

**REPORT TO INFRASTRUCTURE SERVICES COMMITTEE  
24 JANUARY 2019**

**REGIONAL ECONOMIC STRATEGY AND 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 update members on work associated with the Regional Economic Strategy and regional partnerships which have a bearing on the work and direction of the Economic Development Service.
- 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. The results of this Review were reported to Infrastructure Services Committee (ISC) on 30 November 2017 (Item 14).
- 2.3 Key actions emanating from the Review included:
  - 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 skills focus on needs of the economy and opportunities including alignment of relevant functions of Skills Development Scotland (SDS) and the Scottish Funding Council.
  - 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.
- 2.4 The effect of this Review has meant limited changes for Aberdeenshire Council but more marked changes for partners Scottish Enterprise and SDS. However, following the recommendations of the Review, Aberdeen City

Council, Aberdeenshire Council, Scottish Enterprise, SDS and Opportunity North East (ONE) are exploring how the proposed Regional Economic Partnership model might be further developed in North East Scotland. As part of this review which has also included a range of regional partners, it has been concluded that a regional economic partnership in Aberdeen and Aberdeenshire is not a stand alone body, rather it is a way of working together for the benefit of the whole economy. There are a series of existing boards and groups that bring together key regional partners, including the Board of ONE, the Learning and Skills Partnership and the City Region Deal Joint Committee. In addition, a Regional Economic Strategy Group has been meeting for a number of years, which brings together many of the partners who review progress on the strategy. The Strategy was updated recently with a new Executive Summary and Action Plan. This Committee approved the Council as Co-Signatory to the update at on 21 June 2018 (Item 16). With all this in mind, the Regional Economic Strategy Group is currently reviewing its role and its terms of reference.

- 2.5 At the national level an Enterprise and Skills Board was formed in November 2017 in response to the Enterprise and Skills Review and it meets every two months. The Strategic aims of the Board include better alignments between the agencies, holding agencies to account for performance and delivering wider collective leadership. Nora Senior, from Weber Shandwick, is the Strategic Board Chairperson.
- 2.6 In October 2018 this Board published a Strategic Plan outlining a series of actions for Scotland's enterprise and skills agencies and a blueprint to the government, aimed at driving productivity and inclusive growth by:
- Harnessing the full potential of progressive **business models, work place innovation and Fair Work** to enhance productivity, equality, wellbeing and sustainability. This will be achieved by promoting and supporting the development of highly capable businesses with long-term strategic orientations who utilise progressive workplace practices, technology, skilled resources and innovation to remain competitive.
  - Encouraging and enabling a shift to a more demand led skills system that better responds to the current and **future skills needs** of employers and individuals, including expanding work-based learning, and increasingly supports individuals to upskill and reskill. This requires building on our existing strength of a highly qualified workforce to address the under-utilisation of skills, graduate under-employment and growing and persistent skills shortages.
  - Promoting **business creation and growth** through helping to create a nation of dynamic and high achieving entrepreneurs, with a focus on inclusivity (women, rural, minority ethnic groups and others) and providing a new structure of support for business scale up, as well as targeting global market opportunities, capitalising on Scotland's unique assets, and using innovation as a key driver of productivity growth. Council officers have already been involved in discussions on how to deliver more services to assist Women in Business with Government funding. Officers are also looking at the best way to use new Government funds to help develop social enterprises.
  - Increasing **export growth** through both the number of exporting businesses and the value of exports - sustaining and growing the value of Scotland's trade with new and emerging markets by better understanding

product, services and in-country demand, and increase the number of exporters through broader and deeper reach at regional levels.

2.7 As part of a response to the business-led Enterprise and Skills Strategic Board, the Scottish Government launched the Economic Action Plan 2018-20 in October 2018 which sets out a wider set of actions including:

- Establishing a £18 million Advanced Manufacturing Challenge Fund to ensure all parts of Scotland benefit from developments in advanced manufacturing.
- Responding to the rapidly changing skills needs of business and employees by enhancing our support for reskilling and upskilling.
- Working with business to pilot two 'Productivity Clubs' to support businesses to help each other to improve managerial capability and diffusion of technology and innovation
- Expanding the role of the Can Do Business Innovation Forum to take action on the economic opportunities and challenges of new technologies.
- Launching a 'Come to Scotland campaign' to attract talent and investment and help mitigate the impact of Brexit.

This Action Plan is based on the vision set by the Scottish Government's Economic Strategy, launched in 2015, and guided by the New National Performance Framework which was launched in June 2018.

### **3 Opportunity North East**

3.1 Opportunity North East (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 sectors (Food, Drink & Agriculture; Life Sciences; Oil, Gas & Energy; Tourism; and Digital & Entrepreneurship. The composition of these Boards is primarily private sector and includes representatives from Aberdeenshire Council, Aberdeen City Council, the two Universities, NESCOL, and Scottish Enterprise. 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 to the Committee was on 21 June 2018 (Item 16). ONE recently celebrated its third year in operation and have produced an infographic on the key outcome from its work. This is at Appendix 1. To date, ONE's work has seen millions of pounds invested in business growth activity and transformational projects in the region. ONE has engaged with more than 500 companies, its approved project funding of £13.8m has secured match funding of £30.6m, It is leading on the development and delivery of the innovation hubs for life sciences and the food and drink sectors and is developing a tech hub for digital businesses, and has more than 15 active partnerships co-delivering economic development activity across Aberdeen and Aberdeenshire.

3.2 Aberdeenshire Council is a key partner in ONE's work to support the food, drink, agriculture and fishing industries, including via the North East Scotland Food & Drink Network, the North East Scotland Food & Drink Awards and by supporting Aberdeenshire based companies participate in the Food & Drink

Business Growth Programme. A report to this committee on 21 June 2018 (Item 15) approved a budget allocation for partnership working on food and drink activities with ONE.

- 3.3 The North East Scotland Food and Drink Network (formerly Grampian Food Forum) has been busy with a series of events including a Network Dining Event on developing food and drink tourism in the Buchan area held on 9 October. 35 people attended, 29 were food related businesses (producers, hoteliers and potential buyers). A Network Event on Technology to Revolutionise Productivity was held on 30 October and covered advanced manufacturing technology, digital transformation and the potential impact on business performance and productivity. 53 delegates attended. Aberdeenshire North, South and Cairngorms Local Action Groups have approved a LEADER funded Food and Drink Tourism Project Officer – to deliver a work plan developed between ONE and VisitAberdeenshire.
- 3.4 Going forward, plans are underway to deliver a third Food & Drink Business Growth Programme from January to June 2018. The North East Scotland Food & Drink Awards 2019 were launched on 29 October. A workshop to assist businesses make the most of entering will take place on 16 January and the closing date is Monday 28 January.
- 3.5 ONE is also working on a number of new renaissance projects in the region with industry and key partners, including Aberdeenshire Council, as a result of the extensive regional engagement undertaken in late 2017 and early 2018 to inform the refresh of the Regional Economic Strategy Action Plan. These new projects include maximising the economic impact of the fishing industry through investment in the productivity of the fish processing sector, the development of the region as an adventure tourism destination and the creation of a best in class hospitality school and associated gourmet food festival.
- 3.6 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report their comments are incorporated within the report and they are satisfied that the report complies with the Scheme of Governance and relevant legislation.

#### **4 Scheme of Governance**

- 4.1 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.

#### **5 Implications and Risk**

- 5.1 An equality impact assessment is not required because recommendations do not have a differential impact on any of the protected characteristics. A town centre assessment is not required as there are no new impacts on any of the identified town centres.

- 5.2 There are staffing and financial implications by endorsing this report which will be accommodate within existing resources.
- 5.3 The following Risks have been identified as relevant to this matter on a Corporate Level: Working with other organisations; and at a Strategic Level: Economic Development.

**Stephen Archer, Director of Infrastructure Services**

Report prepared by Belinda Miller, Head of Economic Development and Protective Services and Morna Harper, Service Manager – Economic Development, 7 December 2018



**Appendix 1  
Opportunity North East Infographic**



