth.**

## **5. Advice on City Deal Programme/Project-level Economic Appraisal and Evaluation**

**5.1** The Gateway process places a strong onus on localities to show impactful progress that then allows further drawdown commitments from the SG and UKG to the infrastructure fund (as the deal document explicitly sets out). **Determining ex-ante and measuring ex-post the impacts of a particular intervention on the regional economy and urban change**, even given time for the impact to take full effect, **remain thorny matters for policymakers and researchers.**

**5.2** The impacts that City Deal investments will have in re-directing/re-shaping the city-region's economic performance **will inevitably be difficult to isolate from those of other investments made by the public sector** (e.g. the building of the Queen Elizabeth University Hospital) and **non-government investments** (e.g. the University of Glasgow's £1 billion campus redevelopment or Barclays recent major investment at Laurieston).

**5.3** As a Commission, we have taken the view **that difficulties of attribution should not stand in the way of robust evaluation of the impact of projects** and despite the broadening of its remit, the **Commission has maintained a strong interest and involvement in the evaluation of the City Deal.** Engaging with NEP from an early point, the Commission has provided

feedback on the locality framework, the locality plan, has commented on all NEP reports and has informed the dimensions and parameters of evaluation including discussion on the impacts that may plausibly be considered 5-years out. As the Commission's remit does not stretch to providing advice on operational matters (such as progress on expenditure inter alia), it has focused attention mainly on issues of impact assessment and capacity development.

- 5.4 **The Commission has also informed and made suggestions to the PMO and Cabinet with regards to laying the foundations for measuring the economic impact of the Deal at future Gateways.** This includes the need for HM Treasury Green Book compliant project business cases and the development of a programme business case. The Commission has also advised the PMO on data and information requirements for evaluation which do not fall under the remit of the NEP, including the development of project-level evaluation plans for the non-infrastructure projects and a proposed framework for measuring inclusive growth impacts as set out in the Canal and North Pilot Evaluation Paper.
- 5.5 The Commission's view is that **the NEP reports are thorough and strike a reasonable balance between reporting on the basis of what evidence is available and the limitations of causality and attribution.** There is a welcome rigour in looking to frame impacts with reference to theories of change which were developed for the Local Evaluation Framework.
- 5.6 The NEP report provides a **well-informed commentary on the processes that have been put in place by the PMO and the efforts to build capacity** – hopefully the points made in this report add to this and provide a different perspective on the City Deal together with further information that will be useful to the Cabinet and both governments as funders.
- 5.7 As a high-level reflection, the Commission believes **the NEP case study reports present a useful, preliminary assessment** of how three projects - where some impacts can be pointed to - have fared. The major caveat here, of course, is that **this is a very early point to be seeking to assess impact** and the NEP reports acknowledge the tentative nature of the impacts reported.
- 5.8 Overall, the Commission **accepts the general conclusions presented in the NEP reports.**

## 6. Conclusions

- 6.1 The **economic environment we now face differs significantly from circumstances at the time of the Deal** – uncertainty related to Brexit may continue for quite some time, whilst a wider set of challenges at global and local levels continue to confront firms and workers.
- 6.2 Despite the uncertainty, there are important activities to be pursued locally that unlock land assets and improve transport and physical infrastructure in order to remove investment barriers. A number of announcements relating to significant private sector investment may be argued to have some link to the possibilities brought about by the City Deal.

- 6.3 And while the Glasgow City Deal at £1.13 billion (the second largest of the UK city deals after the West Midlands) **may be considered as a welcome uplift to overall capital spend, relative to the need for investment**, (including the infrastructure challenges that have accumulated, the concentrations of multiple deprivation and ill-health that the City Region is blighted by), **coupled with the opportunities for transformative change that more strategic use of its assets could open up**, not just for the City Region but for the Scottish economy, **the Glasgow City Deal is modest over a twenty year period and only a fraction of the investment needed.**
- 6.4 On inclusive growth, given the scale of the need, the Commission's view is that **the Glasgow City Region City Deal cannot be seen as a sufficient vehicle for delivering all of the policy objectives that the Scottish Government or the local authorities themselves have set.** That would require fundamental shifts in national infrastructure and economic development priorities towards the Glasgow City Region where a concerted focus on inclusive growth can deliver **change at scale through the weaving together of efforts in multiple areas.**
- 6.5 The Commission has undertaken considerable work on the topic of **inclusive growth linked to infrastructure investments** and also in developing a clearer understanding of the relationship between inclusive growth and wellbeing, the importance of co-ordination between economic interventions and other policy interventions e.g. in health and social policies, and the need to develop much greater collaboration between different tiers of government and with arms-length delivery agencies, business and the voluntary sector. **It is important that these lessons are carried forward both through the City Deal and via the regional economic partnership.**
- 6.6 Finally, the policy landscape around the City Deal is rapidly evolving. From inclusive growth seeing a resurgence since 2015, further urgencies related to climate change and wellbeing are moving to the centre of policy concern. Such agendas may suggest that views of city-region economic development – what we prioritise, and who is involved with prioritisation – may warrant radical rethinking in the future.