

## ABERDEEN CITY COUNCIL

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COMMITTEE	Council
DATE	23 August 2017
REPORT TITLE	Recruitment to Aberdeen Economic Policy Panel
REPORT NUMBER	CHI/17/199
DIRECTOR	Angela Scott
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### **1. PURPOSE OF REPORT**

- 1.1 The purpose of the report is to seek Council approval to appoint three members to the Aberdeen Economic Policy Panel (the Panel) and to inform Council of the Panel's immediate working priorities.

### **2. RECOMMENDATION(S)**

- 2.1 It is recommended that Council approves the appointment of the three preferred candidates to the Panel as outlined in the report and notes the immediate working priorities of the Panel.

### **3. BACKGROUND/MAIN ISSUES**

- 3.1 At the Council meeting of 15<sup>th</sup> March 2017, the Council approved plans to establish an Economic Policy Panel to advise on and inform the Council's annual credit rating reassessment and to inform the Regional Economic Strategy and other economic matters relevant to the Council. Members further instructed the Chief Executive to undertake a national advertisement with a view to recruiting appropriately qualified members to the Panel.
- 3.2 Approval of members to the Panel was reserved to the first available Finance, Policy and Resources Committee after the recruitment exercise had been undertaken. The recruitment exercise took place in early July and resulted in three preferred candidates being identified. Given this, the need for the Panel to be able to start its work in advance of the first annual credit rating reassessment in the autumn and the Committee meeting cycle, approval is now sought from Council (rather than Finance, Policy and Resources Committee) for confirmation of the Panel's membership.
- 3.3 A copy of the recruitment pack is included with this report at Appendix 1. The advertisement for Panel members was published nationally in the Financial

Times and The Economist in June. There were over 35 applications from a wide range of potential candidates, many of whom were internationally based.

3.4 Shortlisting and subsequent interviews were undertaken by the Chief Executive, Head of Finance and Acting Head of Economic Development in early July. This resulted in three preferred candidates being provisionally invited to form the Panel, subject to confirmation of their appointment through the Council's governance.

3.5 The three preferred candidates and their relevant experience for the Panel Member role are detailed below.

#### 3.5.1 **Stephen Boyle**

Currently Chief Economist at the Royal Bank of Scotland Group plc, Stephen is also a Non-Executive Director of RBS Pension Trustee Limited. He is a member of the Scottish Government's Enterprise and Skills Review Implementation Board and the Economic Advisory Group for the British Chambers of Commerce. Stephen is a member of the Scottish Experts Advisory Group at the Fraser of Allander Institute and is a trustee of the David Hume Institute.

#### 3.5.2 **Dr Hanan Morsy**

Dr Hanan Morsy is a global strategist, macro-economic and public policy expert with diversified experience in top international financial institutions and the private sector. She has provided strategic advice and quantitative policy analysis to national governments on macroeconomic, fiscal and financial issues as well as on private sector development and structural reforms. She is currently the Lead Economist (Southern and Eastern Mediterranean) for the European Bank for Reconstruction and Development (EBRD). Prior to joining the EBRD, she held Senior Economist roles across different departments at the International Monetary Fund. She has a PhD in Economics (Essays on Financial Turmoil) from the George Washington University and a Masters in Economics from the University of California, Davis. She has been published on a diverse range of topics including Structural Reform, Fiscal Stimulus and Current Account Determinants for Oil-Exporting Countries. She was a member of the Global Sovereign Risk Panel founded by the Peterson Institute for Economics and Moody's Investor Services to exchange views and analysis on sovereign credit risk issues.

#### 3.5.3 **Douglas Peedle**

Since March 2004, Dougie has been the Chief Economic Adviser to the States of Jersey, advising on all aspects of macro and microeconomic policy. During his tenure in the role, he has been the lead adviser on the development of Jersey's new fiscal framework which has included the establishment of an independent Fiscal Policy Panel and policy for a type of sovereign wealth fund. Dougie has also led the development of the last two Economic Development Strategies for Jersey and has worked extensively on competition and innovation policy. Prior to working in Jersey, Dougie held senior economist roles with both the CBI and Engineering Employers' Federation (EEF) and also worked as international economist for multinational Rio Tinto.

- 3.6 As outlined in the previous report to Council and the (approved) draft terms of reference for the Panel, secretariat support will be provided by the Council alongside access to economic data and analysis from the Council's Economic Development and Finance services. In addition, external stakeholders will also be engaged in the work of the Panel and will contribute information and perspectives accordingly.
- 3.7 The first credit rating reassessment (by Moodys) is scheduled for the autumn of 2017. Given that the Panel will only just have been established, it will not be possible for an annual economic report to be produced in advance of this first reassessment. However the Panel will meet with the assessors to discuss their initial thinking on the Aberdeen economy and how they will work as a Panel to support the rating reassessment process in subsequent years.
- 3.8 Other short-term priorities for the Panel include:
- A two-day familiarisation visit, being planned for September, which will enable the Panel to meet key Elected Members and business and civic leaders from across the city;
  - Finalising the Panel's terms of reference, which will include agreeing on a Chair and procedural issues relating to meetings, secretariat requirements and the nature and scope of observers to the Panel;
  - Understanding the datasets that will be at the Panel's disposal to track economic performance;
  - Setting out an annual work plan, which will revolve around the publication each year (likely to be Sept-Oct) of its annual economic report

#### **4. FINANCIAL IMPLICATIONS**

- 4.1 There are no additional financial implications from those previously reported to Council at its meeting of 15 March 2017.

#### **5. LEGAL IMPLICATIONS**

- 5.1 The Council's credit rating and subsequent Bond Issue do not legally require the formation of an Economic Policy Panel. However, and as noted in the report to Council in March 2017, credit rating agencies value independent analysis and reporting of local economies. A panel is seen as a robust check on the economic analysis provided to the credit rating agency as it provides independent validation of economic policy and performance. As the Panel members will have access to significant amounts of data and Council information, the appropriate confidentiality clauses will be included in the Panel members' contracts.
- 5.2 The Council is procuring the services of individuals to serve on the Panel, rather than employing them. Ordinarily, given the total estimated value of the services to be procured, the potential candidates would have been invited to tender via a notice published on Public Contracts Scotland, however other methods of advertisement may be used when deemed appropriate. In this

instance, it was felt that an advertisement in both the Financial Times and The Economic publications was more appropriate. Both publications have an international reach and have a target audience possessing the skills necessary to fulfil the role advertised.

- 5.3 The price for service was within a fixed range, so the process of evaluating potential candidates was based on their suitability for the role. It should follow that the selected candidates were the most economically advantageous to the Council, being the required award criteria for procurement for services with this level of expenditure.

## **6. MANAGEMENT OF RISK**

- 6.1 The following categories, namely Financial, Employee, Customer/citizen, Environmental, Technological, Legal and Reputational, were considered and where material risks were thought to be present, these are set out below.
- 6.2 Financial – there is a risk to the Council if the credit rating reassessment process is not supported by robust, credible and independent economic analysis. Establishing the Economic Policy Panel and supporting it to provide independent advice to the Council and the credit rating agency mitigates this risk.
- 6.3 Reputational – linked to the above, if the Council’s credit rating is reassessed negatively, this could have reputational implications for both the Council and the wider Aberdeen economy. The Economic Policy Panel will therefore play a key role in terms of influencing the Council’s financial planning and wider initiatives such as the Regional Economic Strategy and diversification agenda.

## **7. IMPACT SECTION**

- 7.1 This section demonstrates how the proposals within this report impact on the strategic themes of Aberdeen City Council and Community Planning Aberdeen, as set out in the [Aberdeen City Local Outcome Improvement Plan 2016-26](#) and the [Aberdeen City Council Strategic Business Plan](#).

### **7.2 Economy**

- 7.2.1 The report is of importance to the economy as it recommends the next steps in establishing an Economic Policy Panel for Aberdeen. Whilst the principle role of the Panel will be to support the annual credit rating reassessment process, it will also provide critical, independent insight and advice on the economy to the Council and the wider stakeholders in the Aberdeen and city region economy. The credibility of the Panel will be important and its independence from the Council will therefore need to be a founding and sustained principle.

- 7.2.2 The Panel will consider historical data and regional, national and international trends in assessing economic performance but it will also advise on future

trends and market activity that will affect / provide opportunities for the city region economy going forward. This may influence future reviews of the Regional Economic Strategy and associated initiatives / investments through the city region's partnerships.

### **7.3 People**

7.3.1 The work of the Economic Policy Panel will be of interest to citizens, businesses and their workforce across the city region. It will be important for the Panel to be independent and credible as this will affect the level of engagement people have with it and the confidence in which it is held.

### **7.4 Place**

7.4.1 The Economic Policy Panel's work, in particular its annual report, will have a direct impact on the place of Aberdeen as it will be an independent statement on the economic performance of the city and its future growth potential. The Panel will work with and seek input from a range of stakeholders and business and civic leaders and its statements will therefore be impactful as a summary analysis of input it has received. The Panel's annual report will be an important factor in economic confidence in the city and will influence priorities around areas such as inward investment and business support.

### **7.5 Technology**

7.5.1 There are no technology implications as a result of this report.

## **8. BACKGROUND PAPERS**

8.1 Bond Financing Strategy – Economic Policy Panel – report to Council, 15<sup>th</sup> March 2017.  
<https://committees.aberdeencity.gov.uk/documents/s67581/Bond%20Financing%20Strategy%20-%20Economic%20Policy%20Panel.pdf>

## **9. APPENDICES**

9.1 Appendix 1 - recruitment pack

## **10. REPORT AUTHOR DETAILS**

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