

ABERDEEN CITY COUNCIL

COMMITTEE	City Growth and Resources
DATE	3 February 2021
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Invest Aberdeen Update
REPORT NUMBER	COM/21/030
DIRECTOR	N/A
CHIEF OFFICER	Richard Sweetnam
REPORT AUTHOR	Lynn Mutch
TERMS OF REFERENCE	3.3

1. PURPOSE OF REPORT

- 1.1 To provide an update to Committee on Invest Aberdeen delivery from June 2019 to December 2020 and to agree its forward priorities.

2. RECOMMENDATION(S)

That the Committee:-

- 2.1 Notes the update in Invest Aberdeen in the period since June 2019; and
- 2.2 Instructs the Chief Officer - City Growth to work with Aberdeenshire Council and regional partners to support investment promotion opportunities in relation to section 3.6 - 3.12 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. An update on its progress was provided to the City Growth and Resources Committee in June 2019.
- 3.2 The Council's staffing commitment to the team is summarised in the table below:

Role	Aberdeen City Council	Aberdeenshire Council
Team Leader		1 fte (vacant)
Project Officer	1 fte	
Project Support Officer	1 fte (vacant)	
Marketing, website, social media		1 fte
Total	2 ftes	2 ftes

- 3.3 The Team was originally managed by the Council's Business and Skills Manager but that post is currently vacant. In the last 12 months therefore the team has been supported by officers in response to specific investor enquiries. Activity by Invest Aberdeen is reported to the two councils through the respective Chief Officer/ Head of Service who in turn reports to the appropriate Committees.

PROGRESS 2019-2020

- 3.4 Given the impact of Covid-19, the subsequent lockdowns, and the delivery of specific responses to business, the annual report to Committee was not provided at its June 2020 meeting. Further, much of the 'normal' activity for Invest Aberdeen from March 2020 was cancelled as a direct result of Covid-19 restrictions.
- 3.5 Despite this, the following outputs have been achieved in the time since the previous update to Committee. In general, the approach to any enquiry or response by the team draws in and relies on wider collaboration with partners and stakeholders. For example, we have been working with a key sector enquiry that has relied on support at various points from both universities, Opportunity North East (ONE), Skills Development Scotland, services in both Councils as well as local landowners and companies that could form partnerships with the investor.
- 79 enquiries, with 19 of these remaining live at the time of writing this report. These investments cover all of the Regional Economic Strategy (RES) priority sectors. There are two leads being assisted that if they 'land' would result in a significant commitment to the city region. It is worth noting that the lead in times for investment can be 12+ months and, the last reporting period has been distorted by covid-19 with investors putting plans on hold.
 - The team will continue to work closely with these contacts. However Covid-19 has also seen a pause on the recruitment of vacant posts in both Councils, while officers have also been deployed on supporting the distribution of business grants in both Councils.
 - 41 leads have been 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. For example an introductory meeting with an institutional investor to promote investment opportunities was conducted based on an introduction requested by the team via a third party contact. This number also includes speculative contact made by the team to potential investors based on shared leads from other stakeholders or via news sources;
 - Event Attendance - All Energy in Glasgow, OTC in Houston, Subsea Expo, Offshore Europe, HyER – Zero Emission Mobility in Brussels, Sustainable Investment for Net Zero in Edinburgh raising the profile of the support available from Invest Aberdeen services, providing key sector updates and promoting investment opportunities in the city region. A number of online speaking opportunities and investor pitches were also undertaken, including at The Canadian Council for Public-Private Partnerships Conference, Infra

Academy Webinar Series, Hydrogen - UK Developments in Hydrogen and the Scottish Cities Alliance Green Investment webinar;

- Stakeholder engagement with UK Government and Scottish Government and their agencies - Scottish Enterprise, Scottish Development International (SDI), the Department for International Trade (DIT); Skills Development Scotland and local, regional and international stakeholders and industry groups;
- Following on from the previous Committee update, setting up an advisory Project Board that meets quarterly to advise on the collaboration around the Invest Aberdeen business plan and sharing industry, and stakeholder feedback. The group includes representation from DIT, SDI, Opportunity North East (ONE), Aberdeen & Grampian Chamber of Commerce (AGCC), the two universities and industry leads in property, developer and finance;
- Hosted 21 familiarisation visits from UK and Scottish Government agencies, delegations from the USA, New Zealand, Japan, South Korea, and Ireland as well as businesses interested in various sectors in the region and eight virtual tours of regional opportunities to potential national and international investors during the Pandemic;
- Delivery of Invest Aberdeen website that provides a resource hub for potential investors and for local stakeholder organisations. Since April 2019, the website has had 16,655 users from 119 countries. It hosts details a number of key investment projects good news stories and case studies as well being a central information point for Covid-19 business support updates;
- Invest Aberdeen footage launched at Offshore Europe 2019 and continues to be used by local, national, and international partners and stakeholders and third party agencies to promote the city region;
- Support to planning and management of the weeklong World Energy Cities Partnership AGM which was held alongside Offshore Europe 2019. This included a full roster of WECP events, networking, and tours of the region for overseas visitors.
- Involvement in the planning and management of the second annual Aberdeen Hydrogen festival held in the City in October 2019. This was a weeklong programme of events designed to promote the City as a centre of excellence for hydrogen projects and energy transition and comprised a weeklong programme of events, workshops and tours of the Cities hydrogen infrastructure and projects. Attendees came from all over the UK as well as internationally.
- Development and publication of a second Invest Aberdeen property portfolio ('pitchbook') was created for use at MIPIM (Le marché international des professionnels de l'immobilier) 2020. Invest Aberdeen projects were also added to the Scottish Government Green Investment Portfolio, the Scottish Cities Alliance Scotland Investment Prospectus;
- A new, more user friendly, online Customer Relationship Management (CRM) system to track business contacts and investment enquiries will be in use by the close of January 2021. This will ease the sharing of information and opportunities across other Council activities and teams;
- Invest Aberdeen proposed to partner with the Scottish Government, Scottish Enterprise/ SDI alongside Invest Glasgow, and Invest in Edinburgh to attend MIPIM 2020 as lead partner to the Scottish Government Pavilion under the "Scotland is Now" branding. However the event was cancelled

- due to Covid-19. Worked on a number of webinars with SDI and Scottish Cities Alliance in place of MIPIM 2020, with a full programme of events also currently in planning stages in place of attending MIPIM 2021;
- Supported delivery of revised Regional Economic Strategy action plan in response to Covid-19 as well as ongoing support of the Aberdeen City Region Deal communications activity and promotion of the infrastructure projects that make up the Deal.

FORWARD PLAN

- 3.6 Since March 2020 the Invest Aberdeen Team has been re-purposed to support the setting up of a Business Hub response to Covid-19.
- 3.7 In the immediate term it is likely that the impact of Covid-19 will restrict activity, and in particular travel to support any activity within Scotland, the UK or wider. Covid-19 has also coincided with a downturn in the oil and gas sector, and the cumulative effect has seen an increase in unemployment, risk of large scale redundancies and a decline in advertised vacancies, across all sectors of the city economy.
- 3.8 Despite the immediate challenges faced, key priorities for the year ahead remain:
- Continued support to 'live' leads;
 - Creation of an investment proposition for the Energy Transition activities, and supporting the Energy Transition Zone at Aberdeen Harbour South expansion and review and update of the existing library of propositions. A full review and update of the Invest Aberdeen Prospectus will be undertaken.
 - Continued focus on working closely with the Energy Transition and Aberdeen Hydrogen Hub project teams to promote investment opportunities within the Green Investment Sector.
 - Create a campaign to attract and retain skilled workers in partnership with the Universities, Colleges and other stakeholders – this is in response to a specific enquiry from private sector partners.
 - Invest Aberdeen, in the normal course of its business will continue to engage with private sector leads, local partners including both Universities, local research institutions and ONE and will continue to seek ways to deliver ambitious outcomes in partnership and to identify areas of joint working and co-investment, where possible.
 - Update of the Invest Aberdeen campaign to reflect new projects, recent investments and the changing investment landscape and regional statistics.
 - Participation in the Capital Investment Promotion and Team Scotland Event including presentations, panel debates, round tables and interactive activity promoting key messages about Scotland's capital investment opportunities. This two-day event will be held in March and will take place virtually or potentially at Scotland House, London (dependant on Covid-19 restrictions). As well as participation in the overall programme, a dedicated Aberdeen session is also being planned, to cover the Energy Transition Zone and Hydrogen Hub.

- 3.9 A key focus for the year ahead will be attendance at Offshore Europe 2021 as part of the Scotland pavilion together with a full programme of events to maximise the opportunity to showcase Aberdeen and progress to date in the global energy transition. OE21 is likely to be the first major event held at the venue post-Covid, if it is able to go ahead. Additional partnership opportunities are also being explored, including with bp as part of Aberdeen City Council's partnership, and the World Energy Cities Partnership.
- 3.10 Attendance at Hannover Messe (likely to be a virtual event due to Covid-19) to showcase Aberdeen's hydrogen sector and associated investment opportunities.
- 3.11 Attendance at additional 2021 events OTC and All Energy to promote our existing strengths in both the Offshore Wind and Renewables and Oil & Gas sectors, as well as consideration to events in the life sciences sector
- 3.12 Participation in the 2021 United Nations Climate Change Conference (COP26) Investor event that may be developed by Scottish Government in partnership with Scottish Cities Alliance and other stakeholders.

4. FINANCIAL IMPLICATIONS

- 4.1 Total direct costs of the Invest Aberdeen service are £217,500 per annum, of which the Council contributes £117,500 and Aberdeenshire Council the remainder.
- 4.2 The bulk of the budget is spent on staffing - £162,500. This is split £90,000 (the Council) and £72,500 (Aberdeenshire Council), reflecting that the promotional and marketing position is funded 50: 50 and the grading of posts in both Councils. While Aberdeenshire Council has a higher graded post, the Council has two posts that are a higher cost. This also reflects to demand, and more product development and support for activity within the city, in support of Scottish Cities Alliance and promotion of the main Scottish cities under the Scotland is Now branding.
- 4.3 The balancing £55,000 is invested to support promotional activity, website, social media, sectoral promotion and attendance at relevant inward trade activity.
- 4.4 Any spend for 2021/ 2022 will be subject to the Council's budget setting process.

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.

6. MANAGEMENT OF RISK

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
Strategic Risk	Failure to secure inward investment in all sectors to promote recovery from the Oil & Gas Downturn and Covid-19 Pandemic	M	Participation in stakeholder initiatives promoting the regional strengths. Attendance at events promoting the investment opportunities and actively promoting sectors via Investment leads and enquiries.
Compliance	None		
Operational	Working from home, attendance at Marischal College and future travel Requirements may pose additional risks due to the physical and mental health issues associated with Covid-19	L	Overseas travel risks are covered by the pre-travel risk assessment process. Health and wellbeing will be managed by lead officer.
Financial	Costs associated with participation in events escalate beyond available resource envelope.	L	Many events in the near to medium future are likely to become virtual events therefore attendance cost will be lower. In each case Officers will actively participate in planning groups, including oversight and monitoring of budgets.
Reputational	Other major cities becoming the forerunners in the Hydrogen and Energy Transition sectors due to a failure to capitalise on the Cities first mover advantage and existing local expertise	M	Ensure our activities are widely promoted both locally and internationally by continuing to engage with local and international stakeholders and participating as speakers and panellists in major events.
Environment / Climate	Failure to adequately secure investment in pursuit of the Council's Net Zero	M	Participation in stakeholder initiatives promoting the regional strengths. Attendance at events promoting the investment

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
	and energy transition ambitions		opportunities and actively promoting sectors via Investment leads and enquiries.

7. OUTCOMES

<u>COUNCIL DELIVERY PLAN</u>			
		Impact of Report	
Aberdeen City Council Policy Statement		<p>The proposals within this report support the delivery of the following Policy Statement objectives:</p> <p>Economy: 14. Work with both governments to unleash the non-oil and gas economic potential of the city</p> <p>Place: 1. Build up existing strength in hydrogen technology 2. Support efforts to develop inward investment</p>	
Aberdeen City Local Outcome Improvement Plan			
Prosperous Economy Stretch Outcomes		<p>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.</p>	
Prosperous People Stretch Outcomes		<p>The proposals in this report support the delivery of stretch outcome 11 - Healthy life expectancy (time lived in good health) is five years longer by 2026 by seeking investment in to Hydrogen and Net Zero initiatives that will support zero carbon emissions.</p>	
Prosperous Place Stretch Outcomes		<p>The proposals in this report support the delivery of stretch outcome 14 - carbon emissions reduction by 42.5% by 2026 and adapting to the impacts of our changing climate by promoting and seeking investment for the Aberdeen Hydrogen Hub and the Energy Transition Zone.</p>	
Regional and City Strategies		<p>The proposals within this report support the Regional Economic Strategy & Action Plan, Energy Transition Vision, Strategic Infrastructure Plan</p>	

UK and Scottish Legislative and Policy Programmes	The recommendations in this report contribute to the City's response to the Intergovernmental Panel on Climate Change set under the Paris Agreement and the UK Governments ambition to have Net Zero emission by 2045. The report also set out the City's plans to meet the Scottish Government's Climate Change (Emissions Reduction Targets) (Scotland) Act 2019.
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8. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	not required
Data Protection Impact Assessment	not required

9. BACKGROUND PAPERS

PLA/19/282 – Invest Aberdeen annual update, Plan, report to Council, 6 June 2019 - approved

10. APPENDICES

10.1 None

11. REPORT AUTHOR CONTACT DETAILS

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