

SERVICE UPDATE

<u>Name of Service:</u>	City Growth
<u>Date:</u>	6 th June 2019
<u>Title of Update:</u>	Progress on Economic Policy Panel Recommendations
<u>Report Author:</u>	Jamie Coventry
<u>Contact Details:</u>	Tel: (01224) 522491 Email: jcoventry@aberdeencity.gov.uk

Summary of purpose of the report

To update members of the City Growth and Resources Committee progress on each recommendation of the Economic Policy Panel.

1. Background

- 1.1 In March 2017, the Council approved the appointment of an independent Economic Policy Panel to provide independent commentary on the state of the Aberdeen economy in the form of an annual report each year from 2018 to 2020. The first report was published in November 2019 and contained a set of recommendations of the policy panel to help improve the city region's economic performance.
- 1.2 The City Growth and Resources Committee on 27 November 2018 agreed to note the recommendations of the policy panel and to approve the officers proposed response to recommendations, with a Service Update being provided by the Chief Officer - City Growth to members of the City Growth and Resources Committee noting progress on each recommendation.
- 1.3 The policy panel's recommendations and a progress update are shown in the table below.

Policy Panel Response/Recommendation	Progress Update
<p>The Panel endorses the overall approach and recommends the close monitoring of actual progress and implementation, and in particular a focus on raising productivity outside the oil and gas sector to maximise the opportunities for future inclusive growth.</p>	<p>The Regional Economic Strategy provides the framework for a collaborative approach and diversification plan for the city and region.</p> <p>North East of Scotland Performs framework is being drafted and SCDI are taking forward proposals to develop productivity pilot clubs. The detail of progress is updated against recommendations below.</p>
<p>The Panel will monitor progress and make additional recommendations in future reports depending on how implementation progresses.</p> <p>To make it easier for the Panel to do so, it would be beneficial if the Regional Economic Strategy Action Plan could go further and set out the timeline and key measurable objectives for each action.</p> <p>The Panel recommends setting out an economic performance framework – The North East Economy Performs (similar to the Scottish Government’s National Performance Framework) which should include key economic indicators against which progress can be assessed covering economic, productivity, inclusive and sustainable growth. It should also include further analysis of the type of diversification that will be most conducive to achieving the RES objectives and how it will be monitored going forward.</p> <p>The Council should engage with the Centre for Regional Inclusive Growth to define inclusive growth metrics that can be monitored and reported on at the regional level as part of The North East Economy Performs Framework.</p>	<p>Officers have drafted a North East of Scotland Performs framework and are coordinating internal comments. Once this is finalised this will be shared with the RES working group and local universities for their input.</p> <p>The framework does include a performance tracking mechanism against the city’s local development plan.</p> <p>The Council has engaged with Scottish Centre for Regional Inclusive Growth to define growth metrics and is working with the Fraser of Allander on the Cities Outlook Inclusive Growth Evidence Gathering project.</p>
<p>The discussion around forming a strategic utilities or infrastructure group is welcome. This should be prioritised. That group, comprised of national and local infrastructure partners, must oversee a clear process</p>	<p>This reinforces a recommendation contained within the TOM report to establish this group.</p>

Policy Panel Response/Recommendation

for assessing the economic, social and environmental impacts of proposed projects and prioritising them accordingly.

The Group should also be tasked with regional coordination, assessment and planning for the future infrastructure needs of the city and region, as well as identifying and working with stakeholders who will be critical to the delivery of the investment and leverage required.

All infrastructure investments should be monitored through the Local Development Plan and the proposed The North East Economy Performs Framework.

Progress on the digital programme within the Aberdeen City Region Deal is critical to the success of the Regional Economic Strategy and the Panel recommends continued close monitoring of progress through the proposed The North East Economy Performs Framework.

The RES recognises that the region's natural assets and clean environment must be safeguarded to support key sectors such as tourism, food, drink, agriculture and fisheries. This is consistent with the approach to maintain and enhance our natural capital in the Scottish Government's Economic Strategy, but there is an opportunity for Aberdeen to take a lead by developing key actions for applying these principles at the regional level and monitoring them through the proposed The North East Economy Performs Framework.

Progress Update

A Multi-Agency Transformation Management Group be created which is a forum where public-sector partners in Aberdeen City work collectively on programmes of transformation designed to support the delivery of better outcomes as envisaged by the refreshed CPP Local Outcome Improvement Plan.

The Group will lead on whole-system initiatives where the collaboration and integration of services and or/assets can lead to better outcomes and best value. The reform will focus on the design, development, delivery and adaption of public services around the life experiences of citizens and where appropriate we will utilise existing and emergent technologies.

The group will play an important role in facilitating the physical regeneration of the city centre in line with the vision contained in the City centre masterplan, by collaborating on our respective estate strategies.

Finally, the group will ensure the co-ordination and collaboration on the opportunities for all partners associated with the developing Smart Cities Strategy for Aberdeen.

The Aberdeen Local Development Plan identifies the infrastructure required to deliver each of the major opportunity sites across the city. The current plan, ALDP 2017, is under review with the Main Issues Report consultation having just closed. A little over 600 responses were received and these are currently being reviewed. The next phase is the preparation of a Proposed Plan and this will go to committee in early 2020.

Policy Panel Response/Recommendation	Progress Update
<p>The commitment to develop a housing strategy and action plan should be actioned for 2019 annual reporting overseen by a strategic governance group.</p>	<p>A region wide Housing Needs and Demand Assessment was prepared in 2017 for the Strategic Development Plan.</p> <p>The Aberdeen City Local Housing Strategy was approved in August 2018. It sets the strategic direction for housing and housing related services across the city. Progress is monitored and evaluated on an annual basis through the Joint Delivery Action Plan which is submitted to Committee in June each year.</p>
<p>The Panel suggests that the delivery of Scottish Government Economic Action Plan proposals for piloting Productivity Clubs are implemented in the city region. Any further barriers to innovation in the regional economy should be identified and addressed for businesses across all sectors, considering such issues as availability of key skills and finance, the spread of knowledge and technology within the local economy, how businesses learn from global best practice in leading international businesses and maximising the opportunities for knowledge transfer.</p>	<p>There have been discussions between ONE and SCDI regarding setting up a productivity club and SCDI are keen to take these further.</p> <p>SCDI have support from Scottish Government to run two productivity pilot clubs and have now appointed a Programme Manager for this.</p>
<p>The skills challenges identified in this report around Brexit, future technology/automation, the ageing society, and diversification should be addressed as part of the local skills action plan, which should have clear SMART objectives. This should include actions to raise management and leadership skills within the regional economy.</p> <p>The focus on a strategic and coordinated Developing the Young Workforce with reference to future employment opportunities in the Skills Strategy is endorsed, which is particularly important given the potential implications of Brexit for access to key skills and resources in the region.</p> <p>Overall, if inclusive growth outcomes are to be achieved, interventions need to be future-proofed against the changing nature of the labour</p>	<p>The Regional Skills Strategy was published in July 2018. It is supported by a detailed action plan which covers a range of areas:</p> <ol style="list-style-type: none"> 1. Responding to the oil and gas downturn 2. Supporting the economic transition to support a range of sectors across the region. 3. Repositioning the skills system to ensure a strong fit with the needs of the broader sectoral focus across the region. 4. Enhancing school-to-work transitions to ensure young people have a clear understanding of the sectoral opportunities across the region and are in possession of career management skills to enable them to make the most of these opportunities.

Policy Panel Response/Recommendation

market, notwithstanding any Brexit effects, as set out in the Centre for Cities report on the employment implications of technological changes, globalisation and demographic change. This must include building on the need for life-long learning and ensuring that education provision can adapt to changing trends and that opportunities are provided at the right time for people to train or retrain in the skills of the future.

The Panel recommends that steps are taken to ensure that the combination of existing services from Scottish Enterprise, Business Gateway (Elevator) and ONE combine to support young businesses with high growth potential and facilitate productivity improvements across all business sectors.

Progress Update

The above actions have targets attached to them which have been agreed by stakeholders across the region. The Regional Learning and Skills Partnership (RL&SP) supports the implementation, progress and evaluation of these actions to ensure they remain on track and current to regional needs.

Specifically, the RL&SP is currently focussing on Digital Skills with the aim of identifying and addressing gaps in digital skills across the region.

Support of the Regional Developing Young Workforce (DYW) Group is included in the RSS Action Plan and the RL&SP are working in close partnership with DYWNE (who are part of the RL&SP) to support delivery of their KPIs. This work includes linkages around Career, Information, Advice and Guidance services, employer engagement, and enhancing sector attractiveness with reference to regional employment opportunities.

Of key importance, across the whole agenda above, is the aim to embed a mindset of lifelong learning in the citizens of the region, encouraging them to take ownership of their own career management. This is linked to an aim to offer a skills system which is fluid and versatile, allowing users to move in and out of training as their needs grow and adapt.

ONE is undertaking a number of business growth programmes in the region's key sectors.

Policy Panel Response/Recommendation

The city region should have a stronger export-oriented collaboration which capitalises on its existing advantages and the investment in new transport infrastructure. A bid for a formal export partnership should be considered.

This is an example of the type of coordination between national and local stakeholders that must be achieved to enhance the future growth potential of the region. This requires that the ambition and commitment shown at the regional level will be matched at the national level.

A programme of engagement by the city region leadership should be extended to the UK Government, in addition to any with the Scottish Government to ensure that the impact of Brexit on the flow of key skills to the North East is minimised.

Progress Update

Three half day workshops have been held this year between AGCC and SDI and there is some clarity about an outline plan and next steps.

Resource to focus on the project is currently a main issue with AGCC. It is also not clear whether there will be any central government funding available to allocate to this.

ITP2 may be a route to match contributions from regional public and private sector partners but this has now been defined as a fund for Scottish Chambers to manage inbound and outbound trade missions only.

Indirectly linked is the SE-funded consultancy project to examine ways in which the three big city Chambers in Scotland can become a delivery partner of Government in key areas of business support and economic development in the new SE Framework. One of the areas being examined is trade development.

There is a North East SDI/Local Authority/Chamber Trade & Investment meeting scheduled for 5th June.

There is also a two-day Energy Exports Conference organised by the Energy Industries Council at AECC in June. This is a major event aimed at supporting the UK supply chain to export its products, services and expertise into global markets.

The Council has undertaken a risk assessment and mitigation exercise considering the impact of Brexit across all of the Council's activities and its impact on the wider economy including key skills. The exercise is reviewed on a fortnightly basis.

Policy Panel Response/Recommendation**Progress Update**

Scotland's enterprise and skills agencies are working together to help businesses across Scotland overcome the challenges posed by Brexit. Scottish Enterprise has developed a Prepare for Brexit toolkit on its website:

<https://www.scottish-enterprise.com/prepare-for-brexit>

The self-assessment tool highlights some important questions which businesses must address. Coupled with important information on where companies can turn for support.

The toolkit identifies six actions businesses need to do immediately in the event of a no-deal Brexit, how to mitigate against supply chain impacts and funding available to help with the costs of Brexit including support grants, training grants and IT grants.

The Panel welcomes the Invest Aberdeen approach and recommends development of a monitoring framework against which to assess inward investment performance. There are existing measures including annual FDI statistics from Ernst & Young and Scottish Development International. However, local metrics, such as enquiry caseloads, conversion of enquiries at various stages, investments secured (£), value added, and jobs created, should be developed.

Officers have been developing a draft performance monitoring framework within North East Performs for inward investment performance.

Invest Aberdeen has been looking at ways of establishing a reliable Performance Measurement Framework (PMF) during its first year of operation. Invest Aberdeen records the enquiry case load received and how these enquiries progress and develop into inward investment projects, but recognise that projects can take time to develop. The value of these projects at early stages can be unclear and often remain commercially sensitive. In some cases an NDA is required to work with investors, so limited information can be shared in the public domain. To this end Invest Aberdeen is currently recording incoming

Policy Panel Response/Recommendation	Progress Update
	<p>enquiries and how these develop, FDI leads generated by the team and monitors press releases relating to local investment activity. This will provide a record of how the caseload grows, the type/sector and how they develop for the region.</p>
<p>It is the Panel's view that greater flexibility to allow local authorities and other stakeholders to adjust policy at the local level to meet different economic trends, priorities and challenges would be beneficial at the local and national level.</p> <p>The Panel recommends that Aberdeen City Council encourages the Scottish Government to take the lead in generating a national discussion as to how greater autonomy in economic policy could be created in a way that will improve economic outcomes at the local and national level. The significant economic challenges facing the regional and national economies in the years ahead, outlined in this report, emphasise the need for a more innovative, flexible and bottom-up approach to developing economic policy in Scotland.</p>	<p>Officers have been inputting into Scottish Parliament Committees on the devolution of powers around the levers for economic growth including the transient visitor levy and workplace parking levy and the devolved legislation needed.</p>