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ADDITIONAL CIRCULATION



To: Councillor Lumsden, Convener; Councillor Grant, Vice Convener; and Councillors Boulton, Donnelly, Flynn, Laing, Catriona Mackenzie, Nicoll and Yuill.

Town House,
ABERDEEN 31 May 2019

CITY GROWTH AND RESOURCES COMMITTEE

The undernoted item is circulated in connection with the meeting of the **CITY GROWTH AND RESOURCES COMMITTEE** to be held here in the Town House on **THURSDAY, 6 JUNE 2019 at 2.00 pm.**

FRASER BELL
CHIEF OFFICER - GOVERNANCE

BUSINESS

CITY GROWTH AND PLACE

- 11.4 Invest Aberdeen Annual Update - PLA/19/282 (Pages 3 - 12)
(Report recirculated with the appendix, which was omitted from the original agenda pack)

Should you require any further information about this agenda, please contact Mark Masson, email mmasson@aberdeencity.gov.uk, or telephone 01224 522989

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ABERDEEN CITY COUNCIL

COMMITTEE	City Growth and Resources
DATE	6 June 2019
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Invest Aberdeen annual update
REPORT NUMBER	PLA/19/282
DIRECTOR	N/A
CHIEF OFFICER	Richard Sweetnam
REPORT AUTHOR	Richard Sweetnam / James Welsh
TERMS OF REFERENCE	2.3

1. PURPOSE OF REPORT

- 1.1 To provide the annual update to Committee on Invest Aberdeen delivery in 2018/2019 and to agree its forward priorities.

2. RECOMMENDATION(S)

That Committee:-

- 2.1 Note the annual update on Invest Aberdeen and agree the forward priorities;
- 2.2 Note the proposal from the Scottish Government for 2020 attendance at MIPIM in Appendix 1 to this report; and
- 2.3 Delegate authority to the Chief Officer City Growth, in consultation with the Convenor for City Growth and Resources, to incur expenditure in support of investment promotion opportunities in paragraphs 3.7-3.10 of this report

3. BACKGROUND

- 3.1 Following a report to Council in March 2017, Invest Aberdeen was formally established as a partnership between Aberdeen City Council and Aberdeenshire Council in April 2018. This followed a period of intensive work with Aberdeenshire Council and other key stakeholders on the transition of the Energetica programme in to Invest Aberdeen and on shaping the future Invest Aberdeen offer. A brief update to this Committee was provided in April 2018.
- 3.2 Recruitment to the Invest Aberdeen team concluded in the spring of 2018. Aberdeen City Council's staffing commitment to the team is made up of two

direct, full-time posts and a number of other post-holders in the City Growth service who support investment activity on a more ad-hoc basis, in response to specific investor enquiries. Aberdeenshire Council appointed an Inward Investment Executive and Marketing and Communications Officer who work directly and solely on Invest Aberdeen activity and who are managed as part of the Invest Aberdeen team. The team reports to both councils through the respective Chief Officer / Head of Service and through annual updates to the appropriate Committees of each.

Achievements during 2018-19

3.3 Since the team was established, the following outputs have been achieved in the first year of operation:

- 73 inward investment and regional growth enquiries have been actively managed by the team, with 18 of these live at the time of writing this report. These enquiries range from the relocation of energy supply chain companies to Aberdeen through to significant capital investment by and expansion of local food and drink companies, covering all of the Regional Economic Strategy (RES) priority sectors;
- 46 investment and regional growth leads have been proactively generated by the team, to introduce potential investors to opportunities in the city region. This is in addition to the numbers above, and occurs where the team actively targets investors through networks and introductions or speculative approaches;
- A series of successful launch events took place, both in Aberdeen and at other national and international events (i.e. All Energy in Glasgow, OTC in Houston, ExpoReal in Munich and ONS in Stavanger), raising the profile of the Invest Aberdeen message of the services it provides and investment opportunities in the city region;
- Stakeholder engagement was an early priority, with two local stakeholder events delivered followed by a programme of one-to-one and team-to-team engagements to identify areas of common ground and scope out collaboration – with Scottish Development International and Department for International Trade;
- Significant engagement activity has been undertaken with leads within the priority growth sectors from the RES, with Invest Aberdeen officers now embedded within sector forums and business groups. The team worked with stakeholders to develop a suite of sector propositions to provide an overview of Aberdeen's key sector capabilities and these have been used by UK and Scottish stakeholders in supporting inward investment into Aberdeen;
- Hosted familiarisation visits from UK and Scottish Government agencies (i.e. Department for International Trade and the Scottish Government's Trade and Investment team) developing new collateral with these agencies;
- [Invest Aberdeen](#) website was launched in May 2018, providing a one-stop resource hub for potential investors and for local stakeholder organisations;

- [Invest Aberdeen film](#) was commissioned to support launch activity and ongoing profile raising. This has been well received by local, national and international partners and stakeholders and is widely used by third party agencies to promote the area;
- Development and publication of an Invest Aberdeen property portfolio ('pitchbook') which was launched by the Co-Leader and Invest Aberdeen team at MIPIM¹;
- Online Customer Relationship Management (CRM) system to track business contacts and investment enquiries, and coordinate across other Council activities and services;
- Promoting city and regional activity and investment opportunities through a range of specialist publications including Business Insider, Commercial Property Monthly, the MJ inward investment guide ([Business Insider, Energy Voice, The MJ at MIPIM, pp 22](#)).

MIPIM 2019

3.4 Invest Aberdeen was a lead partner to the Scotland Government led Pavilion at MIPIM in March 2019. MIPIM is the leading global property investment expo and conference, whose attendance includes around 4,800 global investors. Invest Aberdeen was partner to the Scottish Government and Scottish Enterprise / SDI alongside Invest Glasgow and Invest in Edinburgh. 2019 was the first year for a Scottish Government led presence at the show. Councillor Lumsden attended, along with the Council's Director of Resources and Chief Officer City Growth, and two Invest Aberdeen officers.

3.5 The benefits of participating in the Scotland Pavilion as a leadpartner were:

- High profile billing along with Edinburgh and Glasgow;
- Dedicated space on the Scotland Pavilion to showcase the city region offer;
- Prime location alongside London / Midlands' Engine / Northern Powerhouse at MIPIM maximising footfall opportunities;
- Inclusion of Invest Aberdeen collateral (print, digital and video) in the wider Scotland marketing and PR;
- Two Invest Aberdeen sessions on the Scotland Pavilion, used to launch the pitchbook and promote CCMP, city centre and TECA opportunities;
- Participation in other sessions on city region priorities and waterfront developments;
- Priority access to private sector sponsors of the pavilion and to investor contacts provided by the Scottish Government and SDI;
- Priority access to private meeting space on the pavilion;
- Invitations to investor networking events.

3.6 As a result of being present at the the show, the Aberdeen delegation was able to host a series of private 'one to one' meetings with 17 investors who were

¹ Le Marche International des Professionels de l'Immobilier, an international property event.

attending MIPIM. From these meetings, 13 follow up meetings have occurred, with four further meetings to discuss specific investment opportunities that are of direct interest to investors. These meetings are, in the main, with international investment houses, fund managers and potential developer partners, looking at securing investment in schemes such as Aberdeen Harbour South, the Council's housing programme and Queen Street. These discussions are at early stages and there is normally a lag between these pitches and securing of any investment in developments in the city region.

FORWARD PRIORITIES

- 3.7 Feedback from partners on the first year of Invest Aberdeen activity indicates that in certain sectors there may still be a lack of awareness of the resource available within Invest Aberdeen, to support local and regional developers seeking support to investors and inward visits. This is an important aspect of raising Aberdeen's profile nationally and internationally, as the local network is as important inward investment ambassador. In response, it is proposed that the team continues to engage with strategic and private sector partners in the city region, and ensure the benefits of Invest Aberdeen and the support it can provide is fully understood.
- 3.8 Officers continue to evaluate the benefits of attendance at MIPIM in 2019 with officials of Scottish Government and Scottish Development International, and industry attendees. Feedback has been provided on improvements to the Scottish presence from an Aberdeen City Council perspective, and the Cabinet Secretary for Finance, Economy and Fair Work has written to the Council Co Leader to continue the collaboration going forward. A copy of the approach is provided in Appendix 1 to this report, and given the success realised to date of the Council/ Invest Aberdeen's collaboration with the Scottish Government, it is recommended that if the opportunity arises for 2020, then the Council and Invest Aberdeen is represented.
- 3.9 Offshore Europe 2019 at the new TECA is a significant strategic and operational priority (and opportunity) for Invest Aberdeen. There will be an Invest Aberdeen stand as part of the 'Scotland is Now' pavilion, which will be used to host investor events and meetings. There will be a programme of investment related activity and opportunities for developers and project sponsors to use the stand to launch and promote initiatives, working closely with the World Energy Cities Partnership (WECP) AGM programme.
- 3.10 On the operational level, a priority for 2019-20 is to develop an Invest Aberdeen 'soft landing' service to offer help and practical assistance to facilitate a new investor's transition into the region. Invest Aberdeen will work closely with private sector service providers to offer investors, currently based outside of the region an inclusive package of support. This could include:
 - Promoting the Council's business facing support, and its measures to attract development to the city – for example, city centre living incentives;
 - Developing a portfolio of flexible initial property options for incoming investors;

- Offering preferential access to Invest Aberdeen and other city region business networking events and forums;
- Introductions to key contacts and networks in the city region, including through civic office and the Lord Provost's international networks and WECF Presidency, private sector contacts and intermediaries, and, through the Council's partnership in the Aberdeen City Region Deal and with SMG Europe, access to these projects and the TECA;
- Consideration of financial incentives, where feasible, working with the two governments;
- Brokering effective recruitment and skills support to deliver a seamless recruitment solution for incoming investors and growing local businesses;
- PR opportunities through the Invest Aberdeen website and social media accounts.

4. FINANCIAL IMPLICATIONS

- 4.1 Total direct costs of the Invest Aberdeen service are estimated to be £217,500 per annum, of which the Council contributes £117,500 and Aberdeenshire Council the remainder. The Council's share of the costs is met from staffing and City Growth budgets. Travel costs for the national and international events are met from Invest Aberdeen budgets for Invest Aberdeen officers and from international trade budgets where Council officers are required to travel.
- 4.2 Any costs associated with attendance at MIPIM 2020 will be funded by Aberdeen City Council from existing City Growth budget for 2019/20. Any travel costs will be met from Invest Aberdeen budgets for Invest Aberdeen officers and from international trade budgets where Council officers are required to travel.

5. LEGAL IMPLICATIONS

- 5.1 Local authorities are subject to statutory controls and as such are only entitled to defray travelling and other expenses incurred as a result of approved duties as defined in the Local Government (Scotland) Act 1973.
- 5.2 The 2019 MIPIM legal agreement with Scottish Government covered financial arrangements and liabilities and what the Council (as premier partners) was getting for its contribution. This agreement will need to be updated for the 2020 event.

6. MANAGEMENT OF RISK

	Risk	Low (L), Medium (M), High (H)	Mitigation
Financial	Costs associated with participation in MIPIM 2020 escalate beyond available resource envelope.	M	Active participation in MIPIM 2020 planning groups, including oversight and monitoring of budgets. Legal agreement with Scottish Government that protects ACC position and caps financial contribution.
Legal	None		
Employee	Overseas travel and working requirements. Potential health and wellbeing risks of attending MIPIM – long, antisocial working hours.	M	Overseas travel risks are covered by pre-travel risk assessment process. Health and wellbeing will be managed by lead officer. Downtime and adequate breaks to be built into schedules.
Customer	None		
Environment	None		
Technology	None		
Reputational	Attending MIPIM and the associated costs can generate negative publicity.	M	Evidence the benefits of attending MIPIM and the outcomes from attending in 2019. Highlight that it is core Invest Aberdeen business.

7. OUTCOMES

Local Outcome Improvement Plan Themes	
	Impact of Report
Prosperous Economy	The proposals within this report support the delivery of LOIP Stretch Outcome 1 – 10% increase in employment across priority and volume growth

	sectors by 2026. Stretch outcome 1 has an improvement aim for Invest Aberdeen relating to securing two inward investments per year in priority growth sectors by 2022. The work outlined in this report will support that LOIP ambition.
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Design Principles of Target Operating Model	
	Impact of Report
Partnerships and Alliances Primary driver: Internationalisation	Invest Aberdeen is an operational partnership between Aberdeen City Council and Aberdeenshire Council with a wide range of supporting partners and stakeholders from across the public and private sectors. In the normal course of its business it continues to engage with private sector leads, and relationships with Opportunity North East and the two universities are strong. Invest Aberdeen will continue to seek ways to deliver ambitious outcomes in partnership and to identify areas of joint working and co-investment, where possible.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	Not required
Data Protection Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Not applicable

9. BACKGROUND PAPERS

PLA/18/006 – Inward Investment and Trade Priorities, report to City Growth and Resources Committee, 24 April 2018 – approved

CHI/17/046 – Aberdeen Inward Investment Plan, report to Council, 15 March 2017 - approved

10. APPENDICES (if applicable)

1. Letter from Cabinet Secretary for Finance, the Economy and Fair Work to Co-Leader Cllr Lumsden, dated 28 May 2019

11. REPORT AUTHOR CONTACT DETAILS

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Co-leader Aberdeen City Council

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28 May 2019

Dear Douglas,

I wanted to take this opportunity to personally write to you and fellow council leaders following the excellent joint presence at MIPIM 2019 in Cannes. I would like to extend my thanks to you and your team in working hard to make this successful, seamless event happen. I know from both public and private sector feedback that our approach this year has been impactful, and I see this as the start of cementing and growing our presence at MIPIM as Team Scotland in the years to come.

The feedback we have received from Scottish industry delegates has been without exception positive, in particular about the Team Scotland approach. I want to see this continue and, to support this, I have already agreed that Scottish Government take the same site in Cannes next year and have seen the contract signed. I have also committed to MIPIM UK later this year to support a stronger build-up in the run up to the event in Cannes. I am inviting you to continue this commitment with me, showcasing the fantastic investment opportunities in your city and across Scotland over the coming year.

I understand you will need to follow budget procedures and may only be able to commit in principle. That is why I am also willing to extend the guarantor arrangement by Scottish government, and agree to fund any shortfall against sponsorship targets and budget.

I also want to make clear that I and my team are listening to the feedback you have given us. In agreement with the private sector, you have asked for thematic and shorter programming, international speaker and audience acquisition, improved set design, joint-branded on and off-site presence, and better advance marketing. These improvements should see Team Scotland attain additional private sector sponsorship.

As increased private sector sponsorship cannot be guaranteed I am proposing to keep the overall budget for the full event at the same level as 2019 - £400,000. In addition I am also proposing to reduce the contribution for the senior partners to £36,000 (excluding VAT).

The overarching main objective for our presence at MIPIM continues to be building a long term major brand presence for Scotland and leading Scottish Cities, and demonstrating the positive pro-business environment in Scotland. This was done and done well, and we should keep the things that worked. This was particularly the joint political and senior representation at the event and the collaborative working between all Scottish organisations involved. On those terms, I hope and look forward to working with you on MIPIM 2020 and beyond.

A handwritten signature in black ink, reading "Derek Mackay", is enclosed within a faint, light-colored rectangular border. The signature is written in a cursive style.

DEREK MACKAY

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