

# Economy Committee

10am, Tuesday, 23 June 2015

## Scottish Cities Alliance – progress update

<b>Item number</b>	7.4
<b>Report number</b>	
<b>Executive/routine</b>	
<b>Wards</b>	All

### Executive summary

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The Scottish Cities Alliance (SCA) was established in December 2011, following publication by the Scottish Government of the Agenda for Cities. The Agenda aims to support growth and enhance the role played by the Scottish cities in driving the national economy and attracting inward investment.

Since then a great deal has been achieved, including publication of an ambitious set of City Investment Plans (CIPs) detailing £6bn worth of investment and an international launch of the Alliance Investment Prospectus.

Significant further collaborative investment opportunities have been identified in relation to infrastructure, low carbon and “smart city” activities, and this will be the focus of the SCA activity over coming months.

The work of the Alliance is underpinned by research and best practice. A review of the powers contained within the draft Scotland Bill and its implications for cities and their regions is underway.

### Links

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<b>Coalition pledges</b>	<a href="#">P17</a> , <a href="#">P28</a>
<b>Council outcomes</b>	<a href="#">C07-C09</a>
<b>Single Outcome Agreement</b>	<a href="#">S01</a>

## Scottish Cities Alliance – progress update

### Recommendations

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- 1.1 The Committee is asked to:
  - Note the work of the SCA and the considerable progress made over recent months

### Background

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- 2.1 In December 2011 the Scottish Government, in collaboration with Aberdeen, Dundee, Edinburgh, Glasgow, Inverness (Highland) and Stirling Councils, published an agenda for cities – [Scotland's Cities: Delivering for Scotland](#).
- 2.2 This agenda provided a welcome focus on the role of the Scottish cities and their regions in driving national economic growth. It outlined an approach for closer working between the cities, and with the Scottish Government, to raise their competitiveness, increase investment and support enhanced job creation and business growth.
- 2.3 To help facilitate this closer working, the SCA was formed and the Scottish Government established a £7m Cities Investment Fund (CIF); following the restoration of its city status in March 2012 Perth joined the Alliance and began to work alongside the other Scottish cities on this agenda. The City of Edinburgh Council was central to the development of this new organisation.
- 2.4 At its meeting on 6 March 2014 the Economy Committee received a report which outlined the work being taking forward by the SCA to map and refresh infrastructure priorities across the cities and to pull together City Investment Plans (CIPs). The purpose of this report is to update committee on the work of the Alliance since that time and to present the SCA Annual Report 2014-2015.

### Main report

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- 3.1 The work of the Alliance has been guided by an Operational Plan which has been refined to focus on three main areas of activity, namely: Promoting Investment; Delivering collaborative programmes; and undertaking knowledge exchange and research.

- 3.2 The City of Edinburgh Council led on the Investment work stream, both by working with the cities to identify a range of investment opportunities and in promoting these opportunities to a national and international audience.
- 3.3 The Investment programme has successfully delivered against all of its original objectives and as a result of this work, in 2014, the Alliance agreed an ambitious set of CIPs detailing £6bn worth of investment across the [Aberdeen](#) , [Dundee](#) , [Edinburgh](#) , [Glasgow](#) , [Inverness](#) , [Perth](#) & [Stirling](#) city regions. The subsequent approval of Glasgow's City Deal brings the total value of investment opportunity across the cities to £10bn.
- 3.4 The SCA has also been working to consider how best to realise longer term infrastructure investment ambitions at a city region scale, and the funding models which might be developed to enable this. A recognition that the Infrastructure Fund / City Deal model may have applicability in a wider Scottish cities context led to the commissioning of a piece of work to test this in Spring 2014.
- 3.5 The conclusion of that work was that there is scope to apply the Infrastructure/Fund City Deal concept to a number of City Regions in Scotland to deliver a real step change in economic performance, both in those Regions and at the Scottish economy level. A target of increasing GVA by 2% - 5% over and above what would have been achieved is stretching, but could unlock a **£25bn** sustained increase to the Scottish economy over a 30 year period – for a public sector investment in the Funds of **£1.7bn**.
- 3.6 In a significant move the City Leaders agreed in April 2014 a set of principles for taking forward this investment activity. These are:
- A recognition of the crucial role of each city in stimulating national investment and economic development, and a shared understanding that delivering these investment propositions could lead to a quantum leap in Scotland's medium term growth prospects;
  - A recognition that the CIPs represent a clear set of investment priorities, which will be added to over time so as to continue to develop an investment pipeline for the cities, both individually and as part of a shared prospectus;
  - An understanding that projects within the pipeline will be prioritised, and opportunities for a collaborative approach to their delivery be fully explored; and
  - Agreement that delivery of these plans requires joint risk-taking across central government and the cities.
- 3.7 Furthermore, and of equal significance, the Leaders agreed that they would work over time to commit a percentage of overall city spend to economic infrastructure investment, to enable the servicing of debt repayments of which investment funding models rely.

- 3.8 The cities are continuing to develop proposals to deliver the content of their CIPs, and are working, where appropriate, with the SCA to identify opportunities for joint approaches to project assembly and finance. Collaborative opportunities have been identified in relation to residential, commercial, city centre regeneration, transport and digital activity.
- 3.9 In terms of Investment Promotion activity, the Alliance launched its £10 bn Investment Prospectus at MIPIM UK and had its subsequent international launch at MIPIM 2015. The SCA also continues to engage with investors through an ongoing programme of events across the Scottish cities and the rest of the UK.
- 3.10 Furthermore, a redeveloped SCA website (<http://www.scottishcities.org/>) is being used to develop additional promotional activity, as part of wider communications and refreshed investor promotion strategies.
- 3.11 The Alliance has also been considering the opportunities presented by action on climate change. The City of Edinburgh Council commissioned on behalf of the SCA a “Low Carbon Resilient Cities Report which outlined investment opportunities worth collectively in the region of £340 million over a five to ten year programme (the report is available at [www.scottishcities.org/low-carbon](http://www.scottishcities.org/low-carbon)). The direct potential benefits from this investment have been estimated as follows:
- Economic output worth £682 million;
  - Gross Value Added worth £251 million; and
  - 4,885 full time equivalent jobs
- 3.12 A more detailed report on this work is being submitted to the Economy Committee on 23 June 2015.
- 3.13 In taking forward its ambition to adopt smart technology and develop an open data approach, the Alliance has formed part of the Scottish ERDF Strategic Intervention Application: “**Scotland’s 8th City – the Smart City**”, as reported as part of the Open Data Update, [item 7.3](#), to the Corporate Policy and Strategy Committee on 24 March 2015, paragraph 3.11.
- 3.14 The Strategic Intervention application was submitted in March 2015 by Glasgow City Council on behalf of, and with active support from, all seven Scottish cities, SCA, and Scottish Government (Cities Team).
- 3.15 Approximately £10.5m (15m Euros) is available to the Scottish cities - with £1.8m ring-fenced for Inverness. The funding will be unlocked by provision of cross-city match funding of £14.1m, making the total value of the programme across Scottish cities £24.1m.
- 3.16 The ERDF 2014-2020 Programme has a focus on five key areas and the Strategic Intervention was submitted under the theme of ‘**Research, technological development and innovation**’. The SCA submission has been

reviewed and, subject to some minor clarifications, has been accepted. The next step is to begin to confirm the operations (projects) that the cities will propose to take forward under this funding.

- 3.17 The Alliance is also working with Scotland Europa and Scottish Enterprise to ensure alignment between their work and the EU's Horizon 2020 research and innovation programme.
- 3.18 As previously reported to Committee the work of the SCA is supported by research and best practice, provided in part by the Scottish Cities Knowledge Centre (SCKC). The SCKC has delivered a programme of knowledge sharing seminars related to the work of the Alliance and is currently undertaking research to review the powers contained in the draft Scotland Bill published in January 2015, with a particular focus on its implications for cities and their regions. The findings of this will be reported to the SCA Leadership Group in June 2015.

### **Focus for 2015 – 16**

- 3.19 The Alliance has made considerable progress over the past year and has enhanced its core team to ensure that its ambitious programme of activity can be delivered successfully. In addition the Chief Executives from across the cities are considering identifying areas of responsibility to lead on, which will complement the core programme.
- 3.20 Another priority will be to produce a refreshed Investment Promotion strategy for the Alliance (being led by Stirling Council), to develop its international profile and to take forward collaborative investment propositions across a range of areas including housing, commercial premises, low carbon and “smart” cities projects.
- 3.21 To enhance private sector engagement with the Alliance the Leadership Group has agreed to the establishment of an Industry Engagement Forum. It is anticipated that this will be established before the autumn.

### **Measures of success**

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- 4.1 The work of the SCA is directed at increasing levels of investment across, business growth and job creation across the cities.

### **Financial impact**

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- 5.1 The SCA has two funding sources; the £7 million Cities Investment Fund (CIF) provided by the Scottish Government and an operational fund to cover Scottish Council for Development & Industry's (SCDI) costs for staff and for running a

programme of events and engagement - SCDI provide a strategic facilitation function for the SCA.

- 5.2 The purpose of the CIF is to leverage private finance or European funding, support large-scale collaborative projects and develop programmes which allow for wider city region investment. At the time of writing approximately £4m of the Fund had been committed.

### **Risk, policy, compliance and governance impact**

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- 6.1 The work of the SCA is directed by a Leadership Group consisting of the Council Leaders and Chief Executives from each of the city Local Authorities (including Highland Council), and the Scottish Government Cabinet Secretary for Infrastructure, Investment and Cities.
- 6.2 A Delivery Group oversees the work of the core team. A set of mutually agreed operational protocols guides the collaborative activity.

### **Equalities impact**

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- 7.1 Over half of Scotland's population live within our city regions. By working together to develop their assets at a scale to attract increased investment the cities will raise their competitiveness and create job opportunities for their populations and those in the surrounding city regions.

### **Sustainability impact**

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- 8.1 The SCA focus on developing sustainable cities provides an enhanced opportunity for the cities to tap into investment to drive forward the transition to a low carbon economy. A collaborative programme of potential low carbon investments has been identified and is being taken forward by the SCA as a priority area of activity. Furthermore, the cities are in the process of agreeing a set of Low Carbon standards to be adopted by the SCA partners to support the development of projects across its various programmes of work.

### **Consultation and engagement**

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- 9.1 The SCA consults with potential partners on an ongoing basis and presents on its work to a wide range of local, national and international audiences. An Industry Engagement Forum is currently being established to enhance its engagement with the private sector.

## Background reading/external references

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- 1 “Scotland’s Cities: Delivering for Scotland” (2011)  
<http://www.gov.scot/Publications/2011/12/15154546/0>
- 2 “Scottish Cities Alliance: City Investment Plans” – report to the Economy Committee on 6 March 2014
- 3 Item 7.3 “Open Data Strategy” – report to Corporate Policy and Strategy Committee on 24 March 2015
- 4 [Scottish Cities Alliance Annual Report 2014-2015](#)

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### Links

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<b>Coalition pledges</b>	P17 - Continue efforts to develop the city's gap sites and encourage regeneration P28 - Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic well being of the City
<b>Council outcomes</b>	CO7 - Edinburgh draws new investment in development and regeneration CO8 - Edinburgh's economy creates and sustains job opportunities CO9 - Edinburgh residents are able to access job opportunities
<b>Single Outcome Agreement</b>	SO1 - Edinburgh's economy delivers increased investment, jobs and opportunities for all
<b>Appendices</b>	None