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INQUIRY INTO CITY AND REGIONAL GROWTH DEALS – RESPONSE TO COMMITTEE'S REPORT

Dear Daniel,

Thank you for the Committee's comprehensive report and recommendations following its inquiry into the City and Regional Growth Deals. As outlined in my initial response, the Scottish Government welcomes these recommendations and recognises the work undertaken to produce the report.

Our full response to each recommendation is provided in the accompanying table. Given the wide-ranging and cross-cutting nature of the issues raised, we have addressed each recommendation individually. Where specific actions have been identified, these have either been completed or are currently being progressed. Where recommendations relate to broader policy or strategic approach, we have provided context and background within our response.

The response also reflects the First Minister's recent announcement of the Scottish Government's intention to introduce enabling legislation in the next Parliament, allowing regional groupings to seek formal legal status as Regional Partnerships. This will establish a strong foundation for future regional empowerment, delivery, and economic development.

The Scottish Government remains committed to the successful delivery of the Growth Deals and, with the twelfth and final Deal signed in 2025, substantial opportunity and project delivery still lies ahead. Deal projects will continue to generate significant economic benefits, strengthen regional economies, and drive growth over the next decade.

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As noted in my letter of September, I would be happy to attend the Committee to discuss the recommendations and our response in more detail, should that be helpful.

Yours sincerely,



KATE FORBES

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No.	Section	Committee Recommendation	Scottish Government Response
1	<p>City Region and Regional Growth Deals</p> <p>Page 6-7</p>	<p>The Committee welcomes the creation of growth deals in Scotland and notes that they provide long-term funding certainty which has catalysed projects across Scotland. The Committee welcomes the collaborative working across local authority boundaries that growth deals have enabled through their governance structures, which has been beneficial for regional economies.</p> <p>Page 7</p>	<p>The Scottish Government agrees the long term investment commitment, cross local authority boundary working, and new regional collaboration created through the Growth Deal programme has had a catalytic effect in the identification and delivery of economic development opportunities across Scotland's regions.</p>
2	<p>City Region and Regional Growth Deals</p> <p>Page 6-7</p>	<p>Some deals are nearing completion and the Committee believes that, given their success, there should be a second phase of growth deals in Scotland. However, it is important that lessons are learned from the current deals before proceeding to the next phase. This report sets out recommendations for the next round of deals.</p> <p>Page 7</p>	<p>There is a range of Growth Deal closure dates extending to March 2035, with Aberdeen City Region Deal the first due to complete in March 2027. The Scottish Government welcomes the Committee's recognition of the successes achieved to date and notes the opportunities for continued progress, particularly as both Falkirk and Grangemouth, and Argyll and Bute Deals only commenced delivery this year.</p> <p>The Scottish Government agrees that it is vital to apply lessons learned from Growth Deals. We have a robust process for capturing, sharing and implementing lessons across the Deals programme. To date, this process has ensured lessons are appropriately applied, supporting the effective delivery of the current programme through to March 2035, as well as informing any future regional funding initiatives. Experience and learning gained from Growth Deals has been factored into our recent work to consider options around future regional empowerment and delivery.</p>

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3	<p>Governance and accountability</p> <p>Page 8-12</p>	<p>The Committee acknowledges the benefits of partnership working between multiple levels of government and partners fostered by growth deals. However, the range of partners has created complex governance structures and untidy lines of accountability, where local decisions require final approval from the Scottish and UK governments. The Committee notes that the process for agreeing projects is more bureaucratic today than in the early days of growth deals in Scotland. Ensuring compliance with Green Book requirements has proved to be onerous and caused long delays in some cases.</p> <p>Page 11</p>	<p>Partnership working of the scale and nature enabled by the Growth Deal programme is complex and tailored to regional needs. Given the significant levels of investment involved, robust checks and balances are essential to manage risks, maximise benefits, and ensure that all relevant expertise is engaged so that projects are as strong as they can be, and to ensure that value for money is delivered from the investment of public funds.</p> <p>There has been no change to the process for approving Growth Deal projects, and the requirement to comply with HMT Green Book guidance has been in place since the signing of the first Glasgow City Region Deal in 2014.</p> <p>This answer links to the response to Recommendation 10.</p>
4	<p>Governance and accountability</p> <p>Page 8-12</p>	<p>Governance of growth deals has evolved over time. The Committee notes Audit Scotland's finding that governance of growth deals has improved. The Committee welcomes the approach of continuous improvement and believes that this should continue as growth deals evolve. The Committee welcomes the role of the new joint board in providing support. However, it is acting as a further layer of decision making which, in some cases, is slowing down progress.</p> <p>Page 11</p>	<p>Governance of the Growth Deal Programme has evolved since 2014, when the first Deal was signed, to reflect the expansion to a national programme of 12 Growth Deals now in delivery.</p> <p>The Scottish City Region and Growth Deal Delivery Board, established in 2016, provides strategic oversight of the £3.4 billion programme. It does not approve individual project business cases, which are assessed by officials at an operational level. As such, the Board does not delay business case progress.</p>
5	<p>Governance and accountability</p>	<p>Growth deals should align with national and local strategic priorities and have the flexibility to adjust to evolving economic context and national policies and priorities, for example in relation to climate targets.</p>	<p>HMT Green Book necessitates project partners to define and evidence how Growth Deal investment supports national, regional and local policy objectives as part of the strategic case chapter. Ensuring business case compliance with Green</p>

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	Page 8-12	Page 11	<p>Book therefore helps consistency in approach across Deals and that strategic alignment is considered and prioritised.</p> <p>Through the delivery of the Deals programme, we have adopted and implemented international best practice in carbon management. Our proactive approach, combined with expert industry advice, has ensured that projects remain focused on managing and minimising carbon emissions throughout their delivery. Bespoke guidance has been developed and issued to all Deals, requiring projects to be categorised and managed in line with their predicted whole-life carbon emissions impacts, with emissions reduced or eliminated wherever possible. All Deals funded by the Scottish Government are therefore required to align with Scotland's net zero ambitions, ensuring the programme supports national priorities and climate targets. This commitment demonstrates that economic growth and environmental responsibility can go hand in hand, setting a benchmark for future regional investment programmes.</p> <p>Please also cross refer to the response to recommendation 8 in relation to project flexibility and projects being de-prioritised or re-scoped quickly.</p>
6	Governance and accountability Page 8-12	<p>The Committee notes the impact on capacity that the demands of the business case process has placed on some local authorities and other partners. Whilst recognising the need for rigour and due diligence, the Committee believes that the process should be reviewed with a view to making it more proportionate, less costly and more responsive to local needs.</p> <p>Page 11</p>	<p>The Scottish Government acknowledges the Committee's concerns regarding the capacity pressures experienced by local authorities and partners in navigating the business case process. We remain firmly committed to ensuring that projects delivered through the Deals programme are robust, affordable, sustainable, and deliverable. To support this, the Green Book methodology has been adopted since the programme's inception, providing a consistent and rigorous framework for appraisal and decision-making.</p>

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			<p>Business case development is a crucial stage in efficient project delivery and should be utilised as a vital tool by project sponsors to manage their projects through to delivery and evaluation stage, and not be solely identified as means to secure funding.</p> <p>We recognise, however, that the demands of the process must be proportionate to the scale and complexity of individual proposals. While the time required to review business cases is necessarily influenced by the quality and completeness of documentation submitted, we are mindful of the need to balance rigour with efficiency and responsiveness to local contexts.</p> <p>The Scottish Government – working with UK Government colleagues – is undertaking a review of the internal business case approval process. This work is focused on identifying practical opportunities to streamline procedures, embed proportionality of approach, and improve responsiveness, with a view to implementing enhancements during 2026. Additionally, we note that HM Treasury concluded a review of the Green Book in 2025, with a revised edition anticipated in early 2026. Officials will assess any changes introduced and consider their implications for the Deals programme, ensuring that our approach remains aligned with best practice while being sensitive to the operational realities faced by delivery partners.</p>
7	Governance and accountability	The Committee welcomes the Cabinet Secretary's commitment to work with the UK Government to streamline processes to allow for faster progress on growth deal projects. The Committee asks the Scottish	As part of our commitment to continuous improvement, Scottish and UK Government officials initiated work to test opportunities to streamline processes and accelerate Growth Deal project delivery. This includes a review of how business

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	Page 8-12	<p>Government to report back once this work is completed or by the end of 2025 if it is still ongoing.</p> <p>Page 12</p>	<p>cases are assessed, with a focus on refining current approaches. This work is ongoing and will take account of any changes introduced through the revised HM Treasury Green Book, expected in early 2026.</p> <p>Separately, the Scottish Government has completed a review of delegated authority limits for business case endorsement and approval with a focus on considering the level of risk, complexity and value. We are trialling a revised approach to support more efficient review and turnaround times.</p> <p>Alongside these efforts, we continue to rely on local authorities and Programme Management Offices to meet the obligations set out in Deal documentation and the annual grant offer letters. This includes timely submission of business cases, adherence to quality standards, and alignment with Green Book guidance. We remain committed to working collaboratively with delivery partners to address any challenges and support effective implementation.</p>
8	<p>Flexibility</p> <p>Page 12-13</p>	<p>The Committee is supportive of the long-term nature of growth deals and the benefits that brings, including certainty for investing partners. Growth deals should align with national and local strategic priorities and have the flexibility to adjust to evolving economic contexts and national policies. This could involve projects being de-prioritised or re-scoped quickly</p> <p>Page 13</p>	<p>Please note the response to recommendation 5 in relation to aligning with local and national policies.</p> <p>Please note the response to recommendation 9 in relation to the Scottish Government's approach to project change.</p> <p>In relation to projects being de-prioritised or re-scoped quickly, it is important to acknowledge that each Deal signing involves a tripartite agreement – supported by legally binding, signed documentation – which sets out the shared commitments of the three signatories: the UK Government, the Scottish Government, and regional partners. This agreement</p>

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			<p>establishes the funding commitments and the baseline of projects to be delivered under each Deal.</p> <p>Where there is a desire or need to de-prioritise or re-scope projects within a Deal, alignment and agreement between all three signatories is required. While the Scottish Government is committed to working as flexibly as possible, it does not have sole authority to make such changes based on evolving national or strategic priorities. Any amendments must be agreed with local partners and the UK Government in accordance with the tripartite agreement.</p>
9	<p>Flexibility</p> <p>Page 12-13</p>	<p>The Committee notes that being able to cancel or amend projects quickly where needed would relieve pressure on limited resources. The Committee recommends that the change process is a focus of the review of governance processes being carried out by the Scottish and UK governments</p> <p>Page 13</p>	<p>The Scottish Government recognises that project changes are an inherent feature of a programme of this scale and duration. Each Deal therefore has a clearly defined change management process embedded within its governance structure.</p> <p>The scale of a project change determines the level of resource required. Minor changes, for example, only require a simple change control form to ensure they are appropriately recorded and monitored. Where all necessary information to confirm the case for a project change is available and clearly articulated, the process is straightforward. Occasions where the process can take longer have arisen when there are potentially multiple project changes taking place within a Deal or when the viability of proposed replacement projects is underdeveloped.</p> <p>Officials will continue to work closely with Deal PMOs to guide them through the change process when required, particularly for significant or multiple changes that require Ministerial consideration and approval. As noted previously, changes impacting jointly funded programmes with UKG or those funded solely by UKG must comply with UKG change approval</p>

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			processes over which the Scottish Government does not have control.
10	Flexibility Page 12-13	<p>The Committee asks the Scottish and UK governments, as part of the review of governance arrangements, to investigate the reasons for increased bureaucracy experienced by the newer growth deals and to report back on what changes will be made to ensure lessons are learned for the next phase of growth deals.</p> <p>Page 13</p>	<p>Please refer to the response on recommendation 3, noting there has been no change in bureaucracy for newer Deals.</p> <p>All Deals within the City and Region Growth Deals programme are subject to the same core governance requirements, as set out in each Deal's Heads of Terms, Tripartite Financial Agreement, and annual Grant Offer Letter. These include the requirement to complete Annual Reports and participation in Annual Conversations to monitor progress. The only exception is the Glasgow City Region Deal, which has additional five yearly gateway evaluation requirements above existing arrangements.</p> <p>Given the scale and duration of the programme, a robust governance framework is essential to ensure accountability and effective delivery. The Scottish Government considers the current arrangements proportionate to the £3.4 billion investment across the programme and remains committed to maintaining strong oversight throughout its delivery timeline.</p>
11	Risks Page 13-14	<p>The Committee notes that the Scottish Government is the formal Government Accounting Officer for the growth deals programme, accountable for the distribution of Scottish Government and UK Government funding. The Scotland Office is not currently a spending department. Liability therefore rests with the Scottish Government, should the UK Government withdraw funding. As such, the Committee finds that there continue to be budgetary risks to programmes. The Committee recommends that the Scottish and UK governments review the</p>	<p>Each Growth Deal is underpinned by a legally binding tripartite agreement signed by the Scottish Government, UK Government and local authority leaders.</p> <p>The Scottish Government oversees the financial management of the wider Deals programme including disbursement of UK Government funding. However, we are only liable for our own £1.9 billion financial commitment to the programme and are under no obligation to meet any shortfall should the UK Government decide to withdraw future funding.</p>

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		<p>arrangements for the Government Accounting Officer role and report back to the Committee on the changes recommended.</p> <p>Page 14</p>	<p>There is a Memorandum of Understanding (MoU) in place between the Scottish Government, Scotland Office, Ministry of Housing, Communities and Local Government (MHCLG), and HM Treasury which confirms roles and responsibilities and sets out agreed mechanisms to ensure any financial risk is shared between UK and Scottish Governments. Scotland Office, MHCLG and HM Treasury are also represented on the Scottish City and Regional Growth Deals Delivery Board.</p> <p>In the June 2025 Spending Review, the UK Government reaffirmed its financial commitment to the Scottish City and Regional Growth Deals. Consequently no issues with future UK Government commitment are anticipated. This included a reset of UK Government funding profiles for its share of the Deals programme, providing certainty over funding in future years.</p>
12	<p>Transparency and scrutiny</p> <p>Page 15-18</p>	<p>The Committee is concerned at the lack of transparency around decision making about growth deal projects. The Committee believes that stakeholders and the wider community should understand why decisions on certain projects are made. While decisions are driven by many factors, including regional economic strategies, it is crucial that information is publicly provided explaining these decisions</p> <p>Page 17</p>	<p>Following their audit of the Deals programme in 2020, Audit Scotland's 2023 progress report noted that Deals have made good progress in improving public awareness and accessibility of information. This includes the use of user-friendly Deal websites – or a designated area on local authority websites – that outlines governance arrangements, project details, expected benefits, and progress updates. Local authorities regularly hold engagement sessions to listen to views and keep the public informed. Several Deals livestream committee sessions on their Deal websites – or a designated area on local authority websites – where projects are discussed, enabling the public to maintain an awareness of current and ongoing project considerations.</p> <p>While approaches may vary across individual Deals, the Scottish Government acknowledges that further improvements can be made to enhance transparency around decision-</p>

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			<p>making. In collaboration with the UK Government, we will continue working with local authorities to ensure that clear, accessible information is made available to stakeholders and the wider public throughout the delivery lifecycle of the Deals.</p> <p>To reinforce this, the joint chairs of the Scottish City Region and Growth Deal Delivery Board will write to local authorities reiterating the importance of maintaining transparency and encouraging consistent practice across the programme. The letter will request that Deals ensure committee papers, which include key decisions and information on Deal delivery, are readily and easily accessible to members of the public within each Deal's website, or the designated Deals area on local authority websites. The Scottish Government will also ensure there is a clear and prominent link to these committee board papers from its own Deals website. In addition, the Scottish Government is actively considering ways to make the Deals programme and project information easily accessible to the public and in one place. This work is ongoing.</p> <p>This answer links to the response to Recommendation 13.</p>
13	Transparency and scrutiny Page 15-18	<p>The Committee recommends that the Scottish and UK governments include this requirement in their review of governance arrangements. The Committee also recommends that transparency in decision making should be a condition of the awarding of growth deal funding, or any funding that comes after the current deals have concluded.</p> <p>Page 17</p>	<p>This answer links to the response to Recommendation 12.</p>
14	Transparency and scrutiny	<p>The Committee notes views from witnesses that growth deal funding has been used to fund projects 'off</p>	<p>The Scottish Government does not recognise the use of Deal funding to plug existing funding gaps as a practice within the</p>

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	<p>Page 15-18</p>	<p>the shelf' or to plug funding gaps. The Committee asks the Scottish and UK governments to set out in detail how they ensure that growth deal projects fit with the strategic objectives of growth deals and wider regional and national economic strategies.</p> <p>Page 17</p>	<p>programme. Each Deal is governed by a structured process, from initial agreement at Deal signing through to business case development, with safeguards in place to ensure alignment with strategic objectives and value for money in project delivery.</p> <p>As noted in our response to recommendation 5, the business case process is designed to ensure each project evidences alignment to local, regional and national economic policy objectives as part of the strategic case chapter. Adopting HMT's Green Book approach to business case appraisal – which has been in place since the start of the Deals programme – ensures projects are well developed, affordable, sustainable and deliverable.</p> <p>These governance arrangements and appraisal processes provide assurance that projects are selected on merit and strategic fit, not as a means of addressing unrelated funding shortfalls.</p>
15	<p>Transparency and scrutiny</p> <p>Page 15-18</p>	<p>There is a need to develop skills in Scotland's economy and to address skills gaps. The Committee notes that skills development forms part of many growth deals. The Committee recommends that future growth deals take a programme-based approach which includes a specific focus on skills development.</p> <p>Page 17</p>	<p>The Scottish Government recognises that developing skills across Scotland is essential to driving economic growth and innovation. While skills development is a strategic objective of the Deals programme, as a predominantly capital programme the primary focus is on investment in infrastructure, attracting follow-on investment, and supporting regional economic growth. Resource funding accounts for only 3% of the overall £3.4 billion Deals budget. Skills projects within the Deals programme is one of several tools the Scottish Government uses to address skills needs.</p> <p>Looking ahead, future approaches to skills development may be one of the areas that could be advanced through Regional</p>

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			<p>Economic Partnerships (REPs), following the Scottish Government's announcement that enabling legislation will be introduced in the next Parliament. This legislation will allow regional groupings to seek formal legal status as Regional Partnerships, creating a strong vehicle for future regional empowerment, delivery, and economic growth – including skills development.</p>
16	<p>Transparency and scrutiny</p> <p>Page 15-18</p>	<p>The Committee notes that there is no role for nationally elected members from inception of the design of a growth deal and no clear mechanism for parliamentary scrutiny of deal spending and outcomes. The Committee recommends that its successor committee consider the design and operation of deals and how scrutiny of deals and their outcomes could be achieved (for example by requesting regular updates or examining growth deals as part of annual budget scrutiny). The Committee will include this in its legacy report</p> <p>Page 18</p>	<p>Growth Deal design is shaped from the outset with regional partners and Governments. It is then formalised through development of Heads of Terms and published Full Deal documents, alongside project and programme business cases. All of this is overseen by publicly accountable regional governance structures and Government officials.</p> <p>Scrutiny rightly sits with regional partners, however, there is ongoing official oversight through the review of business cases and the Deals Board. Scottish Parliamentary scrutiny is provided via the Economy and Fair Work Committee and the Finance and Public Administration Committee, and officials can provide further updates if required. Level 4 budget details for the Deals programme are also published annually as part of supporting information provided under the annual budget process.</p>
17	<p>Transparency and scrutiny</p> <p>Page 15-18</p>	<p>In order to support this work, the Committee recommends that the Scottish Government clearly sets out its expenditure on growth deals in the annual budget to allow for proper scrutiny. The Committee also asks the Scottish Government to publish a longer-term forecast of its anticipated spend profile on growth deals. Further, it would be helpful to show disaggregated Scottish Government and UK Government contributions to growth deals in the level 4</p>	<p>Scottish Government officials are exploring options for providing an annual finance update that will give the Committee the latest available information on Deal expenditure to date and plans for future years.</p> <p>While the recommendation suggests this information could form part of the Annual Budget process alongside the Level 4 budget breakdowns, on investigation this is not considered the most suitable route for reporting detailed Deal expenditure.</p>

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		<p>budget spreadsheet, setting out the contribution to each deal.</p> <p>Page 18</p>	<p>This is due to the additional information required and the fact that individual Deal budgets remain subject to change following the provision of bi-annual term forecasts at the February submission point.</p> <p>The Scottish Government will continue to develop its thinking on how best to provide information in a meaningful way and will seek to report annually following the conclusion of government accounts each Financial Year. In the meantime, a table detailing each Deal's budget and spend to date will be published on the Scottish Government's Deals pages.</p>
18	<p>Growth deals and regional economic development</p> <p>Page 19-20</p>	<p>The Committee notes that growth deals sit alongside other regional economic structures, such as Regional Economic Partnerships, which have been revitalised since the inception of growth deals.</p> <p>Page 20</p>	<p>The Scottish Government agrees with this view. The Growth Deals have been the catalyst for renewed regional working and have helped to provide a vital platform for Regional Economic Partnerships.</p> <p>This answer links to the response to Recommendations 19 and 20.</p>
19	<p>Growth deals and regional economic development</p> <p>Page 19-20</p>	<p>The Committee welcomes the creation of Regional Economic Partnerships and believes that they can be an effective mechanism for continuing collaborative regional working, for which growth deals have demonstrated to be beneficial. The Committee asks the Scottish Government to set out its vision for the future role of Regional Economic Partnerships, in the context of planning for what will come after the current growth deals have concluded</p> <p>Page 20</p>	<p>Growing our economy is one of this government's top priorities, and further empowering regions is key to delivering this. The Scottish Government recognises the value of Regional Economic Partnerships (REPs) in bringing together regional interests, aligning resources, sharing knowledge and supporting inclusive economic growth.</p> <p>As outlined in the 2025–26 Programme for Government, we are committed to working with regional and local partners to explore options for formally devolving further decision-making and delivery responsibilities to REPs. Following extensive stakeholder engagement in summer 2025, we can confirm that enabling legislation will be introduced in the next Parliament to</p>

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			<p>allow regional partnerships to seek legal status, unlock new powers, and design delivery models tailored to local priorities.</p> <p>We want our city regions and other regional economic partnership areas to have the opportunity to expand their strategic capacities and role, with a package of additional devolved competencies available over time. This could include powers in areas that regions themselves have identified such as skills, further education, economic development, and planning.</p> <p>This work does not seek to replace local authorities or impose a centralised approach to regionalisation of public services across Scotland. Our approach will be flexible and dynamic: we aim to work collaboratively with local authorities, businesses, academia, and the third sector to design structures and processes that meet the needs of each region.</p> <p>This answer links to the response to Recommendations 18 and 20.</p>
20	<p>Growth deals and regional economic development</p> <p>Page 19-20</p>	<p>The Committee notes that Audit Scotland stated that Regional Economic Partnerships need to have a regional strategy in order to work effectively. The Committee recommends that regional strategies form the basis of plans for a second round of growth deals to ensure a bottom-up approach to project choice.</p> <p>Page 20</p>	<p>Regional Economic Partnerships (REPs) across Scotland are at varying stages of development, and consequently, the maturity of their regional strategies differs. For example, Glasgow City Region has established governance structures, an Intelligence Hub and a regional economic strategy, while others are still in the early stages of formalising their strategy and governance approach.</p> <p>With the Scottish Government's announcement to introduce enabling legislation in the next Parliament – allowing regional partnerships to seek legal status, unlock new powers, and design delivery models tailored to local priorities – REPs will be</p>

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			<p>empowered to develop regional strategies that best suit their areas. The proposed model will be flexible, enabling partnerships to operate at their chosen level, with each level offering increasing powers and responsibilities. There will be no requirement for areas to join or form these partnerships. We also intend to develop these plans in partnership and will engage with COSLA, regional groupings, and other interested stakeholders on the range and scope of powers that this designation should provide.</p> <p>This answer links to the response to Recommendations 18 and 19.</p>
21	<p>Private sector and other partners</p> <p>Page 21-22</p>	<p>The Committee notes the varying levels of private sector involvement in growth deals. The Committee welcomes the positive example of the Aberdeen City Region Growth Deal which grew out of an existing structure with private sector involvement at its core, and has secured commitments of £660 million in private investment. The Committee believes it is vital that lessons are learned and shared from the success of this model and recommends that the Scottish Government considers this as it plans for future deals.</p> <p>Page 22</p>	<p>The Scottish Government welcomes the positive contribution of private sector investment within the Deals programme and actively encourages private sector involvement where appropriate. Membership of regional governance structures is locally determined, and it is for regional partners to consider the appropriate mechanism for enhancing private sector engagement in each Deal.</p> <p>As part of the Deal closure process, we will request that each Deal undertakes a lessons-learned exercise to reflect on the delivery and outcomes of its projects. With the Aberdeen City Region Deal nearing completion in March 2027, we expect this exercise to highlight how effective private sector collaboration contributed to its success. Insights gathered from across the programme will inform our approach to supporting best practice in regional economic delivery.</p>
22	<p>Private sector and other partners</p> <p>Page 21-22</p>	<p>The Committee asks the Scottish and UK governments to consider strengthening private sector involvement in future deals as part of governance arrangements. This will be necessary given the state of public finances and</p>	<p>As noted in the response to recommendation 2, the Deals programme will not complete until March 2035 and there is consequently no consideration at this time of future Growth Deals, with 55.7% of Deal funding still to be utilised in the coming decade.</p>

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		<p>the impact of high inflation, which is covered later in the report.</p> <p>Page 22</p>	<p>With reference to private sector involvement please refer to response on recommendation 21.</p>
23	<p>Local business and community partners</p> <p>Page 22-25</p>	<p>The Committee notes the evidence suggesting that many local businesses and other stakeholders are not aware of growth deals and the opportunities they offer. The Committee recommends that the Scottish and UK governments make clear the expectations on local authorities to engage with local businesses and stakeholders to ensure a broad base of business input. The Committee calls for local authorities to enhance the support made available to stakeholders to ensure they are well-equipped to engage in and benefit from growth deals. Growth deals must also ensure that information about their activities is readily available to local businesses and other stakeholders</p> <p>Page 25</p>	<p>Please refer to previous responses provided:</p> <ul style="list-style-type: none"> - On local transparency, Recommendation 12 - On private sector engagement, Recommendation 21 <p>The Scottish Government, in collaboration with the UK Government, is committed to ensuring that information about Growth Deals is accessible to the public, including local businesses and stakeholders.</p> <p>Following the 2020 Audit Scotland recommendation, each Growth Deal is expected to have its own website – or a designated area on local authority websites – that collates key Deal information. This includes details of the projects being delivered, progress updates, upcoming events, and committee outputs and decisions. It also includes the Annual Reports for each Deal which are published every year of Growth Deal delivery and details the in-year progress made for individual projects.</p> <p>We acknowledge that further improvements can be made to strengthen engagement and ensure stakeholders and the local business community are well-informed and equipped to benefit from Deal opportunities. As regional empowerment is central to the programme, local authorities lead on local engagement. To reinforce this, the co-chairs of the Scottish City Region and Growth Deal Delivery Board will write to local authorities to reiterate expectations around publishing accessible and comprehensive information and to strengthen</p>

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			approaches to engagement with local businesses and stakeholder groups.
24	Local business and community partners Page 22-25	The Committee welcomes the commitment from the Scottish Government to work with growth deals to ensure that data on local business involvement is included in future annual reports. This will help to build a picture of the benefits of growth deals to local economies. Page 25	The Scottish Government, in partnership with the UK Government, is committed to improving transparency around local business involvement in Growth Deals. Each Deal is expected to include this data in annual reports to help demonstrate the impact of local procurement and business engagement. The co-chairs of the Scottish City Region and Growth Deal Delivery Board will write to local authorities requesting that data on local business involvement is included in future annual reports.
25	Measuring outcomes Page 26-28	The Committee welcomes the improvement to performance reporting on growth deals found by Audit Scotland. However, comparing outcomes of growth deals remains challenging. Whilst the creation of benefits realisation plans is a welcome development, these plans are not standardised so it is not possible to create an overall picture Page 28	<p>We are very clear that the Scottish Government expects regional partners to demonstrate, throughout the whole lifetime of their Deals, the direct outcomes and impacts being made to local communities and economies – from job creation right through to new product development and building the innovative industries of the future.</p> <p>Each Deal in delivery is required, as a condition of grant, to develop and implement a robust benefits realisation plan. These plans are updated every year and discussed with senior civil servants at a formal Annual Conversation. Each Deal also publishes an Annual Report that sets out its progress to date.</p> <p>The ethos behind the Deals is to empower regions, where local authorities – who know their areas best – lead the design and delivery of projects that maximise regional economic growth. This approach results in a wide variety of economic development activity, with bespoke metrics used to demonstrate impact. Adopting this model means benefits</p>

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			<p>realisation can vary region-by-region, making it challenging to aggregate a cross-Deals position.</p> <p>Work is currently underway to assess existing benefits realisation data and explore how this data, and subsequent Deal outcomes, can be presented at a national level in a way that is robust, reliable, and meaningful.</p> <p>This answer links to the response to Recommendation 26 and 27.</p>
26	<p>Measuring outcomes</p> <p>Page 26-28</p>	<p>Benefits realisation plans are a relatively new development and older deals have had to fit them into their projects retrospectively. This has been resource intensive and challenging. The Committee notes that benefit realisation plans are now created as standard for newer growth deals</p> <p>Page 28</p>	<p>In a programme of this scale and duration, it is expected that approaches and processes evolve as lessons are learned. The Scottish Government, alongside UK Government counterparts, expects regional partners to demonstrate, across the whole life of their Deals, the impact their Deals are making to local communities and economies – from job creation right through to new product development and building the innovative industries of the future.</p> <p>All Deals are now required, as a condition of grant, to develop and implement robust benefits realisation plans. Where these were not in place from the outset, retrospective development is necessary to ensure the positive impact of Deals can be measured and understood.</p> <p>Work is currently underway to assess existing benefits realisation data and explore how this data, and subsequent Deal outcomes, can be presented at a national level in a way that is robust, reliable, and meaningful.</p> <p>This answer links to the response to Recommendation 25 and 27.</p>

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27	Measuring outcomes Page 26-28	<p>The Committee notes the challenges in measuring the longer-term outcomes of deals given the long timescales involved. However, the Committee asks the Scottish and UK governments to set out how more strategic, long-term benefits will be measured.</p> <p>Page 28</p>	<p>Given the regionally led approach underpinning the design of the Deals programme, benefits management is conducted and measured slightly differently on a Deal-by-Deal basis as noted in our response to recommendations 25 and 26. For example, the Islands Growth Deal's definition of jobs created may differ from how the Edinburgh and South East of Scotland Deal defines a job 'protected'. This is not to say that one is better than the other, it is that they differ in the approach and definition adopted. Consequently, this makes aggregating and measuring cross-Deal impact and benefits challenging.</p> <p>Work is underway between the Scottish and UK Governments to explore options for presenting long-term benefits in a consistent and meaningful way. An options paper was presented at the Scottish City Region and Growth Deal Delivery Board in September 2025 for Board member consideration. The selected option is currently being scoped out and conversations with key stakeholders is ongoing.</p> <p>Given the nature of this complex, challenging piece of work, it will take time and close engagement with Deal PMOs to agree and develop a workable solution that can be implemented across a portfolio of different Deals which are at different stages of delivery. We will update the Committee on this work as it develops.</p> <p>This answer links to the response to Recommendation 25 and 26.</p>
28	Measuring outcomes Page 26-28	<p>The Committee agrees with WES [Women's Enterprise Scotland] that there should be a suite of measures that reflect whether growth deals are achieving specific inclusive growth targets, and recommends that benefits</p>	<p>As noted in our response on benefits realisation plans, it is very challenging to take Deal-by-Deal benefits data and aggregate it into a cross-Deal position which is meaningful and accurate. In addition – and in part because benefits</p>

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		<p>realisation plans should include gathering and presenting gender disaggregated data.</p> <p>Page 28</p>	<p>management is devolved to the Deals themselves – we cannot collect data on every characteristic of inclusive growth due to the nature of Deal projects, data protection considerations, and the sectors projects cover.</p> <p>Both governments are working, however, to strengthen cross-Deal benefits reporting. Where opportunities exist to gather and present gender-disaggregated data, as well as data on other protected characteristics, we will do so. It is important to clarify, however, that where Deals have not been set up to capture this data from the outset, it is not always possible to retrofit a data collection requirement after a project has started or already concluded. Participants or beneficiaries of a Growth Deal projects are also not compelled or required to record or report personal protected characteristics which additionally makes it challenging to report on this data with any degree of accuracy.</p>
29	<p>Inflationary pressures and the construction sector</p> <p>Page 30-31</p>	<p>The Committee welcomes the multi-year funding provided by growth deals and the pipeline of work that this creates, as well as providing confidence to private sector investors. The Committee recommends that the UK and Scottish governments commit to continuing to provide multi-year funding to promote regional economic growth.</p> <p>Page 31</p>	<p>The Scottish Government welcomes the Committee's recognition of the value of multi-year funding in providing certainty and supporting regional long term investment priorities. As set out in the tripartite agreement and Deal Heads of Terms, Deal funding represents a legally binding commitment from both governments. This long-term funding approach offers stability, attracts private investment, and underpins the delivery of strategic regional projects.</p> <p>The importance of multi-year investment is also reflected in the Scottish Government's Infrastructure Investment Plan, reinforcing our continued commitment to inclusive and sustainable economic growth across Scotland.</p>

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30	<p>Inflationary pressures and the construction sector</p> <p>Page 30-31</p>	<p>Many growth deals have faced a challenging economic environment, including significant inflation. This means that deals have had to adapt by finding other sources of funding, repurposing or deprioritising projects and governance processes need to be agile, as set out earlier in this report.</p> <p>Page 31</p>	<p>The Scottish Government understands and acknowledges the inflationary challenges faced by Deals and the impact these are having to project delivery.</p> <p>Officials are working closely with local authorities across all Deals, being as flexible as possible on funding profiles and project design to help them respond to cost inflation pressures. We are also helping to identify other potential funding sources that could provide match funding. In addition, we offer flexibility to local authorities – where practical – if they wish to switch or significantly change Deal projects to address new challenges or opportunities, or to deliver agreed outcomes in different ways.</p>
31	<p>Inflationary pressures and the construction sector</p> <p>Page 30-31</p>	<p>The Committee notes that growth deals have to schedule expenditure to meet the annual funding allocations, which can lead to projects being delayed. The Committee invites the Scottish and UK governments to consider what measures could be put in place to address this, including releasing higher sums earlier which would also help to address inflationary pressures.</p> <p>Page 31</p>	<p>The Scottish Government, in conjunction with UK Government counterparts, is committed to working as flexibly as possible with regional partners in the allocation of funding on an annual basis. The Deals represent large-scale, multi-year investments, and while we regularly adjust financial profiles to reflect delivery realities, we must also ensure the overall affordability of the programme in any given year, balanced against wider government priorities.</p> <p>Any request to increase in-year funding must be carefully assessed to ensure fiscal responsibility and provide assurance that the additional allocation will be drawn down. There have been instances where drawdown has fallen below the allocated funding, and therefore strong evidence is required to support any such request. We rely on partners to manage their programmes within the financial profiles agreed at the outset of each Deal, but where valid reasons arise, we can and do routinely apply flexibility.</p>

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			<p>It is important to note that no funding is lost due to slippage, and regional economies will continue to benefit from the full investment within the agreed Deal timeframe. We will continue to work within affordability parameters to support project delivery and help address delays and inflationary pressures. Additionally, work is underway to explore whether funding could be released earlier in the business case development lifecycle, with conclusions expected by early 2026.</p> <p>Please see the response to recommendation 9 in relation to flexibility around project change.</p> <p>Please see the response to recommendation 30 in relation to flexibility around inflationary impacts.</p>
32	<p>Cluttered policy and funding landscape</p> <p>Page 32-34</p>	<p>Growth deals are regional programmes which sit within a wider policy and funding environment. This includes a myriad of policies, funding streams and economic development organisations. The Committee shares the concerns of some who provided evidence that the landscape is cluttered and lacks clarity.</p> <p>Page 34</p>	<p>The Scottish Government recognises that the wider funding landscape – including initiatives such as the Scottish National Investment Bank, Green Freeports, Investment Zones, and the National Wealth Fund – can appear complex, with overlapping but distinct objectives. As part of the Business Case appraisal process, a dedicated Deals team coordinates reviews with relevant policy areas to identify linkages and signpost regional partners to appropriate funding streams and support.</p> <p>This coordination is a core part of the Deal teams' activity and helps ensure that opportunities for alignment are understood and accessible. We will continue to work closely with Deal PMOs to promote awareness of complementary initiatives, support navigation of the funding landscape, and identify opportunities for policy and investment synergies.</p> <p>Where match funding is provided alongside Deal funding, it is the responsibility of PMOs to manage governance and ensure</p>

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			<p>appropriate linkages between funding sources. Work will continue to strengthen this approach and provide clearer pathways for stakeholders engaging with multiple funding sources.</p> <p>This response also covers the response to Recommendation 34.</p>
33	<p>Cluttered policy and funding landscape</p> <p>Page 32-34</p>	<p>Despite the evidence of flexibility and change processes which allow growth deals to adapt and align with national policy developments, the Committee is concerned that some projects may get stuck, or be challenging to rescope or cancel.</p> <p>Page 34</p>	<p>Please see the response to Recommendation 5 in relation to alignment of national policies.</p> <p>Please see the response to Recommendation 8 in relation to flexibility and projects being de-prioritised or re-scoped quickly.</p> <p>Please see the response to recommendation 9 in relation to the Scottish Government's approach to project change.</p>
34	<p>Cluttered policy and funding landscape</p> <p>Page 32-34</p>	<p>There are many funding sources, such as the Scottish National Investment Bank, Green Freeports and Investment Zones and the National Wealth Fund, which overlap but have differing objectives; the Committee recommends that the Scottish and UK governments set out how these other funding initiatives interact with growth deals and establish a clear pathway for growth deals and stakeholders to use to navigate the cluttered funding landscape.</p> <p>Page 34</p>	<p>Please see the response to recommendation 32.</p>

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35	<p>Learning lessons and next steps</p> <p>Page 35-37</p>	<p>The Committee believes it is vital that there is continuous learning and improvement built into the governance of growth deals. This will benefit future deals and other regional partnership working.</p> <p>Page 36</p>	<p>The Scottish Government is committed to supporting continuous learning throughout the lifecycle of Deals. The PMO Network, a Deals-led forum, enables regional partners to share knowledge, experience, and best practice from Deal delivery. This has been particularly valuable for newer Deals, who have benefited from the insights of more established Deals who are further on in their delivery journey. The Scottish Government supports the continuation of the PMO Network and attends where appropriate to address specific topics. In addition, the governments facilitate various specialised training sessions including annual carbon training, delivered by an external industry specialist, to ensure PMOs are up-to-date with best practice and evolving standards. We will continue to support Deals through lesson-learning exercises and tailored training to strengthen delivery and governance across the programme.</p>
36	<p>Learning lessons and next steps</p> <p>Page 35-37</p>	<p>The Committee notes that some deals are nearing completion. The Committee recommends that the Scottish and UK governments issue guidance on closing deals, including on monitoring the overall impact of the deal and lessons to share with newer deals. Standardised reporting will allow for an overall picture to be created.</p> <p>Page 36</p>	<p>The Scottish Government, in collaboration with the UK Government and Deal PMOs, is finalising Deal Closure guidance to support regional partners as their Deals conclude. This guidance will outline the key steps required to close out a Deal including, the final annual report, the Deal Closure Report, the Deal Closure Conversations, associated timings of report publication and conversations, financial considerations, document retention and the requirements for ongoing benefits monitoring beyond closure. It should be noted that the first Deal – Aberdeen City Region Deal – is not due to close until March 2027.</p> <p>As part of the closure process, each Deal will be asked to complete a lessons learned exercise, capturing reflections from across the full delivery lifecycle. These insights will help</p>

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			<p>inform the design and delivery of similar programmes in the future.</p> <p>Growth Deals are designed to empower regions to deliver projects that respond to local needs. We expect regional partners to demonstrate the long-term impact of their Deals through their Benefits Realisation Plans, including at closure and beyond.</p> <p>Work is ongoing between both governments to develop a robust and meaningful approach to aggregating benefits data across all 12 Deals. Given the complexity of this task, close engagement with Deal PMOs will be required, and we will update date the Committee once this work concludes.</p>
37	<p>Learning lessons and next steps</p> <p>Page 35-37</p>	<p>Given the imminent end-point for some deals, now is the time to consider what comes next. The Committee asks the Scottish and UK governments to expedite their discussions on this, including a second phase of growth deals, and to report back to the Committee with their conclusions</p> <p>Page 37</p>	<p>The Scottish Government welcomes the Committee's continued support for the Growth Deals programme. This reflects the success of the model in empowering regions – who know their areas best – to lead on project selection and delivery. By adopting a locally led approach, the Growth Deals have maximised the impact of investment on communities and regional economic growth.</p> <p>With some Deals only recently being signed and entering delivery, the programme still has significant delivery ahead. A large number of projects remain to be delivered, which will generate further economic benefits and drive growth over the next decade.</p> <p>Growth Deals have also laid the foundations for Regional Economic Partnerships (REPs), creating governance structures and an enabling environment that support regional collaboration. Many of these partnerships now operate on a</p>

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			<p>strong track record of competent governance, oversight, and delivery confidence.</p> <p>Looking ahead, the Scottish Government's recent announcement to introduce enabling legislation in the next Parliament will strengthen this approach. The legislation will allow Regional Economic Partnerships to seek legal status, unlock new powers, and design delivery models tailored to local priorities – ensuring REPs can continue to deliver effectively at a regional level in the years to come.</p>
38	<p>Learning lessons and next steps</p> <p>Page 35-37</p>	<p>The Committee strongly supports the continuation of growth deal funding given the many benefits that have been derived from current growth deals which are set out in this report</p> <p>Page 37</p>	<p>The Scottish Government acknowledges this assessment and remains committed to working with the Deals to ensure that the significant social and economic benefits of this investment programme continues to support regional economies.</p> <p>As noted in our response to Recommendation 37, the introduction of enabling legislation in the next Parliament – allowing regional groupings to seek formal legal status as Regional Partnerships – is expected to provide a strong vehicle for future regional empowerment, delivery, and economic growth.</p>