

Deputy First Minister and Cabinet Secretary for
Economy and Gaelic
Leas Phrìomh Mhinistear agus Rùnaire a' Chaibineit
airson Eaconamaidh agus Gàidhlig
Kate Forbes MSP
Ceit Fhoirbeis BPA



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Daniel Johnson MSP
Convener
Economy and Fair Work Committee

By email

05 March 2026

INQUIRY INTO CITY AND REGIONAL GROWTH DEALS

Dear Daniel,

Thank you for your letter received on 10 February 2026 regarding the progress being made towards the development of a second round of Growth Deals, following the Scottish Government's response to the Committee's Inquiry into the City and Regional Growth Deals.

As outlined in our full response to the Committee's Inquiry, there remains a substantial amount of work required to conclude the delivery of the Growth Deals already in place. Collectively, these Deals represent a significant programme of long-term investment, with the majority of expenditure (approx. £1.98bn) and programme activity still to be delivered.

For the two Deals that are approaching the end of their original delivery timeline, we are currently working with regional partners to support their requests for extended timeframes. On the Inverness and Highland City Region Deal, as a significant proportion of activity and spend remains outstanding, we are in the process of extending the delivery period to provide all delivery partners with the time needed to complete and evaluate their projects effectively.

On the Aberdeen City Region Deal, while the current programme is due to conclude in 2027, an extension has been agreed for individual projects which cannot conclude within this timetable. Economic development collaboration in the region will also be continued through the approved Investment Zone. This initiative, which is another partnership programme between the Scottish Government, UK Government and local partners, will draw on learning from existing Deal governance and delivery whilst establishing a refreshed framework tailored to future regional priorities. It is being delivered through the North East Regional Partnership.

Given the current Deal programme will continue to run over another 9 financial years till 31st March 2035, with over 50% of the £3.4bn investment yet to be disbursed, it is not appropriate to commence a 'new' programme of Deals. The UKG Spending review in June last year reaffirmed their commitment to completing the current Deal programme but makes no reference to initiating a second round of Deals either. Our immediate focus remains firmly on ensuring the successful delivery and evaluation of the substantial commitments already in

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place. Alongside this, we continue to engage constructively with Regional Economic Partnerships and other local and regional stakeholders as part of our wider work on regional economic development, future models of collaboration, and local empowerment in support of inclusive economic development goals.

I trust this information is helpful in explaining our position, and the reasons for it, and offers reassurance that joint working will continue through the Deals programme for many years to come.

Yours sincerely,



KATE FORBES

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