

ABERDEEN CITY COUNCIL

COMMITTEE	City Growth and Resources
DATE	19 June 2018
REPORT TITLE	Regional Economic Strategy - Action Plan Refresh
REPORT NUMBER	PLA/18/025
DIRECTOR	Steve Whyte
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TERMS OF REFERENCE	2.3 - consider reports on key actions by the Council towards the delivery of the Regional Strategy and the Inward Investment Plan

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to seek approval from the Committee of the refreshed Action Plan for the 2015 Regional Economic Strategy.

2. RECOMMENDATION(S)

That the Committee:-

- 2.1 Note the progress made since the publication of the 2015 Regional Economic Strategy; and
- 2.2 Approves the refreshed Action Plan, provided as an Executive Summary attached as Appendix 1 to this report

3. BACKGROUND

- 3.1 On 16 December 2015, the Council approved the Regional Economic Strategy for the North East of Scotland (CHI/15/340. Titles ***A 20-year vision for the Well-being of the Place and Our People*** it provides a long term vision and plan for the economic development of the North East of Scotland to 2035.
- 3.2 It proposed a 'Renaissance Scenario', where economic recovery of the UK oil and gas resource is maximised and Aberdeen's long term international position is secured. The region has broadened its economy into other sectors including energy (renewables), tourism, food, drink and agriculture, life sciences and the creative sector and significantly improved employment and income levels in our more deprived places, improved our city centre environment, and regenerated towns, ensuring the sustained economic performance is more evenly distributed.

3.3 Four Programme Areas were identified:

- i. Investment in Infrastructure
- ii. Innovation
- iii. Inclusive Economic Growth
- iv. Internationalisation

3.4 The co-signatories to the Strategy are Aberdeen City Council, Aberdeenshire Council and Opportunity North East (ONE). The approved Strategy was the basis from which the Council and its partners negotiated the Aberdeen City Region Deal.

3.5 Since then, a number of wider changes have occurred that have an impact on the delivery of the Strategy. This includes the investment by the UK Government and the Scottish Government through the City Region Deal (of £125m respectively) and a separate Memorandum of Understanding (of £254m by the Scottish Government, but also a continued deterioration in the cost per barrel of oil; the results of the Brexit referendum, the enterprise and skills review by the Scottish Government, the securing of a credit rating by the Council, and subsequent bond issue, and the changing financial challenges under which the Council is operating.

3.6 The updated plan also reflects the Council's development of its target operating model, and the collective leadership proposals as part of the Urban Governance around key clusters for the growth of the city: infrastructure, learning and skills; and internationalisation.

3.6 To reflect these changes, and their impact on the delivery of the Action Plan, it has been refreshed and updated. The refreshed 2018-2023 Plan, and supporting Executive Summary, is provided in Appendix 1 to this report.

4. PROGRESS TO DATE

4.1 The table below provides a summary of the actual completed progress made in the 2015 , by Programme area.

RES Action (2015 Plan)	Update
Investment in Infrastructure	
1. Submit the City Region Deal to the UK Government and the Scottish Government	Complete
2. Realise the development opportunities in the CCMP	Broad Street scheme soon to be completed Marischal Square open Union Terrace Gardens at detailed design stage

RES Action (2015 Plan)	Update
	<p>Aberdeen Works being delivered through ESF (see below)</p> <p>Aberdeen 365 Events Plan being implemented</p> <p>Feasibility studies completed (Queens Square, City Centre Living, Car Parking)</p>
3. Prioritise delivery of A96 Corridor Improvements and other key arteries	A96 in approved Government programme with 2030 end date. Aberdeen to Huntly section let to design consultants for route development.
4. Ensure all procurement includes supplier engagement activity so that our businesses are aware of all potential opportunities to tender for projects	Complete and ongoing
5. Work with the new EU & National Funding programmes to access opportunities under its Low Carbon Infrastructure Transition Programme to increase the level of renewable energy infrastructure	Complete and ongoing through Civitas Portas, JIVE, Hytrec and OLEV
6. Businesses in the region have access to a variety of immediately available and affordable premises (commercial, industrial sites, incubation) and new use of existing brownfield	Ongoing – city centre masterplan, Marischal Square
7. Develop an Investment Plan that looks at how alternative financial models which can be used to invest in/deliver regional priorities of housing, broadband, etc	ACC secured credit rating from Moodys and a subsequent £370m bond issue
Innovation	
8. Deliver an Oil & Gas Technology Centre	Complete via City Region Deal
9. Delivery of supply chain development activities in the Renewables/ Energy Action Plan	Research complete. Developing SME support in discussion with Scottish Enterprise (SE) and ONE
Inclusive Economic Growth	
10. Implement Developing the Young Workforce - working with training providers, schools, colleges, universities and business, strengthening vocational skills attainment levels and encouraging more apprenticeships	Ongoing. Regional Invest in Youth Group being led by AGCC

RES Action (2015 Plan)	Update
11. Address skills shortages in key sectors including public services and health sectors as identified in the Regional Skills Strategy	Regional Skills Strategy completed. Skills Development Scotland (SDS) leading implementation
12. Embed the use of targeted recruitment and training clauses in our procurement strategies to ensure those areas with higher levels of economic inactivity can access skills/ training opportunities from public sector investments	<p>Continuous</p> <p>Employability and skills related community benefits achieved from public contracts between Jan 2017 and May 2018:</p> <p>Apprentices employed - 12 Jobs created - 56 Work experience placements (school pupils, Higher & Further Education students, jobseekers) - 22</p> <p>Individuals benefiting from careers and employability related training (jobseekers) - 30</p> <p>Qualifying the workforce (individuals achieving NVQ 2 and above or industry certification) - 77</p>
13. Deliver £2.2m ESF Employability Pipeline Project to increase economic activity through training and work experience placement	Progress through Positive Partnerships in Year 1 of delivery. 70 individual action plans complete
14. By investing in our schools, we are investing in the region's economic growth delivering high attainment levels and positive destinations for our young people and providing a future supply of skills for employers, inward investors and future entrepreneurs	<p>Support to AGCC Delivery of the Regional Invest in Youth Group under Developing the young workforce</p> <p>Council's Capital Programme</p>
15. Develop and implement the Regeneration Plans for Tillydrone, Middlefield, Northfield and Torry	<p>Locality Plans completed</p> <p>Neighbourhood audits to identify main barriers to jobs and training have concluded and the findings are driving new approaches including more local 'one stop' projects and the development of an Aberdeen Works app.</p>

RES Action (2015 Plan)	Update
	The Tillydrone Hub is currently in the construction phase and plans for the Middlefield Triangle, on the back of the Haudagain roundabout investment, are being refined. The Harbour Board and Dragados continue to work closely with Torry communities on regeneration activities in the area
16. Delivery of Business Gateway to provide business start-up and development support, that is available to all businesses (including social enterprise in key health and social care sector)	2015/16 – 480 new starts (41% of region) 73% three-year survival rate
17. Support implementation of key actions from the emerging/ existing industry-led sector strategies for oil & gas, food & drink, tourism and life sciences	Support where needed through ONE Business Development programmes
18. Support the promotion and marketing of the place through the emerging proposals for a regional DMO	VisitAberdeenshire established. New business plan being implemented aligned to new strategy being developed
19. Develop a iconic tourism attractions to capitalise on non-business tourism and leisure markets and stimulates diverse culture, creative offerings of a national and international standard	City centre tourism assets under development – Art Gallery, Music Hall The new events complex under development at Dyce Market research on cruise passenger markets complete
Internationalisation	
20. Support the development of our ports and harbours (the Aberdeen Harbour expansion)	ACC invested £5.5m as part of the City Region Deal City Region Deal earmarked £25m for supporting transport infrastructure Bay of Nigg Expansion Travel Plan under development
21. Develop the £330m new Aberdeen Exhibition and Conference Centre to anchor	Ongoing and on plan

RES Action (2015 Plan)	Update
existing international events and compete nationally and internationally for new events	SMG Europe Ltd appointed as new operator
22. Work with Aberdeen International Airport in supporting its development plans	Complete and continuing
23. Support NESTG (North East of Scotland Trade Group) to develop and enhance international trade and investment support	Working with AGCC in relation to new export partnership model that capitalises on NESTG brand
24. Develop an International Events Strategy for the region targeting international, UK and regional events and support	Aberdeen365 Vision and Events Plan approved and has attracted new events to the city
25. Maximise the opportunity from Offshore Europe 2017 and 2019 and develop a programme of ancillary activity that broadens the appeal of the region to a global audience	Continuing and to coincide with the opening of the new events complex at Dyce
26. Provide internationalisation support to businesses in existing priority and new markets linking existing innovation and R&D capability, in both the private sector and academia	ACC Trade Plan ACC has MoUs with five regions. - Barranquilla, Colombia - Villahermosa, Mexico Mokpo, South Korea - Halifax, Canada - Pemba, Mozambique World Energy Cities Partnership Support to NESTG
27. Promote the 'investor readiness' of the region to international institutional investors/ sovereign wealth funds	Invest Aberdeen set up and resourced. Business Plan being delivered
28. Lobby and participate in key international, EU and national networks that can support delivery of our economic priorities	EU partnerships and projects, World Energy Cities, Trade links

5. ACTION PLAN REFRESH

- 5.1 The 2018 Action Plan refresh does not change the overall strategic direction of the 2015 Strategy and is constructed around the same four Programme areas. The update reflects that many of the actions within the original Action Plan are still in the process of being, delivered.

- 5.2 The refreshed Action Plan also seeks to maximise the opportunities within each of the region's key sectors:
- Oil, Gas & Energy
 - Food, Drink, Agriculture & Fishing
 - Tourism
 - Life Sciences
- 5.3 Regional priorities are aligned with UK and Scottish sector priorities and the UK industrial strategy, to ensure maximum economic impact is achieved at a regional and national level and to derive the greatest possible benefit from public funding in co-investment opportunities within the sectors. The priorities also recognise and anticipate the changing external funding environment in the context of Brexit.
- 5.4 A feature of the development of the 2015 plan was the then evolving collaboration at the city and regional level. It provided a framework for the emerging regional public-private sector economic partnership, Opportunity North East. The Council Co-leader represents the Council on this private sector-led board. A city and regional coordination group (Regional Economic Strategy Group), comprising executive representatives of ONE, officers of the Council, Aberdeenshire Council, Scottish Enterprise, Skills Development Scotland, AGCC and other public agencies coordinate their contribution in support of the delivery of the Strategy and plan, monitoring performance, as well as inputting to the respective Community Planning Partnerships in both Council areas.
- 5.6 Building on this, effective partnership working between the private and public sectors will drive the ambitions in the 2018 refresh. Central to this is the collaboration between Aberdeen City Council, Aberdeenshire Council, ONE, and other private and public-sector partners, including the national enterprise and skills agencies. Aberdeen City Council, Aberdeenshire Council and ONE are exploring how the proposed national Regional Economic Partnership model might be further developed in North East Scotland to support the delivery of the updated Plan.

6. MEASURING PROGRESS

- 6.1 The Regional Economic Strategy Group will continue to monitor delivery of the RES Action Plan and engages regularly with other partners and stakeholders. Actions delivered by specific partners are subject to that organisation's performance management processes, and/ or the monitoring requirements of any external funders.
- 6.2 The Council's contribution towards delivery is regularly reported through its Committees.

7. FINANCIAL IMPLICATIONS

- 7.1 There are no direct staffing or financial implications arising from this report. Staffing and financial implications that may arise in delivering, or supporting the

delivery of the actions in the revised plan will be reported to the relevant Council Committee or City Region Deal Joint Committee where appropriate.

8. LEGAL IMPLICATIONS

8.1 None anticipated.

9. MANAGEMENT OF RISK

9.1 As business cases are developed in delivery of the action plan, officers will consider financial risk.

Category	Risk	Low (L), Medium (M), High (H)	Mitigation
Financial	The cost to the Council could escalate beyond those predicted costs in business case development	L	Costs are monitored on an ongoing basis by relevant project leads or programme office
Legal	Some of the actions proposed may have unexpected legal consequences	L	All actions that involve a contribution from the Council are reviewed by specialist legal advice in Legal and Procurement services, and the Council's own governance
Employee	The refresh provides staff with a clear vision of the overall direction for the economy of the city and wider region and the alignment of the Operating Model, and prioritising staff resources to that. There is a risk these resources are not prioritised	M	Chief Officer – City Growth and through the Capital Review Board, and City Region Deal Programme Board, identifies core project teams to support the successful delivery of the Council's priorities in the Plan
Customer	There could be a perception that there is no plan on response to the changing economic and policy framework, and there is a negative view amongst investors and employers.	L	The Plan provides a framework for the Council to continue to work closely and collaborate with private sector and other stakeholders to secure the long-term prosperity and growth of the city.
Environment	Some of the actions may have an impact on the environment	L	Each project will have an assessment of any environmental impacts where

Category	Risk	Low (L), Medium (M), High (H)	Mitigation
			relevant and through statutory processes
Technology	Optimum delivery of the plan requires both digital hardware and software capability. There is a risk that there is insufficient capacity available	M	Key elements in the plan relate to the digital infrastructure. A dedicated team and resource has been approved to deliver this It will be supported by the Council's own digital transformation, and the Digital Partners where relevant
Reputational	Council's reputation could be damaged where actions are not supported or delivered	L	The 2015 Regional Economic Strategy, the LOIP and the Administration's Policy Statement demonstrate the commitment of the Council to the economic growth of the city and wider region. This plan is a realistic set of proposals to contribute to this development and targets attraction of new investment and funding through the collaborative governances to oversee its delivery

10. OUTCOMES

Local Outcome Improvement Plan Themes	
	Impact of Report
Prosperous Economy	This plan supports the Regional Economic Strategy's objectives All of this activity contributes to the Prosperous Economy theme of the LOIP as it is focussed on the creation of jobs and value add to the Aberdeen economy in terms of renaissance and diversification.
Prosperous People	This plan supports the Regional Economic Strategy's objectives

	The Inclusive Economic Growth actions in particular have a direct impact on the Prosperous Economy theme of the LOIP.
Prosperous Place	Aberdeen and the wider city region's competitiveness is enhanced by a sustainable economy – to visitors, business, students and employees – from across the world. The refresh directly contributes to improving the attractiveness of the city to investors and employers and supporting the overarching aims of the CCMP.
Enabling Technology	Central to delivery of the ambitions in the plan is world class digital connectivity.

Design Principles of Target Operating Model

	Impact of Report
Customer Service Design	The refreshed plan will align to the Council's support to its business customers and key employers in the city and the Council's 'business friendliness'.
Organisational Design	The Council's new Place function, and clustering of City Growth, Planning, Culture, Events, Galleries and Museums and Archives will improve collaboration and delivery across these key contributors to the key sector priorities
Governance	City Growth & Resources Strategic Commissioning Capital City Region Deal Joint Committee
Workforce	None
Process Design	None
Technology	The development of digital platforms could become a host for the monitoring of the city and regional economic performance and the Council's developing Business Intelligence Unit
Partnerships and Alliances	The report seeks approval for continued work across city and regional economic partnerships. It should also build on strong partnerships with the UK Government and the Scottish Government in securing major investment in future. It also provides a framework for the Council's engagement with EU partners and trade an investment partners through the World Energy Cities Partnership

11. IMPACT ASSESSMENTS

Assessment	Outcome
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Equality & Human Rights Impact Assessment	Not required
Privacy Impact Assessment	Not required
<u>Children's Rights Impact Assessment/Duty of Due Regard</u>	Not applicable

12. BACKGROUND PAPERS

Council 16 December 2015 Regional Economic Strategy & City Regional Deal Update (CHI/15/340)

13. APPENDICES (if applicable)

Appendix 1 – Executive Summary and 2018-2023 Action Plan

14. REPORT AUTHOR CONTACT DETAILS

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