

REGIONAL ECONOMIC STRATEGY

2018-2023 ACTION PLAN



Aberdeenshire
COUNCIL



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Foreword

North East Scotland is a major contributor to the UK and Scottish economies. The public and private sectors in the region are working in partnership to ensure that our economy delivers significant benefits locally and nationally in the future.

The creation of the Regional Economic Strategy (RES) in 2015 set out a shared vision of renaissance for the region, based upon maximising the oil and gas opportunity, strengthening and diversifying the economy and continuing to attract investment and talent. The RES was supported by an Action Plan that aligned activity by partners to ensure the maximum economic impact was delivered by activity and investment.

We have updated our Action Plan to reflect both the changing economic environment within which we are contributing to the overall economic ambition of the North East of Scotland, and our achievements since 2015.

We have secured a £250m investment by the UK Government and the Scottish Government in an £820m City Region Deal programme, with a significant focus on innovation in our key sectors of oil and gas; food, drink and agriculture; life sciences; and digital infrastructure. We will build on the successful delivery to date, which includes the creation of The Oil & Gas Technology Centre, construction of the Aberdeen Harbour expansion beginning, securing investment in the region's digital infrastructure and significant progress in bringing forward transport and other sector innovation investments.

Significant investment is delivering a new arena and events complex in the city, the Aberdeen City Centre Masterplan, two new Business Improvement Districts in Inverurie and Peterhead, and an extended harbour in Peterhead with one of the largest fish markets in Europe.

Sector-specific growth programmes are working with cohorts of ambitious, high-growth potential companies in food, drink and agriculture and life sciences and are being developed for oil, gas and energy and digital businesses. Alongside these, new programmes are focusing on innovation, internationalisation and market development within these sectors to support long-term economic diversification and resilience.

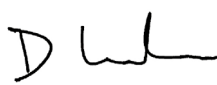
Our economic collaboration and leadership has strengthened and is recognised nationally. We remain committed to working across our sectors to support growing, innovative and international businesses and to attract investment to secure the economic future of the region.

This updated Action Plan reflects these successes and the new opportunities and challenges that we face from factors including Brexit, commodity prices and public-sector transformation.

We will continue to be ambitious, work together, act and invest to ensure that the North East evolves as a major economic driver nationally and provides opportunity and employment for our people and communities. We look forward to working with you to deliver this Action Plan.



Jenny Laing
Aberdeen City Council
Co-Leader



Douglas Lumsden
Aberdeen City Council
Co-Leader



Sir Ian Wood
Opportunity North East
(ONE) Chair



Jim Gifford
Aberdeenshire Council
Leader



Executive Summary

Overview & Context

The Regional Economic Strategy (RES) provides a shared vision and ambition for the future of the North East of Scotland to align commitment, investment and action in pursuit of its economic growth and diversification objectives. The co-signatories to the RES are Aberdeen City Council, Aberdeenshire Council and Opportunity North East (ONE), although the Strategy is influenced and driven by a wider collaboration in North East Scotland, including the national enterprise and skills agencies and regional economic partners.

The vision remains one of economic renaissance that results in a diversified and resilient regional economy supporting high-value employment through:

- Maximising oil and gas recovery and becoming a globally recognised hub for innovation and technology development with a strong, diversified and internationally-focused oil, gas and energy supply chain anchored in the region for the long term and playing a key role in energy transition towards a lower carbon energy system.
- Growing the region's food, drink, agriculture and fishing; life sciences; and tourism sectors and entrepreneurial environment to deliver a more balanced and resilient economy.
- Inclusive economic growth and investment in our key sectors and quality of place securing the future well-being of the city, the region, our communities and people.

The goal is an economy growing across new and traditional industries, supported by a high-skilled workforce, agile and open to future opportunities and better able to anticipate and respond to future challenges.

The renaissance vision continues to inform action and investment, shaping our future, and creating opportunities for growth and employment for the long term. Sector-specific transformational projects in delivery and development are already changing the face of our economy.

Since the publication of the RES in December 2015, the region has pursued its renaissance agenda and many of the actions within the RES and the original Action Plan have been, or are in the process of being, delivered. Transformational projects include the sector-specific innovation projects within the Aberdeen City Region Deal for oil and gas, life sciences, and food, drink and agriculture, and major infrastructure investment including the AWPR, new arena and events complex in Aberdeen, Aberdeen Harbour expansion and projects within the City Centre Masterplan.

The region has continued to make a substantial economic contribution to Scotland and the UK. Gross Value Added (GVA) in 2016, from Aberdeen City and Aberdeenshire, was £17.5 billion, accounting for 13.1% of total Scottish GVA (9.1% population share). However, GVA for Aberdeen City and Aberdeenshire has fallen for two consecutive years, from £18.6 billion in 2014 to £17.9 billion in 2015 and £17.5bn in 2016.

Despite difficulties in the last 2 or 3 years, the North East of Scotland remains one of the most active economies in the UK. GVA per head in Aberdeen City and Aberdeenshire was 44% higher than the Scottish national average in 2016. Productivity in Aberdeen City and Aberdeenshire was still substantially higher than the national average, with £61,419 GVA generated per job filled, the second highest in the UK, surpassed only by London.

Total employment in the region peaked in 2014 at 319,000 but declined to 310,000 in 2016. The regional employment rate has recovered, with the employment rate for those aged 16-64 at 79.3%, compared to 74.3% in 2016. Unemployment has also begun to decline, with claimant count unemployed at 5,600 in April 2018, compared to 6,555 in March 2017. That is equivalent to only 1.7% unemployment rate (claimant count) in the region

The region recognises its strengths but also acknowledges its vulnerability and the continuing need for action and investment to secure future prosperity and employment for all. The Action Plan and Regional Skills Strategy are aligned to ensure the North East develops its skills base and attracts skilled people from other parts of the UK and internationally, and will endeavour to put inclusive growth at the heart of our investment

The RES partners have now reviewed and updated the 2015 Action Plan to reflect the changing economic context and to ensure the economy is more resilient to severe fluctuations in the oil price and other external shocks. The updated Action Plan takes account of the progress achieved since 2015 and maintains the long-term focus on outcomes and impacts, to ensure the region capitalises on the economic opportunities around transformational projects in delivery and development. It is also a response to the regional economy's significant exposure as a result of Brexit, and the new risks and opportunities that have emerged since the RES was approved.

Key Themes

The key themes within the RES and Action Plan are:

- Investment in infrastructure
- Innovation
- Inclusive economic growth
- Internationalisation

The actions within these themed programme areas are designed to stimulate growth within the region's key industry sectors. Improving the conditions for business and the city region's global competitiveness will safeguard or create employment, increase the value of jobs, and create a more resilient and diversified economic base, characterised by growing businesses of all sizes. The Plan therefore provides a determined focus on long term economic prosperity for the region, its communities and people.

Our Sectors

The Action Plan seeks to maximise the opportunities within each of the region's key sectors:

- Oil, Gas & Energy
- Food, Drink, Agriculture & Fishing
- Tourism
- Life Sciences

Regional priorities are aligned with Scottish and UK sector priorities and the UK industrial strategy, to ensure maximum economic impact, is achieved at a regional and UK and Scottish level and to derive the greatest possible regional benefit from public and private funding in co-investment opportunities within the sectors. Across our sectors, world class connectivity is crucial, and the Plan also prioritises transport and digital investment with industrial digital transformation and entrepreneurship gaining even sharper focus.

Sustainability

Sustainability is a key theme within the Action Plan, spanning economic diversification to deliver a broader economic base, opportunities associated with the circular economy, carbon capture and storage and energy transition as the oil and gas industry and its supply chain evolves to a lower carbon future. The region's natural assets and clean environment are also its economic assets and therefore must be safeguarded to support our sectors particularly tourism, food, drink, agriculture and fisheries.



Local and National Alignment

Effective partnership working between the private and public sectors is driving an ambitious development agenda for North East Scotland. Central to this is a collaboration between Aberdeen City Council, Aberdeenshire Council, ONE, and other private and public-sector partners, including the national enterprise and skills agencies – Scottish Enterprise and Skills Development Scotland – and the region’s Further Education and Higher Education sectors.

This Plan sets out actions over the next five years that will support the delivery of the renaissance economic vision. It also provides context for other strategies covering regional infrastructure, regional skills, land use and transport planning to ensure broad alignment with the regional economic priorities. It also aligns to the respective Community Planning priorities and Outcomes in each Council area.

The cross-sectoral regional partnership working by the UK Government and the Scottish Government, the two local authorities, the private sector and national agencies is unique within the current Scottish context. It is about how we work together, rather than formal structures. The partners interact regularly at strategic and tactical levels and are engaged in a variety of project-specific activities.

Aberdeen City Council, Aberdeenshire Council, ONE and the national agencies are exploring how the proposed national Regional Economic Partnership model might be further developed in North East Scotland to support the delivery of the regional economic priorities, informed by our experience of joint working over many years, implementation of delivering the Aberdeen City Region Deal and the leadership of its Joint Committee.

Engagement and Future Projects

During 2018 as part of the Action Plan review and update process, ONE led engagement on behalf of the RES partners with the private sector and other stakeholders across the region on the renaissance vision, ambition and agenda, current priorities and to identify what new projects could produce transformational economic impacts. Eight themed projects emerged across 13 events, attended by more than 1,500 people and involving more than 500 conversations on potential projects. The identified projects are now being further assessed for transformational impact.

The Action Plan is a working document, with the partners developing a project pipeline with associated business cases for further investment from private and public sectors, including the UK Government and Scottish Government to ensure that regional economic success supports national economic performance.

Measuring Progress

The Regional Economic Strategy Group monitors delivery of the RES Action Plan and engages regularly with other partners and stakeholders. They include: Aberdeen City Council, Aberdeenshire Council, ONE, Invest Aberdeen, Aberdeen & Grampian Chamber of Commerce, Scottish Enterprise, VisitAberdeenshire, VisitScotland, University of Aberdeen, Robert Gordon University, North East Scotland College, Cairngorms National Park Authority and Skills Development Scotland.

There is a range of data that will monitor the economic performance of the Aberdeen City Region and, over time, how well economic growth is being experienced across different groups and places. These will include GVA growth, Gross Disposable Household Income, earnings, economic inactivity and unemployment.

Actions delivered by specific partners are subject to that organisation’s governance and performance management processes and contribute to the RES performance framework.

Investment in Infrastructure

The North East of Scotland has significant strengths in the quality of its built and natural environment and global connections to key markets. The on-going development of infrastructure, physical and digital, to support its economic ambition and enable growth in its key sectors, is critical to future success. We must deliver world-class digital connectivity across the whole region to support business creation and growth and enable new ways of working. Our physical connectivity also remains a priority, to ensure our transport networks across all modes meet the needs of our producers and exporters with a focus on international reach to established and new markets.

	Action	Lead & Key Partners
i)	In response to the Planning Review, set up an Infrastructure Investment Group to strategically plan and coordinate national utilities investment and funding in the city and wider region	Aberdeen City Council
ii)	Development of investor ready pipeline of development opportunities	Aberdeen City Council Invest Aberdeen
iii)	Develop and implement a region-wide housing strategy and action plan	Aberdeen City Council Aberdeenshire Council
iv)	Support an Updated Regional Transport Strategy, building on ongoing investment in AWPR, rail enhancement and other schemes under construction, developing active travel networks and initiatives such as integrated ticketing to promote modal shift and maximising the benefits of improved infrastructure	NESTRANS
v)	Lobby Transport Scotland to prioritise the implementation of key strategic upgrades on the trunk road network, including A90 north and south of Aberdeen and the A96 dualling between Aberdeen and Inverness	Aberdeen City Council Aberdeenshire Council NESTRANS Aberdeen & Grampian Chamber of Commerce
vi)	Deliver on commitments to implement schemes through the City Region Deal, including access to the new Aberdeen South Harbour, and, in the Scottish Government's Memorandum of Understanding, to reduce journey times to the Central Belt	Scottish Government (Transport Scotland) Aberdeen City Council Aberdeenshire Council NESTRANS
vii)	Work with Scottish Government and Transport Scotland, under the City Region Deal programme, to develop business cases for priority transport infrastructure schemes across the north east to bring forward future funding opportunities	Aberdeen City Council Aberdeenshire Council NESTRANS
viii)	Enhance City Centre environment by implementation of transport elements of the City Centre Masterplan and a Low Emissions Zone, including Hydrogen fuelled vehicles	Aberdeen City Council NESTRANS
ix)	Development of business case and prospectus for Aberdeen's Queens Square redevelopment	Aberdeen City Council Police Scotland NHS Scottish Courts

Action	Lead & Key Partners
x) Deliver detailed design and cost proposals for site preparation and infrastructure to facilitate developer investment at Energetica Industry Park	Scottish Enterprise
xi) Explore production of development briefs for Aberdeen Station Gateway, Castlehill and North Dee redevelopment (CCMP Projects)	Aberdeen City Council Network Rail Abellio Scot Rail Private Sector
xii) Consult with the UK Government and Scottish Government to ensure that successor programmes to EU Structural Funds are aligned to the economic needs of the North East (Shared Prosperity Funds)	Aberdeen City Council Aberdeenshire Council
xiii) Identify regeneration opportunities for commercial and industrial areas across the region, ensuring land and infrastructure is available in strategic growth areas and corridors, and aligned to capitalise on development of new technologies and supply chain opportunities (eg: CCS, Decommissioning)	Strategic Development Plan Aberdeen City Council Local Development Plan (LDP) Aberdeenshire Council (LDP)
xiv) Implement the digital programme within the Aberdeen City Region Deal: 1. Duct Delivery Network 2. Local Full Fibre Network 3. Expand ACC Fibre Network 4. Sensor Network 5. Regional Data Exchange 6. Gigabit Voucher Scheme	Private Sector Aberdeen City Council Aberdeenshire Council NHS Grampian Universities
xv) Building on the Digital Programme in the City Region Deal secure additional investment into development of Smart City activities and the rollout of 5G technologies across public sector and industry	DCMS Aberdeen City Council Private sector

Innovation

Home to highly innovative companies, two leading Universities, and strong research base across our key sectors, the North East of Scotland has a reputation for enterprise, innovation and world class solutions. Innovation is critical to future economic growth in the region and includes technology creation, digital transformation, research and development, and product development across our key sectors. Innovation will drive competitiveness, efficiency and productivity, support internationalisation across the company base and position North East Scotland as an attractive inward investment proposition. The City Region Deal includes £210 million of sector-specific innovation projects with the Oil & Gas Technology Centre now established as an independent, industry-led innovation hub and the capital funding secured for the life sciences innovation hub with a targeted operational date in 2020. Business case approval for the food and agriculture innovation hub is targeted by the end of 2018/19.

Action	Lead & Key Partners
i) Capitalise on our reputation as a global centre of excellence for subsea and underwater engineering and decommissioning, and for learning and training in the broader oil and gas and energy sectors	Industry The OGTC Scottish Development International Universities NESCoI Invest Aberdeen Opportunity North East
ii) Deliver Food Hub within the City Region Deal that provides R&D infrastructure and expertise for regional primary producers, processors and manufacturers	Opportunity North East Aberdeen City Council Aberdeenshire Council Scottish Enterprise Universities
iii) Delivery of Bio-therapeutics Hub within the City Region Deal to grow and develop spin-out and start-up life sciences businesses beyond early stage development	Opportunity North East Aberdeen City Council Aberdeenshire Council Universities NHS Grampian Scottish Enterprise
iv) Increase the number of tourism businesses with online booking capabilities	VisitScotland
v) Ensure energy sector is maximising opportunities for investment under place based Industrial Strategy and Sector Deals	Oil & Gas UK Industry UK Government The OGTC Scottish Enterprise Universities Opportunity North East
vi) Implement the Regional Sustainable Energy Action Plan, promoting awareness and opportunities arising from it to identify competitive advantage for the region	Aberdeen City Council Aberdeenshire Council

Action	Lead & Key Partners
vii) Maximise supply chain development in alternative energies (including renewables and carbon capture & storage/hydrogen action plan, and support innovation in other fuel technologies)	Aberdeen City Council Aberdeenshire Council Scottish Enterprise Opportunity North East
viii) Provide specific business growth support for private sector companies focusing on diversification opportunities	Scottish Enterprise Opportunity North East Business Gateway contractor
ix) Ensure opportunities for a Smart City Action Plan are maximised	Aberdeen City Council Scottish Cities Alliance Private Sector Universities
x) Develop and deliver the digital and entrepreneurship hub to build a digital company cluster and enable digital transformation within the region's key sectors	Opportunity North East ONE CodeBase Universities Business Gateway
xi) Building on the data platform in Regional Data Exchange above, stimulate innovation through open data networks to create an underlying framework for public data in the region to be open and available for others to use and reuse	Aberdeen City Region Deal NHS Public sector Universities Private Sector
xii) Review and scope potential future transformational projects identified through the Renaissance stakeholder engagement for economic impact and further development	Opportunity North East Aberdeen City Council Aberdeenshire Council

Inclusive Economic Growth

A broader and more resilient productive economy with companies growing through investment in innovation and internationalisation, generating high-value products and services. This will create new employment opportunities in the region across all sectors and enhance productivity, enabling as many people as possible to benefit from economic growth, across the labour market and within groups that face higher barriers to high quality and productive jobs, reducing inequality across the city and region. This requires the development of the right skills across all age groups, retaining people here and attracting new talent from outside the region. Delivery of the Regional Skills Strategy, developing key assets such as our tourism and cultural offerings, and delivery of the City Centre Masterplan and regenerations of our northern towns will provide an economic benefit and contribute towards our proposition to attract investment and ultimately develop jobs and opportunity in the region.

Action	Lead & Key Partners
i) Support objectives of the Circular North-east programme. A circular economy seeks to maximise value from what is currently termed waste. The project will promote innovation and encourage collaboration between local companies and academic institutions to identify business opportunities for both new and existing companies	Zero Waste Scotland Aberdeen & Grampian Chamber of Commerce
ii) Deliver future phases of the "Buy North East" initiative to promote local procurement, and continue to ensure our businesses are aware of all potential infrastructure projects, and sales opportunities from these	Aberdeen & Grampian Chamber of Commerce Public Sector partners
iii) Through the Regional Learning & Skills Partnership, improve support for young people, high attainment, meaningful progression and employment opportunities that, in turn, fulfil the economic needs of the region	NESCoI Skills Development Scotland Aberdeen City Council Aberdeenshire Council Universities Opportunity North East
iv) Putting inclusive growth at the heart of public sector investment, maximise opportunities for targeted recruitment and training activity for all potential procurement spend through community benefit clause	Aberdeen City Council Aberdeenshire Council
v) Support delivery of Developing Young Workforce Programme	Regional Learning & Skills Partnership DYW North East Opportunity North East
vi) Responding to the 15-24 Learner Journey Review, develop feasibility of delivering Campus 6 model, a model which will extend and enhance the educational opportunities and choices for young people in the final year of secondary education, and who are seeking to progress further, through tertiary education, towards meaningful employment and improved career prospects	NESCoI Universities Aberdeen City Council Aberdeenshire Council
vii) Align the region's skills system to support economic transition through delivery of Regional Skills Strategy	Regional Learning & Skills Partnership
viii) Increase the take up of Scottish Enterprise support to businesses and grow the number of account managed companies based in the region	Scottish Enterprise
ix) Continue the delivery of Business Gateway business start-up, funding and development support which is available to all businesses (including social enterprise in key health and social care sector)	Business Gateway contractor Aberdeenshire Council Aberdeen City Council

Action	Lead & Key Partners
x) Continue to deliver Elevator's accelerator programmes through their regional Centre for Entrepreneurship that assist early stage businesses to maximise their potential	Elevator
xi) Delivery of Elevator's programmes that support the development of future entrepreneurs	Elevator
xii) Delivery of sector-specific business growth programmes in food, drink and agriculture, life sciences, oil, gas and energy and digital to accelerate company creation and growth	Opportunity North East Aberdeenshire Council Aberdeen City Council Universities Scottish Enterprise
xiii) Work with businesses on a more inclusive approach to business support and how they work with their supply chains to support business growth, including workplace innovation and adoption of progressive people practices	Scottish Enterprise
xiv) Implement Regeneration Plans for Tillydrone, Middlefield, Northfield and Torry (Aberdeen City) and the towns of Peterhead, Fraserburgh, Macduff and Banff to support inclusion, sustainability and entrepreneurship	Aberdeen City Council Aberdeenshire Council
xv) Ensure leverage of remaining Structural Funds (ERDF/ ESF 2020) where relevant	Scottish Government All partners
xvi) Transformation and refurbishment of Union Terrace Gardens	Aberdeen City Council
xvii) Redevelopment of Aberdeen Science Centre as focal point for STEM engagement with young people	Aberdeen Science Centre Aberdeen City Council Opportunity North East
xviii) Develop and implement a regional narrative, and marketing campaign that supports the objectives of the Regional Economic Strategy in order to attract and retain people, and investment	Aberdeen & Grampian Chamber of Commerce Invest Aberdeen Universities Opportunity North East VisitAberdeenshire Private sector

Internationalisation

The North East of Scotland is home to high-value businesses that are internationally focused and Universities with exceptional international reputations. Maintaining a global focus, developing international markets for our products and services, maintaining and developing our external connections, and being competitive as a global city region to attract inward investment and talent are priorities for the partners.

Action	Lead & Key Partners
i) Delivery of Invest Aberdeen inward investment bureau to deliver city region propositions to retain and attract new businesses and investment across priority sectors	Invest Aberdeen Scottish Development International Department for International Trade Aberdeen Harbour Board Peterhead Harbour
ii) Rejuvenate North East of Scotland Trade Group as an export partnership focused on increasing the number of companies exporting and activity from existing exporters	Aberdeen & Grampian Chamber of Commerce Opportunity North East Scottish Government
iii) Maximise civic, trade, World Energy Cities & EU memberships to link Aberdeen to international trade and investment markets	(New) North East Scotland Trade Group Aberdeen City Council Industry Scottish Development International Department of International Trade
iv) Engage with Government to ensure Region is positioned to capitalise on any emerging trade deals following Brexit	(New) North East Scotland Trade Group Aberdeen City Council Aberdeen & Grampian Chamber of Commerce
v) Ensure we maximise opportunities for the fisheries sectors as the landing and processing hub for the UK in the context of Brexit	Aberdeenshire Council Opportunity North East
vi) Delivery of the new Regional Tourism Strategy and Action Plan	VisitAberdeenshire Aberdeen City Council Aberdeenshire Council Opportunity North East VisitScotland Cairngorms National Park Authority
vii) Delivery and marketing of cultural, heritage and tourism attractions of national significance, and of international standard (existing and new assets) and maximising tourism potential of accredited archives	Aberdeen City Council Aberdeenshire Council VisitAberdeenshire VisitScotland
viii) Support and promote the arts and cultural venues of the North East to attract and promote national and international exhibitions and programmes	Aberdeen Art Gallery & Museums Aberdeen City Council Aberdeenshire Council VisitAberdeenshire
ix) Establish a new Convention Bureau model to maximise the impact of the new arena and conference centre and the Aberdeen Harbour expansion	VisitAberdeenshire Industry Aberdeen City Council SMG

Action	Lead & Key Partners
x) Support delivery of Offshore Europe 2019 and from 2021	SMG VisitAberdeenshire Aberdeen City Council Aberdeen 365 Events Group Aberdeen & Grampian Chamber of Commerce
xi) Support delivery of the new arena and events complex in Aberdeen, including SMG business plan to attract events to the city	SMG VisitAberdeenshire Aberdeen City Council
xii) Submission of a bid for UNESCO Creative Cities designation	Aberdeen City Council Culture Aberdeen Private Sector
xiii) Support and attract events that will be at international and national significance as part of the delivery of the Aberdeen 365 events and festivals plan	Aberdeen City Council VisitAberdeenshire Aberdeenshire Council
xiv) Support development of projects and delivery of Culture Aberdeen Plan and Aberdeenshire Culture Strategy	Aberdeen City Council Aberdeenshire Council Culture Aberdeen Aberdeen 365 Group VisitAberdeenshire
xv) Establish feasibility of a sustainable investment fund for tourism, marketing, culture and events in Aberdeen	Aberdeen City Council Scottish Government Industry
xvi) Retain and attract new air routes to Aberdeen International Airport	Aberdeen International Airport Invest Aberdeen VisitAberdeenshire Partners
xvii) In marketing as an embarkation port, develop case for delivery of a new cruise terminal, supporting infrastructure, along with a world class range of products and itineraries for the cruise market	VisitAberdeenshire Aberdeen Harbour Board



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