



## **REPORT TO INFRASTRUCTURE SERVICES COMMITTEE – 30 NOVEMBER 2017**

### **Regional Economic Partnerships - Update**

#### **1 Recommendations**

**The Committee is recommended to:**

- 1.1 Comment on and endorse the contents of this report; and**
- 1.2 Instruct the Head of Economic Development and Protective Services to submit a further update report to the Committee in six months.**

#### **2 Background / Discussion**

- 2.1 The purpose of this report is to provide an update on progress with regard to the Regional Economic Partnerships and to incorporate an update on the activities of Opportunity North East (ONE). The Regional Economic Strategy was endorsed by Aberdeenshire Council on 16 December 2015 (Item 3). ONE is a private sector led and funded economic development body established in late 2015 to catalyse action and investment to deliver a sustainable economic future for north-east Scotland through business growth and diversification. ONE works through its main Economic Leadership Board and Sector Boards for each of its priority industries. The composition of these Boards is primarily private sector but includes representatives from Aberdeenshire Council, Aberdeen City Council, the two Universities, NESCOL, and Scottish Enterprise. ONE has an initial £29 million five-year funding commitment from The Wood Foundation and favours a co-investment model to maximise investment in transformational projects and programmes in the region. In addition to its own workstreams, ONE is the private sector partner in the Aberdeen City Region Deal and is the lead partner for the three innovation projects within the Deal. The last update on ONE activities was reported to this Committee on 16 March 2017 (Item 20).
- 2.2 Scottish Government's Enterprise and Skills Review - In May 2016, the Scottish Government (SG) launched an end-to-end review of enterprise and skills support for Scotland's young people, universities, colleges, training providers, businesses and workers. The review encompassed the support provided by the national economic agencies of Scottish Enterprise, Highlands and Islands Enterprise, Skills Development Scotland and the Scottish Funding Council.
- 2.3 The Review's aims were to:
  - significantly enhance the system of support enterprise, skills, investment and innovation to help Scotland progress towards achieving our aim of ranking among the top quartile of OECD countries in terms of productivity, equality, wellbeing and sustainability

- be driven by evidence, to listen to the views of service users, and to put forward proposals that respond to their needs
  - ensure a simpler and more coherent enterprise and skills support system
- 2.4 A call for evidence culminated in the [Enterprise and Skills Review: report on Phase 1](#), published in October 2016. Aberdeenshire Council submitted a consultation response approved by this Committee on 18 August 2016 (Item 13). This report contained 10 recommendations focused on ensuring coherence and a simpler, more flexible and cost-effective system of national and local support.
- 2.5 Phase 2 commenced in November 2016 to take forward the Phase 1 recommendations. Further detail on this process is contained within [Enterprise and Skills Review: report on Phase 2](#). Key actions set out in the Phase 2 report include:
- Creating a new Strategic Board to support the co-ordination of agency activities around shared priorities, and to drive improved performance.
  - Creating a new enterprise agency for the South of Scotland, to meet the distinct economic needs of the region and its communities.
  - A regional focus with Regional Economic Partnerships focused on the needs of the economy of their area and with the private sector form an integral part.
  - Developing a more coherent, collaborative and streamlined system of business support, with a single digital access point.
  - A new Analytical Unit to co-ordinate analytical resources of each of the agencies and SG to inform decision-making and performance of the Strategic Board.
  - A skills focus on needs of the economy and opportunities including alignment of relevant functions of SDS and SFC.
  - Piloting a £500,000 College Innovation Fund to support colleges to work with businesses on innovation activity.
  - International in outlook by promoting a 'global mindset' raising international ambition.

Individual project workstreams have been established to take forward the high level actions above. Each of the workstreams is live, ongoing and progressing following the Review's completion.

- 2.6 The impact for Aberdeenshire is still being assessed as the recommendations are not yet fully implemented. Officers will continue to liaise with Scottish Enterprise and Skills Development Scotland on the changes and plans and how they will affect the region.
- 2.7 As highlighted above under the key actions, one of the recommendations of Phase 2 was to 'encourage the development of regional economic partnership arrangements which are self-assembled around the bespoke requirements of particular regions. These will build and expand on the experiences, structures and learning from City Deals and we envisage that these partnerships will evolve over time and will be underpinned by the participation of the region's key private, public and third sector interests including Community Planning Partnerships ( CPP), universities and colleges.'

- 2.8 Members may recall that up to 2015, Aberdeen City and Shire Economic Future (ACSEF) provided a forum for public/private partnership related to the Region's economy. With the establishment of Opportunity North East, ACSEF ceased. ONE, however, is not a direct replacement and the model we are now working on is focused on how we work together with both public and private partners, rather than formal structures. Appendix 1 provides a summary of this.
- 2.9 Following the outcomes and recommendations of the Scottish Government's Enterprise and Skills Review, Aberdeen City Council, Aberdeenshire Council and ONE are exploring how the proposed Regional Economic Partnership model might be further developed in North East Scotland to support the delivery of the regional economic priorities.
- 2.10 A National Economic Forum has been established and meets twice a year. Senior figures from across business, the third sector, trade unions, government and the wider public sector come together to discuss how to grow Scotland's economy. The Head of Economic Development and Protective Services will attend the next event to represent the wider Economic Partnership of the Region.
- 2.11 In the last six months Opportunity North East (ONE) [www.opportunitynortheast.com](http://www.opportunitynortheast.com) has been working on its initial sector priorities across Oil & Gas, Food, Drink & Agriculture, Life Sciences and Tourism (via its co-funding of VisitAberdeenshire). It has also added a fifth priority area in digital and entrepreneurship. ONE Digital & Entrepreneurship is the fifth sector board within ONE and will focus on building digital capability and capacity in the region, including supporting digital product company creation and growth and working across the region's key industries to enhance competitiveness through the identification and application of digital solutions. The Board will also focus on enhancing the entrepreneurial environment within the region.
- 2.12 Throughout 2017, in partnership with Aberdeenshire Council, ONE has been running a Business Growth Programme designed specifically for owners and managers of smaller food and drink businesses with high-growth potential and aspirational staff from larger companies. It is a modular programme, which allows delegates to continue to run their business while they participate. In addition to group workshops, business speakers, practical exercises and visits, each delegate has been supported by an experienced business mentor, to help build their growth plan and get the maximum benefit from their participation. The first cohort of 20 companies will complete the programme in November 2017 and ONE is currently exploring follow-on support for these and the evolution of the programme for subsequent cohorts. In addition ONE is continuing to develop with Aberdeenshire Council, the North East Scotland Food & Drink Network including running regular workshops and events for local companies on growth and innovation-related subjects and the annual North East Scotland Food & Drink Awards, which highlight innovation and success in the region's food and drink industry.
- 2.13 With The Oil & Gas Technology Centre (OGTC) fully established as a standalone entity, ONE's Oil & Gas Sector Board has been identifying further internationalisation and supply chain growth opportunities in the region.

Decommissioning, diversification and learning and training are three particular areas of focus, alongside potential internationalisation support for North East based supply chain companies. ONE is working closely with Scottish Enterprise and Scottish Development International on these..

- 2.14 The UK Government consulted on the development of a UK Industrial Strategy at the beginning of this year. They also established an Industrial Strategy Commission in March 2017 as an independent, authoritative inquiry into the development of an industrial strategy for the UK. They received evidence and submissions from a wide range of UK and international stakeholders including businesses and business organisations, industries, academics, thinktanks and members of the public. The [final report of the Commission](#) was published on 1 November 2017. The Commission outlines that the new strategy should be designed to meet six strategic goals.
- Ensuring adequate investment in infrastructure
  - Decarbonisation of the energy economy
  - Developing a sustainable health and social care system
  - Unlocking long-term investment
  - Supporting high-value industries and building export capacity
  - Enabling growth in all parts of the UK
- 2.15 Of significance for Aberdeenshire, the recommendation on Decarbonisation of the energy economy indicates that a key element of industrial strategy must involve supplying an effective energy infrastructure, for the generation of electricity, and the distribution of electricity and gas. The pressure of climate change means we must urgently decarbonise our energy supply. The energy transition we need to make to an affordable, low carbon future is enormously challenging, yet offers huge opportunities for UK industry to develop innovative new products and services. It further recommends that The UK's energy R&D capacity must be increased. This will require the government to take a much more active role in making sure this research takes place and that UK industry benefits from it. Particular attention should be given to building and strengthening R&D institutions that have a focus on scale-up and translational research.
- 2.16 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report and their comments are incorporated within the report and are satisfied that the report complies with the Scheme of Governance and relevant legislation.

### **3 Scheme of Governance**

- 3.1 The Committee is able to consider this item in terms of Section F.1.1 of the List of Committee Powers in Part 2A of the Scheme of Governance as it relates to policy and resource matters falling within the remit of Economic Development.

### **4 Implications and Risk**

- 4.1 An equality impact assessment is not required because recommendations do not have a differential impact on any of the protected characteristics.

- 4.2 There are staffing and financial implications by endorsing this report.
- 4.3 The following Risk have been identified as relevant to this matter on a Corporate Level: Working with other organisations. The following Risk have been identified as relevant to this matter on a Strategic Level: Economic Development.
- 4.4 A town centre assessment is not required as there is no impact on any of the identified town centres.

**Stephen Archer**  
**Director Infrastructure Services**

Report prepared Belinda Miller, Head of Economic Development and Protective Services, 3  
November 2017



## Appendix 1

### **Aberdeen City Region – Successful partnership working**

Effective partnership working between the private and public sectors is driving an ambitious development agenda for North East Scotland, which aims to deliver a long-term economic renaissance based upon a diversified and resilient industrial base that supports inclusive economic growth across the region. Central to this is a collaboration between Aberdeenshire Council, Aberdeen City Council, private sector led and funded economic development body Opportunity North East (ONE), and other private and public sector partners, including the national enterprise and skills agencies.

The Regional Economic Strategy sets the vision and context for this shared agenda and its delivery plan, which includes the £250million Aberdeen City Region Deal (CRD), worth an estimated total of £826million over the lifetime of its 10-year programme.

The key success factor for the Aberdeen CRD has been partnership working to define the regional ambition and to identify transformational opportunities for its key industries. Innovation is the key theme within the CRD, with projects to catalyse growth for the oil and gas, life sciences and food, drink and agriculture sectors accounting for £210million of the total funding.

### **Regional Economic Strategy and Economic Priorities**

The cross-sectoral regional partnership working between Aberdeenshire Council, Aberdeen City Council and the private sector represented by ONE is quite unique within the current Scottish context, with ONE bringing both industry leadership and private sector funding for economic development to support economic development activity. The model is industry led and focused on working in partnership with the public sector; it is about how we work together, rather than formal structures.

For example, our CRD was predicated on the regional need for infrastructure investment, but the more pressing driver of the oil price downturn and the resulting impact on the regional economy played a key role in the development of our priorities and associated Business Cases. Our first step, therefore, was to focus on the Regional Economic Strategy setting out our economic priorities and ambition. Following its approval in December 2015, development of the City Region Deal was aligned to the programme areas within the strategy, and, in particular, innovation and internationalisation. The ultimate outcome from the strategy and supporting investments such as the City Region Deal delivery is sector growth and the retention of people, jobs and skills in the North East to achieve a diversified and resilient economic base for the long term.

Aberdeenshire Council interacts regularly with partners at strategic and tactical levels and are engaged in a variety of project-specific activities.

ONE's main Economic Leadership Board comprises representatives from the private and public sector and fulfils the roles of the regional advisory board for Scottish Enterprise and the regional economic forum for Aberdeenshire Council and Aberdeen City Council.

The Regional Economic Strategy Group monitors delivery of the Strategy Action Plan. The partners include: Aberdeenshire Council, Aberdeen City Council, ONE, Aberdeen & Grampian Chamber of Commerce, Scottish Enterprise, VisitScotland, University of Aberdeen, Robert Gordon University, North East of Scotland College and Skills Development Scotland.

The governance mechanism for the City Region Deal is the Joint Committee, which was established under the Local Government (Scotland) Act 1973, to oversee the implementation and monitoring of the CRD. It is currently chaired by Aberdeenshire Council and comprises representatives from both local authorities and ONE, and works with both Governments to ensure efficient and effective delivery of the CRD.

Following the outcomes and recommendations of the Scottish Government's Enterprise and Skills Review, we are now exploring with our partners how the proposed Regional Economic Partnership model might be further developed in North East Scotland to support the delivery of the regional economic priorities.

### **Find out more**

To find out more about Aberdeen City Region's economic priorities, view our [Regional Economy Strategy](#), visit our dedicated City Region Deal website, [abzdeal.com](http://abzdeal.com), or learn more about private sector economic development body, [Opportunity North East](#).