

ABERDEEN CITY COUNCIL

COMMITTEE	City Growth and Resources
DATE	25 April 2019
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Trade and European Partnerships Travel Plan 2019/20
REPORT NUMBER	PLA/19/230
DIRECTOR	N/A
CHIEF OFFICER	Richard Sweetnam
REPORT AUTHOR	Matt Lockley
TERMS OF REFERENCE	2.3

1. PURPOSE OF REPORT

- 1.1 To seek approval for international trade and European partnership priorities for 2019-20 and for associated travel expenditure.

2. RECOMMENDATION(S)

That Committee:-

- 2.1 Approve the international trade and European partnership travel priorities for 2019-20 (sections 3.7, 3.8 and 3.11.4) provided the cost of such travel does not exceed the budget envelopes set out in this report;
- 2.2 Approve travel to two key World Energy Cities Partnership events (being the Annual General Meeting and the Working Group Meeting) in the financial years 2019/2020, 2020/2021 and 2021/2022 subject to the annual budget setting cycle;
- 2.3 Delegate authority to the Chief Officer - City Growth (as the budget holder) to authorise only necessary and appropriate travel and associated expenditure to fulfil the agreed plans for 2019-20, provided the cost of such travel is reasonable and does not exceed the budget envelopes set out in the report. All travel will be booked in accordance with the Council's policies on travel; and
- 2.4 Instruct the Chief Officer - City Growth to submit an annual service update to the City Growth and Resources Committee on all international travel outlining the economic benefits achieved

3. BACKGROUND

- 3.1 Aberdeen City Council takes an active role in international trade as a result of its global profile and the reach and status of its civic, business and academic networks. This is supported by membership of a number of key European and

global partnerships and the leadership shown by the Council in transnational projects such as those related to hydrogen and renewable energy.

- 3.2 Council approved a Common Good allocation of £29,000 for 2019-20 for the Lord Provost (plus one officer) to travel on international trade and World Energy Cities Partnership business. In addition to this, £49,000 is allocated to international trade activity from the City Growth Service budget. This means a total budget of £78,000 for international trade travel.
- 3.3 £29,000 is allocated from City Growth service budgets to travel in support of Aberdeen City Council's European activity and partnerships. This report sets out proposals for the use of these funding allocations.
- 3.4 The Council's newly implemented Travel Policy states that:

For long-distance and foreign travel, a full disclosure of the purpose of travel must be made before the travel is approved. The applicant must set out the intended outcomes of that purpose as aligned to the Local Outcome Improvement Plan Themes - Prosperous Economy, Prosperous People, Prosperous Place and Enabling Technology. The objectives of the Council include the promotion of and participation in the economic development of the City. These are justifiable purposes for undertaking long distance and foreign travel under this policy [...] The relevant Service Committee will approve programmes of foreign travel for the financial year ahead subject to a business case and ensuring the purpose of travel meets the objectives and outcomes of the Council.

INTERNATIONAL TRADE PRIORITIES

- 3.5 Officers from the City Growth service maintain an active watching brief on UK and wider intelligence to ensure that market opportunities for Aberdeen companies are understood and promoted. This work focuses on those countries where the Council can play an active role in facilitating market access, usually alongside UK and/or Scottish Government agencies. The Council also has nine memoranda of understanding (MoU) with cities around the world (Atyrau, Barranquilla, Georgetown, Halifax, Kobe, Lafayette, Mokpo, Pemba and Villahermosa) that support more direct and structured bilateral activity. These MoUs are at differing levels of activity which may affect travel proposals outlined below.
- 3.6 MoUs are built around specific economic and trade objectives and are structured in such a way that alternate year visits to MoU partner cities are agreed within the MoU provisions, subject to this commitment being fulfilled in both directions. Where travel to MoU partner cities is therefore part of an existing commitment and falls in 2019-20, this has been factored in to the travel plan as set out overleaf.
- 3.7 The following principles that have been applied in the development of this travel plan:

- Honouring commitments to the World Energy Cities Partnership and reflecting potential future Presidency for Aberdeen;
- Honouring MoU commitments where there is an active relationship in place and delivering tangible impacts from these MoUs;
- Proposing exploration of new markets / relationships where there is a clear case for doing so and where Aberdeen City Council's objectives align with those of Scottish Development International and / or the Department for International Trade;
- Acknowledging a continued focus on the oil and gas sector as a driver for this plan to support business diversification for Aberdeen companies

Destination	Purpose / rationale	Dates (where known) or estimates	Estimated cost
Houston, USA	World Energy Cities Partnership working group / OTC Sister Cities Annual Conference	3-8 May 17-19 July	£7,500 LP + two officers, 5 nights £4,500 LP + one officer, 4 nights
Doha, Qatar	Trade and investment potential; invitation to University of Aberdeen's first graduation at Doha campus	Early November	£5,000 LP + one officer. University may contribute
Mexico	Opportunity to explore new partner relationship with Ciudad del Carmen	TBC	£5,000
Halifax, Canada	MoU refresh (potential) WECP Presidency handover	November / December	£3,000 LP + one officer
Karamay, China	WECP partner city Aberdeen-Atryau-Karamay proposal; MoU development	TBC	£6,000
Pemba, Mozambique	MoU fulfilment (2020) Explore WECP potential	Q4 2019-20	£5,000
WECP AGM offset			£7,000
Subtotal			£43,000
Other and emerging opportunities / potential trade missions / inward visits: <ul style="list-style-type: none"> • Brazil (decommissioning focus) • Uganda (new oil fields due to come on stream in the next two years) • Vietnam (second largest crude oil reserves in South East Asia after China) • South Korea (Mokpo) – Aberdeen should be visiting Mokpo as part of its MoU commitment but Mokpo has 			£35,000

not honoured its commitments and this MoU is currently classed as inactive	
Total	£78,000

3.8 The budget allocation includes a £7,000 contribution towards the costs of hosting the World Energy Cities Partnership AGM in the city in 2019, as approved by Committee in June 2018 [PLA/18/031]. In terms of additional international trade priorities for 2019-20, the following markets have been identified:

3.8.1 Brazil

Brazil is the largest oil producer in South America, ninth largest global oil producer, seventh largest oil consumer, and has the largest recoverable ultra-deep (pre-salt) oil reserves in the world. Significant energy reforms, frequent oil finds, and recent oil bidding rounds have been attracting international investment to Brazil. Brazil currently has 160 offshore production platforms in place, 42% of which have been in service for more than 25 years, according to the National Petroleum Agency (ANP) and will be decommissioned in the short-medium term. In recent years, there has been a number of trade missions to Aberdeen from Brazil outlining the decommissioning opportunities for Aberdeen companies in this market.

3.8.2 Uganda

Uganda is East Africa's leader in new oil production, with 6.5 billion barrels of oil reserves, with at least 2 billion estimated to be economically recoverable. Total, CNOOC and Tullow Oil all have production licences, with production estimated to begin in 2021. In addition to producing and exporting crude oil, Uganda plans to build a refinery to produce petroleum products for the domestic and East African markets. Construction of the Uganda-Tanzania Crude Oil Pipeline is underway, intended to transport crude oil from Uganda's oil fields to the Port of Tanga in Tanzania and is expected to be completed in 2020. Uganda will open the second bidding round for exploration licences in May 2019, for which licences will be issued by 2020.

3.8.3 Vietnam

Crude oil reserves in Vietnam are the second largest in East Asia, behind China, with 4.4 billion barrels, or 630 million tonnes. Oil and gas activity is centred on Ba Ria-Vung Tau province, which is home to 93% of the country's oil reserves (offshore) and 16% of its gas reserves. The expansion of offshore exploration and production has created a steadily growing market for offshore oil and gas equipment and support services in Vietnam. PetroVietnam is planning new licensing rounds, stimulating further opportunities for supply chain collaboration. The national oil and gas conference takes place between 13-15 November 2019.

3.8.4 Watching briefs remain in place for Chile, Indonesia and Tanzania and intelligence gathered through partner agencies and directly through contacts in SDI and DIT continues to be reviewed in terms of the team's priority markets.

WORLD ENERGY CITIES PARTNERSHIP – EVERGREEN TRAVEL APPROVAL

- 3.9 This Committee has previously approved Aberdeen’s bid to host the World Energy Cities Partnership (WECP) AGM in September 2019 and the Lord Provost seeking the Presidency of the WECP at the AGM in Aberdeen. If the Lord Provost secures the Presidency, his term of office would start in January 2020 and last for two calendar years. Reflecting this, and Aberdeen’s ongoing and active leadership role within the partnership, it is proposed that an ‘evergreen’ (i.e automatic) approval is agreed for travel to the two set-piece WECP meetings per year. These are the Working Group meeting (Houston, alongside OTC each May) and the AGM (a partner city hosts each autumn following a bidding process). It is suggested that the evergreen approval should cover travel for the Lord Provost and two officers to the two set-piece events per year and that it should be reviewed after three years (i.e. in April 2022). Two officers are needed to accompany the Lord Provost because one will support the Lord Provost in his WECP role and provide leadership to the partnership and the other will work on investment and trade related opportunities in market.
- 3.10 The evergreen approval would enable travel for these events to be booked well in advance, therefore securing significantly more advantageous rates and reducing the need for individual travel approvals. It should be noted that if the Lord Provost secures the Presidency, he would receive a travel allocation of \$10,000 per year from the partnership to contribute towards his travel costs, thus reducing the financial burden on the Council and enabling bookings to be made outwith the Council’s budget setting cycle.

EUROPEAN PARTNERSHIPS

- 3.11 The External Funding and Partnerships team work across several Council services identifying and applying for external funding and support which support Coalition Priorities. The Council is a member of a number of European networks that enhance policy knowledge and create opportunities for external funds that could support implementation of Council priority projects. A presence within these networks contributes to the international promotion of Aberdeen to international funders and key policy makers.
- 3.11.1 Hydrogen & Electro-Mobility in European Regions (HyER)
HyER is a membership-based network which represents the interests of European regions and cities active in the field of hydrogen, fuel cell technologies and electro mobility. The organisation is the point of reference for hydrogen and electric mobility in Europe: supporting members with the development of the technology; co-operating with key decision makers at national and international government levels; and providing a network for cities and regions to share knowledge and experience. Membership of the body allows working relationships to be built which develop the city’s key low carbon policies. Aberdeen City currently holds Chair of the Board.
- 3.11.2 Conference of Peripheral Maritime Regions (CPMR)
CPMR is a transnational membership organisation of over 160 regions from Europe. It has an extensive network of contacts within European and national

institutions, operating as a think tank and lobby for the Regions. CPMR's primary focus is territorial cohesion and blue growth – namely the development of harbor, coastal and offshore economies - and climate change adaptation are also highlighted as key priorities. Aberdeen City Council currently holds the alternate position of UK Representative to the CPMR Political Bureau. The city is regularly represented at thematic meetings on Energy and Brexit.

3.11.3 North Sea Commission (NSC)

CPMR is the umbrella body of six regional commissions and Aberdeen is aligned to a North Sea strand. The NSC aims to develop partnerships between the areas around the North Sea basin. This is achieved by providing a network for collaboration and lobbying at international level for the region's interests. The NSC successfully lobbied for an Interreg North Sea Region Programme which Aberdeen City Council has benefitted from, receiving significant funds to develop hydrogen transport and flood alleviation projects, such as those at Maiden Craig and Stronsay Park. There are four thematic groups within the NSC and Aberdeen City Council holds Chair of the Smart Regions Group and Vice Chair of the Transport Group.

3.11.4 European Partnerships Travel Plan 2019-20

Destination	Purpose / rationale	Dates (where known) or estimates	Estimated cost
Europe	HyER Board Meetings	Monthly	£11,000 LP + one officer
Marstrand, Sweden	North Sea Commission General Assembly and AGM ACC holds positions within two thematic groups	23-26 June 2019	£3,000 Two elected members and two officers
Europe	North Sea Commission Smart Regions Group – ACC holds Chair of group	4 meetings per year	£3,500 LP + one officer
Europe	North Sea Commission Transport Group – ACC holds Vice Chair of Group	4 meetings per year	£3,500 Elected member + one officer
Europe	CPMR General Assembly – ACC has membership	October 2019	£1,000 Elected member + one officer
Europe	CPMR thematic groups – Brexit, Energy ACC has membership	4 meetings per year	£3,500 Elected member + one officer
Europe	CPMR Political Bureau – ACC holds Alternate UK Representative role	4 meetings per year	£3,500 Elected member + one officer
		Subtotal	£29,000

4. FINANCIAL IMPLICATIONS

- 4.1 A total budget of £78,000 is available to support international trade related travel activity in 2019-20. This includes £29,000 made available from the Common Good to support the Lord Provost's (plus one supporting officer) travel. A total budget of £29,000 is available within the City Growth budget to support EU Memberships and Partnerships related travel.

5. LEGAL IMPLICATIONS

- 5.1 Elected Members' travel can only be funded where it is classed as an 'approved duty' in the Local Government (Scotland) Act 1973. Approved duties include *the carrying out of any other duty approved by the local authority, or anything of a class so approved for the purposes of, or in connection with, the discharge of functions of the local authority or any of its committees or sub-committees.*
- 5.2 Local authorities are subject to statutory controls and have a statutory duty to secure best value. The Council has Travel Policies for both members and officers. All travel should be booked in accordance with the arrangements set out in these policies to ensure the most cost – effective travel arrangements are utilised.

6. MANAGEMENT OF RISK

	Risk	Low (L), Medium (M), High (H)	Mitigation
Financial	None		
Legal	Spend not in line with approved duties.	L	All travel will be booked and managed in accordance with Council's Travel Policies for Members and Officers. Legal officers will ensure compliance with Local Government (Scotland) 1973 Act.
Employee	Risks associated with travel outwith the UK are managed on a case-by-case basis following advice from the UK Foreign and	M	A thorough risk analysis is undertaken prior to any travel outwith the UK. This forms part of the pre-travel briefing. The Council has sufficient travel insurance in place.

	Commonwealth Office and in-country contacts.		
Customer	None		
Environment	None		
Technology	None		
Reputational	There are reputational risks for the city if it does not actively participate in international partnerships (WECP) and in developing market relationships. These are vital to ensuring that the city's global profile is maintained. Equally, the lack of a dedicated function to deliver inward investment activity could leave the city region exposed and lead to a drop in inward investment performance.	M	Fulfilling the Council's obligations in terms of WECP membership, with particular reference to the Lord Provost's Vice Presidency and the potential hosting of the 2019 AGM, will ensure continued international profile. Working with the UK Government (DIT) on emerging markets will also ensure that Aberdeen remains at the forefront of international trade activity. The Invest Aberdeen approach will drive a much higher profile for opportunities within the city region.

7. OUTCOMES

Local Outcome Improvement Plan Themes	
	Impact of Report
Prosperous Economy	The international trade priority markets have been identified following previous inward and outward visits in addition to desktop research on international opportunities for Aberdeen companies. Aberdeen City Council has been developing relationships with these markets and the international trade activity within this report will build on existing relationships and provide support for local Aberdeen companies to increase their export turnover in these regions.

Design Principles of Target Operating Model	
	Impact of Report
Partnerships and Alliances Primary driver: Internationalisation	<p>The report seeks approval for continued work across international partnerships and proposes priority markets for the development of further activity and possibly Memoranda of Understanding.</p> <p>In addition, the collaborative approach with Scottish Enterprise, Scottish Development International and the Department for International Trade should deliver efficiency benefits.</p>

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	Not required
Data Protection Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Not applicable

9. BACKGROUND PAPERS

PLA/18/006 – Inward Investment and Trade Priorities, report to City Growth and Resources Committee, 24 April 2018 – approved

PLA/18/031 – World Energy Cities Partnership AGM, report to City Growth and Resources Committee, 19 June 2018 – approved

PLA/19/178 – World Energy Cities Partnership AGM, Presidency and Travel, report to City Growth and Resources Committee, 7 February 2019 - approved

10. APPENDICES (if applicable)

11. REPORT AUTHOR CONTACT DETAILS

Matt Lockley
 Business and Skills Manager
mlockley@aberdeencity.gov.uk
 01224 522940