

## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	Council
<b>DATE</b>	11 December 2024
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	North East Scotland Investment Zone
<b>REPORT NUMBER</b>	CR&E/24/355
<b>EXECUTIVE DIRECTOR</b>	Gale Beattie
<b>CHIEF OFFICER</b>	Julie Wood
<b>REPORT AUTHOR</b>	Stuart Bews
<b>TERMS OF REFERENCE</b>	12 and 21

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### 1. PURPOSE OF REPORT

- 1.1 To update Council on the allocation of Investment Zone status to the North East of Scotland (Aberdeen City and Aberdeenshire Council administrative areas) and progression through the Gateway Process, seeking approval of a proposed governance structure.

### 2. RECOMMENDATIONS

That Council:-

- 2.1 Agree to Establish a Joint Committee in terms of sections 56 and 57 of the Local Government (Scotland) Act 1973 with Aberdeenshire Council, to be known as the North East Scotland Investment Zone Joint Committee and to be effective following submission of Gateway 4 (February 2025).
- 2.2 Note the Investment Zone Steering Group endorsement for a North East Scotland Investment Zone was Option C, the Joint Committee Members being the co-signatories plus ETZ Ltd. At the Steering Group meeting Aberdeen City Council representative abstained from the vote as Council had not yet had the option to review the models.
- 2.3 Approve the Joint Committee's Terms of Reference contained within Appendix 3 to the report, which are based on Option B, the Investment Zone Co-signatories being the members of the Joint Committee.
- 2.4 Approve the Joint Committee's Standing Orders contained within Appendix 3 to the report.
- 2.5 Approve the proposed membership of the North East Scotland Investment Zone Joint Committee to be Aberdeen City Council (x3), Aberdeenshire Council (x3),

Opportunity North East, University of Aberdeen and The Robert Gordon University. This is illustrated at Option B.

- 2.6 Agree that a North East Scotland Investment Zone Programme Board should be established to support the Joint Committee and agree its Terms of Reference in Appendix 4.
- 2.7 Approve the initial proposed membership of the North East Scotland Investment Zone Programme Board as contained within Appendix 4; Aberdeen City Council, Aberdeenshire Council, Opportunity North East, University of Aberdeen, The Robert Gordon University, Scottish Enterprise and Energy Transition Zone Ltd.
- 2.8 Appoint three named members and up to three named substitute members to the North East Scotland Investment Zone Joint Committee.
- 2.9 Agree that Aberdeenshire Council will act as the Accountable Body for the Investment Zone as they have done for the City Region Deal.

### **3. CURRENT SITUATION**

- 3.1 Council instructed in October 2023 the Chief Officer - City Growth to “report back to Council on the developed proposals, City Council commitments e.g. financial or resource and future governance proposals for final approval”. This report provides an update on progress across those areas as work is ongoing to further develop the proposals following the re-commitment to the Investment Zone policy from the UK Government on 30<sup>th</sup> October. The report also stated that Council approval would be sought prior to submission of Gateway 3 (Governance) and Gateway 4 (Interventions). This report covers Gateway 3, and a further report will be brought before Council for approval prior to Gateway 4. The report in October 2023 also stated that a short term Investment Zone Steering Group and Working Group would be established until the Regional Economic Partnership was established. As the Regional Economic Partnership is now formed and chaired by Sir Ian Wood on behalf of Opportunity North East since February 2024, it is timely to establish a more permanent Investment Zone Governance structure as set out within this report.
- 3.2 The [Investment Zones in Scotland Technical Document](#) was published on 8 December 2023 and largely mirrors the key objectives of the [Investment Zone Policy Prospectus](#) published in March 2023. The Scottish Policy is founded on long-term partnership and collaboration, ensuring co-development between Scottish Government, UK Government and regional partners.
- 3.3 This has led to the development of 3 core principles for engagement between the Scottish and UK Governments:
  - Partnership – Scottish and UK Governments will play a joint role in co-design, decision-making and overseeing delivery of Investment Zones

- Parity – The offer in Scotland is on equivalent value to the offer in England

- Strategic Fit – Investment Zones will align with Scottish and UK Government policy frameworks, be a good fit for the regional landscape, and reflect devolution settlements.

3.4 The fiscal offer to Glasgow and the North East of Scotland is similar to the offer to English Investment Zones that was expanded in the UK Government's Autumn Budget. Subject to Investment Zone proposals being agreed across all parties, each Investment Zone in Scotland will receive a total funding envelope of £160 million over 10 years and a single 5-year tax offer, that is scalable based on the number of tax sites within the Zone. The Investment Zone funding envelope comprises:

- £70 million flexible spend, split 40:60 between resource spending (RDEL) and capital spending (CDEL), to use across a portfolio of interventions based on the opportunities of each cluster; and

- £90 million tax incentives, which can cover up to 600ha across up to three sites, lasting for five years. Where places choose not to opt for the maximum tax offer of 600ha, tax incentives can be exchanged for a greater amount of spend. If a place chooses not to take up the full extent of tax reliefs available, they will have access to a larger spending envelope.

3.5 The Scottish and UK Governments are offering the following tax reliefs in designated tax sites within each Investment Zone. These will be available for 5 years and include:

- Land & Buildings Transaction Tax
- Non-Domestic Rates Relief
- Enhanced Capital Allowance
- Enhanced Structures and Buildings Allowance, and
- Employer National Insurance Contributions relief.

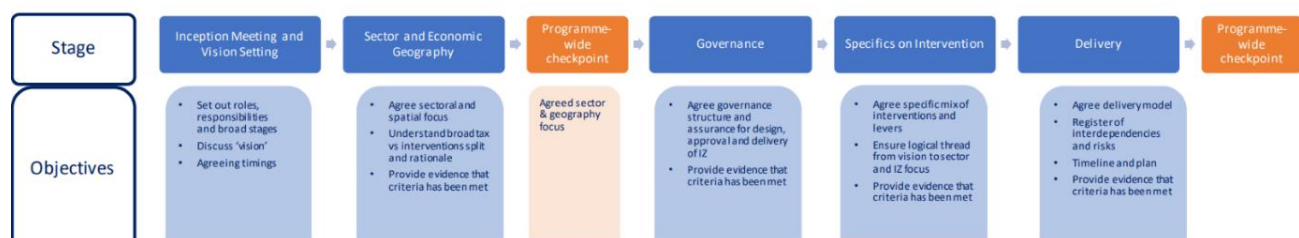
3.6 The precise costs of tax sites will vary by site, however the estimated cost of 600 hectares of tax reliefs is £90 million, to be deducted from the overall £160 million envelope available to an Investment Zone. Any tax sites must be tightly defined and located on underdeveloped land.

3.7 Investment Zone sites will be able to benefit from 100% retention of non-domestic rates growth over an agreed baseline for 25 years. In drawing up proposals for Investment Zones, there will be a need to demonstrate how non-domestic rates retention will provide for inclusive economic growth within the region, support each priority sector within the Investment Zone, and represent value for money for the Scottish and UK Governments should this be incorporated into the Investment Zone model for North East of Scotland.

- 3.8 In recognition of the variations across regional economies the governments have committed to flexibility throughout the financial elements of the policy offer to respond to evidenced regional priorities. Further, all proposals should include a degree of secured and anticipated match funding from the private sector and research institution partners.
- 3.9 The [Investment Zones in Scotland Technical Document](#) outlines the processes underpinning the establishment of an Investment Zone and provides guidance on the tax incentives, rate relief offer and capital/ revenue funding available. One Local Authority is required to undertake the role of Accountable Body.

### Investment Zones in Scotland Process

- 3.10 The process proposed for developing Investment Zones in Scotland comprises 5 stages/ gateways as detailed in the diagram below:



- Stage/ Gateway 1 Vision setting – covering the overall vision for the proposal.
- Stage/Gateway 2 Sector and economic geography – agreeing a sector focus and spatial focus for the Investment Zone, understanding the broad approach to tax and flexible spend interventions, and reviewing evidence that the criteria have been met.
- Stage/Gateway 3 Governance – agreeing the governance structure and assurance processes for the design, approval, and delivery of the Investment Zone and reviewing evidence that the criteria have been met.
- Stage/Gateway 4 Interventions – agreeing the specific mix of interventions and levers to be deployed and where, ensuring a logical link from the vision to the key opportunities and challenges identified, the portfolio of interventions selected and outputs, intermediary and overall outcomes for interventions and reviewing evidence that the criteria have been met.
- Stage/Gateway 5 Delivery – agreeing the delivery model or models, including any delivery vehicles for planning interventions, register of interdependencies and risks, finalising timelines and plans, and reviewing evidence that the criteria have been met.

### Gateway 1: Vision

- 3.11 The UK and Scottish Governments approved the North East of Scotland Investment Zone Gateway 1: Vision template on 26 February 2024 following submission in October 2023. The template had previously been completed using the UK Government's Investment Zone policy and technical guidance documents and was submitted in October 2023. However, due to the changes in Scottish Investment Zone policy and process the Governments instructed that Gateway 1 be revised to account for the changes. The revised Gateway 1 template was submitted to the Governments in January 2024 and was approved on 26 February 2024.
- 3.12 The Gateway 1 template outlines the vision for the North East of Scotland Investment Zone and highlights that our focus will be on 2 key sectors- Green Energy and Digital and Tech. In addition, the template also outlines initial thinking around the location of Tax sites, the introduction of non-domestic rates relief and retention schemes as well as the important role that further and higher education institutions within the region will play in delivering an Investment Zone that will fulfill the aims and objectives of the Policy. A copy of the approved Gateway 1: Vision template is included within Appendix 1.

### **Gateway 2: Sector and Geography**

- 3.13 The Gateway 2: Sectors and Geography template was submitted to Government on 10 May 2024 and forms Appendix 2 to this report. Gateway 2 provides a detailed analysis of how focus on the Green Energy and Digital and Tech sectors will accelerate investment, growth and high value job creation across the region and deliver the key outcomes of the Investment Zone policy. As such, the North East of Scotland Investment Zone boundary is defined by the administrative boundaries of Aberdeenshire and Aberdeen City. This is in part due to the geographic spread of businesses engaged in the Green Energy and Digital and Tech sectors of the regional economy but also to ensure equity of opportunity for businesses engaged in these sectors to benefit from the available funding.
- 3.14 Despite there being an allowance for up to 3 x 200ha of tax site allocations within Investment Zones there is not sufficient areas of contiguous underdeveloped land within the region that meets the criteria for Tax Site allocation. As such, 2 x 200ha Tax Sites are proposed within the Investment Zone. One in Peterhead and the other located at the Energy Transition Zone in Aberdeen City. The locations of both Tax Sites are detailed in Appendix 2.
- 3.15 Following the announcement of the UK General Election on 22 May 2024, the UK Government confirmed that no formal feedback on Investment Zone submissions would be provided during the pre-election period and that formal communication with Civil Servants would be suspended until after the election. However, informal feedback would be provided where additional information was required to enable Government to evaluate the Gateway 2 submission.
- 3.16 Informal feedback has been received from the Governments requesting further information as to how the Energy Transition Zone area of Aberdeen City meets the underdeveloped criteria of the Investment Zone policy while a

request for information on the constraints impacting investment in Green Energy supply chain development in Peterhead and the surrounding area was received. A further information request was received prior to the General Election relating to how the Digital and Tech and Green Energy sectors would complement each other as a strategic focus of the Investment Zone to deliver the policy outcomes.

- 3.17 Detailed responses to the information requests were submitted to Government on 2 July 2024. Discussions are continuing with the Governments as to how the proposed tax sites meet the criteria for formal designation. However, following the change in UK Government, Ministerial approval to recommence formal communication and engagement with Civil Servants on the development of Investment Zones in Scotland and Wales has only recently be provided. A revised Gateway 2 template will be submitted to Government for approval. This will trigger the submission of Gateway 3: Governance.

### **Gateway 3: Governance**

- 3.18 Work has commenced on the completion of Gateway 3: Governance. A Governance Workstream has been established involving the Council's External Partnerships Service Manager with support from colleagues in legal. Group membership also comprises the Universities, Aberdeenshire Council, Scottish Enterprise and representatives of ONE and ETZ Ltd. Different governance and operating models for the Investment Zone have been identified through mapping the key functions and operational activities that the Investment Zone governance body will undertake and appraising them against the policy criteria. This has been converted into an options appraisal by the Governance Workstream and reported to the Investment Zone Steering Group who endorsed the recommendation to incept a new Joint Committee to effectively govern the North East Scotland Investment Zone. In line with the approach taken in City Region Deal, it is considered appropriate that a programme board for the Investment Zone should also be established to ensure further scrutiny and monitoring of progress. The Governance group have developed a set of proposals which provide terms of reference and proposed composition for both a Joint Committee (Appendix 3) and Programme Board (Appendix 4)

- 3.19 The work undertaken to identify different governance options has evidenced that there are significant similarities between the governance, scrutiny, assurance and fiscal requirements of the Scottish and UK Governments' City and Growth Deal, and Investment Zone policies. Taking account of the evidence collated and having researched the governance models utilised by the existing Investment Zones in England the options available were appraised and a summary of the appraisal is shown below
- 3.20 Aberdeenshire Council is the accountable authority for the Aberdeen City Region Deal and the fiscal decision-making responsibilities are discharged by the Joint Committee for the Aberdeen City Region Deal. The Joint Committee is a reflection of the Regional Economic Partnership with voting rights afforded to both Aberdeenshire and Aberdeen City Councils and Opportunity North East.
- 3.21 As the Aberdeen City Region Deal has matured the requirements of Government have changed placing additional responsibilities on the accountable authority to provide assurance that all of the interventions delivered by Aberdeen City Region Deal funding have complied in full with the requirements of the Deal. This also includes all the interventions delivered by private sector partners, including ONE and Net Zero Technology Centre. The recent audit of the Aberdeen City Region Deal highlighted areas where governance procedures could be strengthened. An action plan to address the concerns raised by the audit has been developed and is being implemented. The learnings from that process will be used to ensure strong governance surrounds the Investment Zone and officers from Aberdeen City Council continue to engage with the Chief Internal Auditor to ensure that Governance models proposed for Investment Zone are robust and effective.

## Governing options – appraisal summary

Following the identification of the long list of options and the selection of appraisal criteria, the Governance Group appraised each [option](#) and we have summarised high risk flags for discounting an option and identifying a preferred governance option.

Outline Option	Criteria A - Facilitate IZ Objectives	Criteria B Efficient to setup and run	Criteria C - Accountable body role fulfilled	Criteria D – Liabilities and Conflicts	Criteria E – Collective Decision-making	Criteria F- Understood by external stakeholders	High Risk Flags For Discussion	Proceed as a viable option?
<b>Option 1:</b> Extending existing ACRD Joint Committee to include IZ	x	~	✓	~	✓	✓	A - The IZ and ACRD objectives are not sufficiently delineated. A - The existing ACRD delivery timeline does not align with the IZ. A – Decisions must be made in the context of the existing governance processes. B – The breadth of existing and new delivery objectives may lead to inefficiencies and complexity. D – Conflicts across ACRD Partners complex to manage	No
<i>Option progressed to detailed design</i> <b>Option 2:</b> New Joint Committee inception for the NESIZ	✓	✓	✓	✓	✓	✓	The option does not fail any of the viability tests, but detailed design must take place to ensure that the final model continues to meet all the criteria.	Yes
<b>Option 3:</b> Advisory Group endorsing decisions for approval at ACRD Joint Committee	x	~	✓	~	✓	✓	A - The IZ and ACRD objectives are not sufficiently delineated, or relevant to all ACRD Partners. B - ACRD already has a significant agenda and workload to cover against existing pipeline. B – Potential conflicts and efficiencies between the role of a NESIZ Advisory Group and ACRD Programme Board. D – Conflicts management across ACRD Partners complex.	No
<b>Option 4:</b> Evolving the REP to deliver NESIZ powers and decision-making	✓	~	x	~	✓	~	B – The REP is emergent, and there is a risk it will not have clear accountable functions by 1 <sup>st</sup> April. C – Current setup of REP does not allow S95 officer responsibilities to be enacted or understood. D – Conflicts management across Partners would require definition. D - The option does not clearly allow for public sector decision making and the ability for the public pound to <a href="#">used</a> in transparent manner.	No
<b>Option 5:</b> Establishing a newly formed company or special purpose vehicle (NewCo/SPV)	✓	x	~	~	✓	~	B - The option involves more significant incorporation requirements, including additional commercial and administrative responsibilities. C – S95 officer responsibilities remain unclear in this model. D – Liabilities would require detailed consideration and potential commitments. F – Transparency and familiarity less well understood by wider stakeholders.	No

3.22 Further work is required to identify the resource implications of a Programme Management function. In Aberdeen City Region Deal this function is undertaken by officers from both Aberdeen City and Aberdeenshire Council. From the information available and recognising that Investment Zone funding is public sector finance, Officers recommend that a new Joint Committee comprising Aberdeenshire and Aberdeen City Council Councillors, Private Sector Partners and Higher Education Institutions is formed and supported by a Programme Board comprising public and private sector regional economic partners to oversee the operation and governance of the Investment Zone (Option 5). To provide assurance to Aberdeenshire Council as accountable authority that the Investment Zone will operate in full alignment with the Investment Zone Policy, the processes underpinning operation and decision making responsibility will require to be designed in full cognisance of the findings of the Aberdeen City Region Deal Audit.

3.23 Following the preference of Investment Zone Steering Group to establish a new Joint Committee, consideration was given to the composition of this Joint Committee, and the supporting Programme Board. Three options were identified as shown in the table below. Options B and C were the preferred options of Investment Zone Governance Group partners. The Investment Zone Steering Group endorsement was given to option C.

	Option A – Council led JC	Option B – IZ signatories led JC	Option C – IZ Signatories PLUS ETZ Ltd
<b>Level 1 - Joint Committee</b>	<ul style="list-style-type: none"> <li>Aberdeenshire Council (Accountable Body) – Elected Members x 3</li> <li>Aberdeen City Council - Elected Members x 3</li> </ul>	<ul style="list-style-type: none"> <li>Aberdeenshire Council (Accountable Body) – Elected Members x 3</li> <li>Aberdeen City Council - Elected Members x 3</li> <li>ONE x 1</li> <li>RGU x 1</li> <li>University of Aberdeen x 1</li> </ul>	<ul style="list-style-type: none"> <li>Aberdeenshire Council (Accountable Body) – Elected Members x 4</li> <li>Aberdeen City Council - Elected Members x 4</li> <li>ONE x 1</li> <li>RGU x 1</li> <li>University of Aberdeen x 1</li> <li>ETZ Ltd x 1</li> </ul>
<b>Level 2 – Programme Board</b>	<ul style="list-style-type: none"> <li>Aberdeenshire Council (Accountable Body) – Council Officers</li> <li>Aberdeen City Council – Council Officers</li> <li>ONE</li> <li>RGU</li> <li>University of Aberdeen</li> <li>ETZ Ltd</li> <li>Scottish Enterprise</li> </ul>	<ul style="list-style-type: none"> <li>Aberdeenshire Council (Accountable Body) – Council Officers, inc. S95 Officer</li> <li>Aberdeen City Council – Council Officers</li> <li>ONE</li> <li>RGU</li> <li>University of Aberdeen</li> <li>ETZ Ltd</li> <li>Scottish Enterprise</li> </ul>	<ul style="list-style-type: none"> <li>Aberdeenshire Council (Accountable Body) – Council Officers, inc. S95 Officer</li> <li>Aberdeen City Council – Council Officers</li> <li>ONE</li> <li>RGU</li> <li>University of Aberdeen</li> <li>ETZ Ltd</li> <li>Scottish Enterprise</li> </ul>

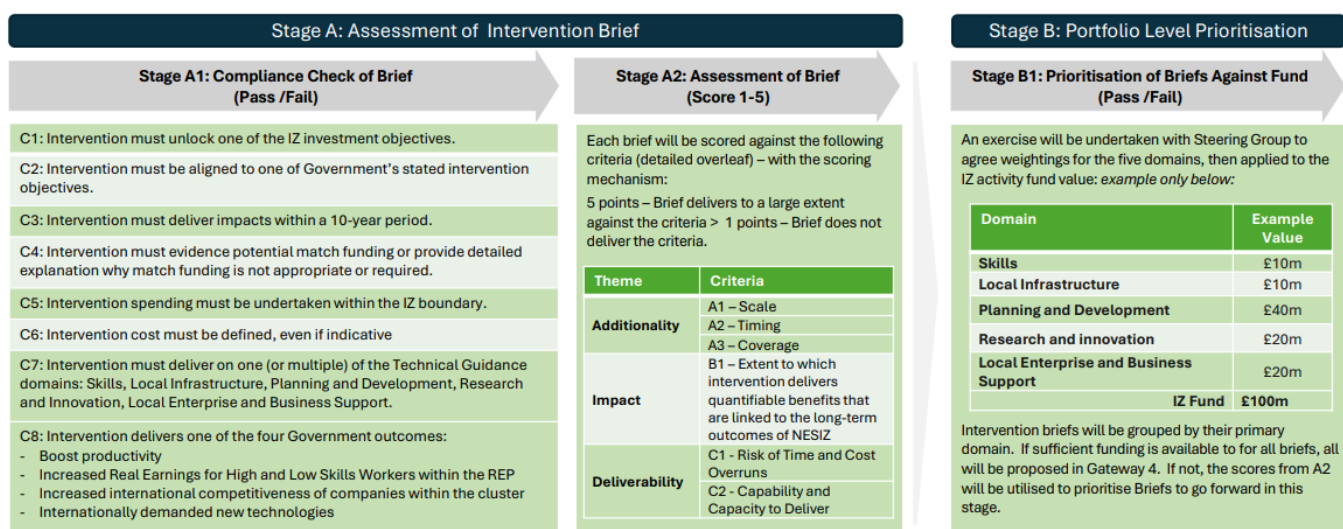
#### Gateway 4: Interventions

3.23 As well as work commencing on Gateway 3: Governance, work is also underway to identify interventions required by Gateway 4. This work package entails identifying interventions that will address the identified constraints and barriers to investment, sector growth and high value job creation in the Green Energy and Digital and Tech sectors.

3.24 The Sector and Geography and Tax Site workstream leads have developed an outline business case proforma using the logic model within the Investment Zones in Scotland Technical Document. To be considered a valid intervention submission each outline business case must demonstrate full compliance with eligibility criteria identified within the Investment Zone logic model. For the avoidance of doubt, this includes the requisite costings for delivery of the intervention and availability of match funding. Match funding is set at 60% by the Investment Zones in Scotland Technical Document. As such for every £1 of Investment Zone flexible funding there must be £0.60 match funding.



- 3.25 The outline business case proforma was circulated to members of the Sector and Geography and Tax Site workstreams, Tax Site landowners and members of the Investment Zone Working Group for submission. 48 Intervention submissions have been received with a total value of £956M (£282.3M Investment Zone funding and £673.7M match funding).
- 3.27 The funding allocated to Tax Sites will be reduced proportionately from £90M to £60M resulting in an increase in flexible funding to £100M. The available funding would not be sufficient to deliver all of the proposed interventions. As such, an intervention prioritisation process has been developed alongside a conflict-of-interest protocol. The prioritisation process is detailed in the diagram below.



- 3.27 Noting that the same Regional Economic Partners are engaged in Investment Zone as well as Aberdeen City Region Deal and the delivery of the Regional Economic Strategy, it is imperative that the prioritisation process accounts for conflicts of interest. As such, it is proposed that Stage A2 of the prioritisation process is completed by Ernst & Young (EY), the NESIZ appointed consultant support.
- 3.28 Any decision on the allocation of Investment Zone funding will only be taken by the proposed Joint Committee once incepted, and following submission and review of a full business case for each proposal.

### Resourcing

- 3.29 The Investment Zone funding envelope includes an allowance of 4% of the total funding envelope to be used to create capacity and cover the costs of administration of the Investment Zone. This equates to £640K for each year of the Investment Zone.
- 3.30 As the operating model and governance structure of the Investment Zone is developed the resource implications will be modelled with a view to resourcing the operation of the Investment Zone from the 4% allowance. This will be utilised by the Local Authorities to meet any resource implications arising to

ensure compliance with governance measures, including the provision of a Programme Management Office.

3.31 A skills and capacity audit of Investment Zone partners confirmed that there was insufficient resource or capacity within the region to complete the Gateway process. To ensure sufficient resource was in place to maintain momentum and complete the Gateway process EY were appointed as consultancy support following a public sector procurement process. The Governments confirmed that the costs of engaging consultant support to complete the Gateway process could be drawn down from the 4% allowance in Year 1.

3.32 In June 2024, Scottish Enterprise, who had been providing Programme Management support to the Investment Zone, withdrew their support in this capacity. EY agreed to extend their contract to provide programme management support from June through to the completion of the Gateway process.

#### 4. FINANCIAL IMPLICATIONS

4.1 There are no direct financial implications arising from this report. Financial implications may arise as the North East of Scotland Investment Zone proposal develops with officers likely to support the programme management functions, any tax zone setup and planning proposals. However, there is provision within the 4% administration allowance of the funding envelope to create the necessary staffing capacity to recover any costs incurred.

#### 5. LEGAL IMPLICATIONS

5.1 The inception of a North East Scotland Joint Committee would require to be done in accordance with the Local Government (Scotland) Act 1973.

#### 6. ENVIRONMENTAL IMPLICATIONS

6.1 There are no environmental implications arising from the recommendations of this report.

#### 7. RISK

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H)  *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
Strategic Risk	Proposal does not	Proposal will align to the Regional Economic	L	Yes

	meet Council priorities	Strategy and Inward Investment Plans.		
<b>Compliance</b>	Proposal does not meet statutory or regulatory requirements	As part of the development of the proposal, legal implication relating to subsidy control, trade, tax and planning will be considered.	L	<b>Yes</b>
<b>Operational</b>	Conflict of interests	Conflict of interest protocol developed	L	<b>Yes</b>
<b>Financial</b>	No significant risks identified	At proposal development stage just now. Financial risks will arise at a later date with governance processes in place to mitigate	L	<b>Yes</b>
<b>Reputational</b>	Failure to agree a governance model	Options analysis on the 5 identified models to identify a recommended model	L	<b>Yes</b>
<b>Environment / Climate</b>	No significant risks identified	N/A	L	<b>Yes</b>

## 8. OUTCOMES

<u><a href="#">Council Delivery Plan 2024</a></u>	
	<b>Impact of Report</b>
<p style="text-align: center;"><b>Aberdeen City Council Policy Statement</b></p> <p style="text-align: center;"><u><a href="#">Working in Partnership for Aberdeen</a></u></p>	<p><b><u>A City of Opportunity</u></b></p> <ul style="list-style-type: none"> <li>The focus on priority sectors such as Green Industries, Digital and Technology, Advanced Manufacturing, Creative Industries and Life Sciences will have the potential to ensure everyone has the best potential start in life, creating opportunities for employment, innovation and economic growth.</li> </ul> <p><b><u>Building a Greener and Sustainable City</u></b></p> <ul style="list-style-type: none"> <li>The likely emphasis on Green Industries as a priority sector aligns with the goal of promoting sustainability and environmental responsibility.</li> <li>The proposal will seek to attract investment that contributes to a sustainable and low-carbon future.</li> </ul> <p><b><u>A Prosperous City</u></b></p>

	<ul style="list-style-type: none"> <li>• The proposal aims to stimulate economic growth by supporting existing and emerging clusters, creating new jobs and attracting new investment.</li> <li>• The proposal will encourage collaboration between industries, research institutions, and local partners to drive prosperity in the region.</li> </ul> <p><b><u>Supporting People with the Cost of Living</u></b></p> <ul style="list-style-type: none"> <li>• While the direct impact on this aspect may be limited, the creation of new job opportunities and the economic growth attributed to Green Industries, could indirectly contribute to supporting people by increasing job creation and supporting the just transition away from the predominant oil and gas sector.</li> </ul> <p><b><u>Empowering Aberdeen’s Communities</u></b></p> <ul style="list-style-type: none"> <li>• The proposals seek to ensure collaboration with local partners, research institutions and involve any regional stakeholder, this proposal development process aligns with the concept of empowering communities and engaging with them in shaping the economic future of the region.</li> </ul>
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[Local Outcome Improvement Plan 2016-2026](#)

<p>Prosperous Economy Stretch Outcomes</p>	<p><b><u>No one will suffer due to poverty by 2026:</u></b> The focus on developing priority sectors such as Green Industries, Digital and Technology, Advanced Manufacturing, Creative Industries and Life Sciences can lead to increased economic opportunities, potentially reducing poverty by creating more jobs and boosting regional income levels for residents. The focus on potential tax sites and business rates retention zones being in underdeveloped areas will aid in this.</p> <p><b><u>400 unemployed Aberdeen City residents supported into Fair Work by 2026:</u></b> The proposals emphasis on job creation, supporting business and economic growth through targeted interventions in the priority sectors align with the goal of supporting unemployed residents into Fair Work. The focus on upskilling and reskilling could enhance employability and create pathways for fair work opportunities.</p> <p><b><u>500 Aberdeen City residents upskilled/ reskilled to enable them to move into, within and between economic opportunities as they arise by 2026:</u></b> The proposals commitment to upskilling and reskilling by investing in skills development, will equip residents with the necessary competencies to</p>
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	<p>access and transition within various economic opportunities that may arise in the coming years</p>
<p>Prosperous People Stretch Outcomes</p>	<p><b><u>90% of children and young people report they feel listened to all of the time by 2026:</u></b>  The proposals emphasis on community engagement and collaboration, especially with educational institutions, can contribute to a more inclusive and participatory environment, where children and young people feel their voices are being heard.</p> <p><b><u>95% of children living in our priority neighbourhoods (Quintiles 1 &amp; 2) will sustain a positive destination upon leaving school by 2026:</u></b>  The focus on creating economic growth and attracting investment, can potentially lead to increased opportunities and positive destinations for children in priority neighbourhoods, especially in the potential tax sites and business rates retention zones as these are to be in underdeveloped areas. Whilst the focus on collaborating with research institutions will support children reaching positive destinations.</p> <p><b><u>83.5% fewer young people (under 18) charged with an offence by 2026:</u></b>  The proposal's emphasis on economic growth, job creation, and skills development can contribute to reduced youth unemployment and potentially lead to lower rates of youth offending.</p> <p><b><u>25% fewer people receiving a first-ever Court conviction and 2% fewer people reconvicted within one year by 2026:</u></b>  The proposal's focus on creating economic opportunities and improving overall well-being can potentially lead to reduced social issues and, indirectly, contribute to lower rates of convictions and reconvictions. The focus on local collaboration should ensure the proposals are to the communities benefit.</p> <p><b><u>Healthy life expectancy (time lived in good health) is five years longer by 2026:</u></b>  While the proposal's primary focus is on economic growth, the potential increase in job opportunities and improved overall well-being can have positive impacts on healthy life expectancy.</p>
<p>Prosperous Place Stretch Outcomes</p>	<p><b><u>Addressing climate change by reducing Aberdeen's carbon emissions by at least 61% by 2026 and adapting to the impacts of our changing climate:</u></b>  The proposals likely focus on Green Industries and on building a greener and sustainable region aligns with efforts to reduce carbon emissions, promote climate adaptation measures and support the</p>

	regions transition away from the predominant oil and gas sector.
<b>Regional and City Strategies</b>	The proposals are not developed enough at this time to determine the impact these will directly have on regional city strategies. However it is clear that proposals will support the key sectors as identified in the refreshed Regional Economic Strategy, especially around Green Industries. The proposal clearly states that places are expected to build on their existing local strategies for the area to develop the Investment Zone. Proposals should evidence what strategies, funding and infrastructure, is already in place and focus on how interventions will build on this to attract new investment and additional growth.

## 9. IMPACT ASSESSMENTS

Assessment	Outcome
<b>Integrated Impact Assessment</b>	It is confirmed by the Chief Officer - City Development and Regeneration on 15 November 2024 that no Integrated Impact Assessment is required at this stage.
<b>Data Protection Impact Assessment</b>	N/A
<b>Other</b>	N/A

## 10. BACKGROUND PAPERS

- 10.1 COM/23/316 North East of Scotland Investment Zone Proposal (11<sup>th</sup> October 2023)

## 11. APPENDICES

- 11.1 Appendix 1 – Investment Zone Gateway 1: Vision Template  
Appendix 2 - Investment Zone Gateway 2: Sectors and Geography Template  
Appendix 3 – North East Scotland Investment Zone Joint Committee Draft Terms of Reference and Membership Composition  
Appendix 4 – North East Scotland Investment Zone Programme Board Draft Terms of Reference and Membership Composition

## 12. REPORT AUTHOR CONTACT DETAILS

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