



ANNUAL REPORT

2016-2017

CONTENTS

1. Foreword
2. Operational Plan & Achievements
3. Budget
4. Looking Forward
5. Closing Statement

CONTACT DETAILS

E: info@scottishcities.org.uk

W: www.scottishcities.org

Twitter: @scottishcities

LinkedIn: www.linkedin.com/in/scottishcities

1. FOREWORD



As I end my time as Chair of the Scottish Cities Alliance, I look back over the past two years in this role with a sense of pride at the partnership's significant achievements through its collective endeavours to ensure the continued economic success of Scotland's seven cities.

By combining the strengths of Scotland's seven cities and the Scottish Government we have been able to demonstrate a strong commitment to delivering sustainable economic growth and successfully promote the country's great economic potential at home and abroad to attract external investment, stimulate economic activity and create new jobs and business opportunities.

By speaking powerfully with a single voice, the Alliance has increased Scotland's seven cities' international profile and ambition and given impetus to great innovation and fresh thinking.

Last year the Scottish Government, in partnership with the cities, refreshed [Scotland's Agenda for Cities](#). The strategy recognised the valuable work of the city regions and Government to promote investment, innovation and inclusive growth in Scotland and over the last year the Alliance has supported and driven solid progress across many of the commitments in the strategy. In 2016, through the power of this collaboration, we have:

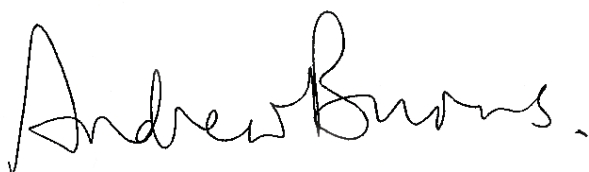
- Supported Perth, Dundee and Inverness to secure £125 million of investment in Perth, Dundee and Inverness.
- Secured front page coverage for the First Minister in the Wall Street Journal to promote the work of the Alliance, as part of a Team Scotland approach.
- Re-developed the Alliance's website to give it a stronger investor focus, including an online Pitch Book.

- Enhanced the profile of the Alliance, both nationally and internationally, promoting the message that Scotland is an attractive, modern, stable country in which to do business, in publications such as City AM in London.
- Supported implementation of the projects that are to be taken forward as part of our flagship Smart Cities Scotland ERDF project “Scotland’s 8th City – The Smart City” which, once match funded, will create a £24 million programme to take forward co-designed technology and data opportunities.
- Building on studies and analysis funded by the Alliance, Inverness secured £1.2 million from the Scottish Government’s Regeneration Capital Grant Fund towards a £5 million project to renovate a Category B listed building into 39 studios and 50 workspaces for creative businesses alongside 53 retirement homes. Perth has also used this research to progress the regeneration of a former primary school into a “Creative Exchange” where artists, creative industries and supporting organisations meet, collaborate and create.
- Submitted an Urban Innovative Action application involving Stirling Council, Highland Council, Highlands and Islands Enterprise, SCDI and the James Hutton Institute to test new technologies aimed at extracting value products from food and commercial waste. If successful the application will secure circa. €2.5 million between both cities.
- Secured a place on CoSLA’s Scotland’s Energy Efficiency Programme (SEEP) reference group in recognition of the opportunity for the cities to capitalise on SEEP’s £500 million of funding as well as their projected future budget of £10 billion over 20 years.
- Produced strategic outline cases for the cities to enable them to access the Scottish Government’s Non-Domestic Energy Efficiency Framework to progress work on retrofitting a range of non-domestic buildings across their estates. This has the potential to create job opportunities and realise around £2.5 million of savings annually.
- Worked with key partners in both the public and private sector to identify cross-city investment propositions to take to market in Private Rented Sector/Build to Rent housing.
- Assisted cities to progress opportunities for potential new hotel developments in Inverness, Stirling and Perth, which are now being presented to investors.
- Submitted a bid worth £285,000 from Scotland’s Energy Efficiency Programme to support five cities to develop the methodology to produce Local Heat and Energy Efficiency Strategies.
- Secured €2 million from the Fuel Cell and Hydrogen Joint Undertaking to deploy a further 10 fuel cell buses in Aberdeen in 2018 to expand their existing fleet.
- Supported Dundee and a private sector partner ITM to submit a bid to Innovate UK for circa £100,000 to progress its aspirations to create a first of its kind in Scotland integrated energy hub in the heart of the city.

- Worked with the Department for International Trade (DIT) to access the opportunity for the cities to feature in new Smart Cities Investment Profiles which will be launched in 2017.
- Collectively informed a number of government consultations including the Business Rates Review, the Enterprise and Skills Review, the Energy Strategy and ongoing work on the refresh of the National Transport Strategy.
- Worked closely with the University of Glasgow to lead on €25,000 worth of research funded by the European Commission to look at innovative solutions to unlocking the supply of more affordable housing across cities.
- Secured a fully funded opportunity for the Alliance to participate in the EU World Cities Programme 2017-2018 establishing working relations for the Scottish cities with 4 South Korean cities as well as Eindhoven, Tampere and Barcelona.

The Alliance's investment promotion efforts to successfully raise the cities' international profile with key investor markets are taking effect, as the latest EY Attractiveness Survey revealed Scotland as the most attractive place in the UK to invest outside of London for the fifth year in a row. Indeed, this report reveals that 2016 is a record-breaking year for Scotland with 122 FDI projects secured.

As I prepare to watch the efforts of the Alliance bear fruit from afar, I am delighted to see that the collaborative progress that we have made in the past two years has brought such compelling outcomes, not only in investment but also in technological advances for the cities via our Smart Cities programme. It shows that the endeavours of Scotland's cities and the Scottish Government working together under the auspices of the Alliance bring increasing economic benefits to Scotland through our unique partnership. By working together and demonstrating a willingness to co-operate and learn from each other for the greater good, Scotland's cities and their partners are reaping the rewards of a joined-up working approach. I look forward to watching the next exciting chapter unfold.

A handwritten signature in black ink that reads "Andrew Burns". The signature is written in a cursive, flowing style.

Chair, Scottish Cities Alliance

2. OPERATIONAL PLAN & ACHIEVEMENTS

Promoting Investment

The Alliance is building its reputation with investors around the globe, in part through its growing presence at MIPIM, one of the world's biggest and most influential property conferences. In doing so, Scottish cities' profiles are raised, along with the breadth of quality investment potential across the seven cities contained in the Pitch Book. Working with key stakeholders such as Scottish Development International and the Department for International Trade, the Alliance is increasing the channels to promote the quality investment opportunities in the Pitch Book around the globe. Work is underway to incorporate Smart Cities and Low Carbon opportunities into the Alliance's investment offering, which will help attract and secure the high value international investment sought.

Key Achievements

- Continue to successfully raise the Alliance's international profile with key investor markets. In 2016-2017 we have -
 - Secured front page coverage for the First Minister in the Wall Street Journal to promote the work of the Alliance; and
 - Launched a successful campaign in the British Airways inflight business magazine to target high level decision makers.
- The Alliance has made significant progress in taking forward key actions identified in the Investment Promotion Strategy including -
 - The re-development of the Alliance's website to give it a stronger investor focus including an online Pitch Book which is electronically searchable and can be updated on a regular basis, bringing together investor, developer and occupier opportunities in a coherent way.
 - The new online Pitch Book helped secure almost £95 million in investments including £65 million in Dundee and £29.4 million in Inverness.
 - The development of an Investment Promotion Protocol between the partners enabling the Alliance to manage investment enquiries in a more systematic way, improve our collective understanding of investors' priorities and needs and match the right projects with the right investors.
 - Established a growing data base of more than 250 investor connects with whom the Alliance is promoting its investment offering to on a regular basis through events and social media.

- A measurement and evaluation framework for the Alliance's Investment Promotion Strategy has been developed and, going forward, will be used to measure the success of targeted events and marketing activity in terms of attracting new investment to the cities, creating new jobs and achieving an uplift in GVA.
- The Alliance worked in collaboration with Scottish Enterprise and Scottish Futures Trust to agree a One Scotland Approach to supporting the development of detailed appraisals of the cities' key sites and propositions and is working closely with both Scottish Development International and the Department for International Trade on this work going forward.
- Increased the Alliance's social media presence through the use of LinkedIn, Twitter and a series of weekly blogs.
- The Alliance attended MIPIM UK 2016, securing two prestigious panel discussions attended by 300 delegates, securing media coverage to a value of £62,000 and 25,000 impressions from our social media campaigns.
- The Alliance attended MIPIM 2017 where we participated for the first time in an investment briefing with five expert panel speakers and a world-leading economist. We also hosted a breakfast event which focused on our Smart Cities activity to open discussion with investors on investment opportunities in the Pitch Book. The Alliance achieved its most successful year to date in terms of media coverage from the event with a presence in Property EU, CoStar, Estates Gazette and a headline piece in MIPIM News fronted by the First Minister, all of which contributed to us recording a social media response of nearly 30,000 impressions across the four day event.
- The Alliance has begun work to assess the potential for Scotland's cities' existing twinning arrangements to secure business and investment opportunities. This work will also explore the opportunity to develop and establish new twinning opportunities for the cities which could enable the cities collectively to attract additional business and investment.

Walter Boettcher, Director of Research and Forecasting, Colliers International :

"In the current political and economic environment, it is increasingly important for Cities and Regions to effectively demonstrate their development and investment potential on as wide an international stage as possible. Working with individual city administrations, the Scottish Cities Alliance is well placed to deliver a strong message for all of Scotland and has a demonstrated ability to act as an effective promoter for Scotland. International events such as MIPIM are essential property market forums attracting a high concentration of investor, developer, regeneration and infrastructure attendees, where Scotland's voice needs to be heard."

Amanda Clack, Partner EY, Head of Infrastructure (Advisory) and RICS President :

“Collaboration across cities in the UK is paramount in order for them to compete on the global stage. The Scottish Cities Alliance is a unique blend of Scotland’s seven key cities effectively collaborating and working together in a ground breaking and unique way to come together as Scotland’s eighth city. For this collaboration to be seen front and centre at an event like MIPIM unquestionably helps to both promote the great work the Alliance is providing, but also in attracting investors and wider city collaborators into Scotland.”

Alex Gibson, Chief Executive, William Saunders :

“Maintaining and developing business within an international context has rarely been more important particularly within the current UK political environment. Visiting the Scottish Cities Alliance stand and participating in their events at MIPIM has become an important part of our annual diary and we regard this as an invaluable opportunity to develop relationships and establish potential projects and upcoming propositions across Scotland's 7 cities and their regions.”

Alan Dickson, Director, Gleeds UK :

“It is essential that the Alliance attends MIPIM to put Scotland as a country to invest in at the front of Global investors’ minds. Other European Cities clearly prioritise MIPIM as their annual showcase and the way the Scottish Cities worked together to harness the benefits the country has to offer is fantastic.”

Infrastructure

Scottish cities have world-class offerings due to their diversity, business friendly approach and growing sectors. The Alliance continues to work closely with partners in both the public and private sector to develop new investment opportunities in physical infrastructure including residential property and hotel and commercial propositions.

Our collaborative approach to developing investable infrastructure propositions of scale builds upon, and is complemented by, the collaborative approach we are taking to providing robust low carbon and smart infrastructure for future investment.

Key Achievements

- The Alliance has progressed a number of new collaborative investment opportunities including :

- Working with partners to kick start the Private Rented Sector/Build to Rent housing market in smaller cities like Perth and Stirling, which could attract investment with assistance from the Scottish Government's Rental Income Guarantee Scheme.
 - Assisted cities to progress opportunities for potential new hotel developments in Inverness, Stirling and Perth which are now being presented to investors.
 - Provision of sustainable industrial/commercial business space to support future manufacturing in Scotland's city regions. This is being progressed in partnership with Scottish Enterprise and other key partners under the Scottish Manufacturing Action Plan seeking to ensure Scotland's industrial property pipeline is fit for purpose to support sustainable business and economic growth in key sectors.
 - Engaging with key stakeholders and housing and health partners to explore the potential to develop a business case model for the future provision of assisted living accommodation across the cities.
- The Alliance is exploring the potential to create a Scottish Cities Investment Fund to support and enhance the delivery of large scale infrastructure projects. This will seek to utilise existing and anticipated capital funds across the cities to secure access to additional funds for infrastructure projects including those in the city region deals. It will also seek to maximise opportunities to secure additional funding as part of the mid-term review of European Structural Funds.
 - The Alliance's early support of work led by Dundee accelerated the launch of the National Entitlement card as a smart travel ticket in August 2016. The work was profiled at the Intelligent Transport Systems and Services European Congress in Glasgow in June 2016 to help stimulate private sector interest and create commercial supply chain opportunities.
 - Work to develop a network of creative hubs in Stirling, Inverness and Perth has made significant progress. Building on studies and analysis funded by the Alliance, Inverness has secured £1.2m from the Scottish Government's Regeneration Capital Grant Fund towards a £5m project to renovate a Category B listed building into 39 studios and 50 workspaces for creative businesses alongside 53 retirement homes. Perth has also used this research to progress the regeneration of a former primary school into a centre comprising 13 artists' studios, 12 work spaces for creative industries, co-working space, workshop studios, café and a project gallery creating a place for "Creative Exchange" where artists, creative industries and supporting organisations meet, collaborate and create. Supported by funding from the Alliance's 8th City ERDF Programme, the centre will also be home to an innovation lab which aims to nurture an innovation ecosystem and foster creative thinking for civic, commercial and societal challenges.

Nicola Barclay - Chief Executive, Homes for Scotland :

"Build to Rent (BTR) is increasingly recognised as an exciting opportunity for investors and local authorities to help transform the private rented sector, improving customer experience and choice as well as helping to address the multiple challenges arising from growing and diverse housing need and demand. Homes for Scotland has been working collaboratively with the Alliance to help highlight the Build to Rent opportunity across Scotland's cities to investors and local authorities, promoting the significant place-making and economic benefits this new feature of the UK housing market can have in Scotland."

Low Carbon

The Alliance aims to drive forward the agenda for a low carbon future to improve services, help lessen the impact of climate change and ensure the future economic prosperity of Scotland while making the cities more attractive to potential investors. The Alliance aims to support Scotland's transition to a low carbon economy by working with all seven cities to determine the priority areas for low carbon action.

The Alliance has now developed a portfolio of low carbon projects that will allow the cities to work collaboratively to maximise opportunities to reduce and manage energy demand and stimulate innovative approaches to enable the cities to contribute to achieving Scotland's challenging climate change targets. The Alliance has also developed the Circular Economy theme within the Low Carbon Work Programme.

These projects will support the transformation of the cities into world leading destinations for investment and sustainable economic growth.

Key Achievements

- Strategic outline cases have been produced for the cities to enable them to access the Scottish Government's Non-Domestic Energy Efficiency Framework to progress work on retrofitting a range of non-domestic buildings across their estates. This has the potential to create a pipeline of job opportunities across the cities and realise approximately £2.5 million of savings annually across 111 buildings. The Scottish Government has confirmed that it will provide £50,000 of support per project submitted to the framework.
- Undertaken work to assess the suitability of small-scale wind turbine technologies to generate and store energy in an urban environment and potentially provide cities with an additional income stream.

- Inverness, Stirling and Perth signed up to the SINFONIA/EI-GUGLE Smart Cities Replication Cluster which will help them progress their thinking on district energy solutions. All 7 cities are now part of the Celsius project led by Greater London Authority to share experience on District Energy which will help the cities address their district energy challenges. Links have also been established with the Energy Systems Catapult and C40 Cities Programme.
- Led by Aberdeen and Stirling, the Alliance has developed a standardised approach to low carbon heat planning policy across the seven cities including the development of tools and guidance. This will help the development of district heating across Scotland and feed into the Scottish Government's consultations around low carbon heat.
- The Alliance has assisted the cities to develop a circular economy workstream and has :
 - Worked with the Chambers of Commerce and cities to access a potential £520,000 of funding from Zero Waste Scotland's Circular Economy Investment Fund to identify opportunities across the SMEs based in five of the Scottish cities. Work undertaken over the course of 2017 will help identify future collaborative opportunities for the partners involved.
- Submitted an Urban Innovative Action application involving Stirling Council, Highland Council, Highlands and Islands Enterprise, SCDI and the James Hutton Institute to test new technologies aimed at extracting value products from food and commercial waste. If successful the application will secure circa. €2.5 million euros between both cities.
 - Secured membership, via the Scottish Government, to the Ellen MacArthur Foundation, world leading experts on the circular economy.
- To capitalise on the development of Scotland's Energy Efficiency Programme (SEEP) the Alliance has secured a place on CoSLA's SEEP reference group, the main bilateral mechanism the Scottish Government will use to support the development of the programme. There is a significant opportunity for the cities to capitalise on SEEP's £500 million of funding for development up to 2022 as well as their projected future budget of £10 billion over 20 years.
- Submitted a bid worth £285,000 from the SEEP pathfinder fund to support 5 cities to develop the methodology to produce Local Heat and Energy Efficiency Strategies.
- Assisted the cities to respond collaboratively to the Scottish Government consultations on Scotland's Energy Strategy, Scotland's Energy Efficiency Programme and District Heating Regulations.

Liz McAreavey, CEO, Edinburgh Chamber of Commerce :

“The SCA supported the development of this project, initiating conversations between the relevant parties subsequently involved in the consortia, engaging with the funder Zero Waste Scotland and supported the procurement and appointment of the Circular Economy Consultants. The co-ordinated approach means that the consortia can gain a better understanding of the circular economy opportunities available for the SMEs in each city region and provides an opportunity to work at scale to deliver the biggest benefit.”

Hydrogen

To drive forward the agenda for a low carbon future and help lessen the impact of climate change and ensure the future economic prosperity of Scotland, the Alliance has developed a strategic approach to allow Scotland to position itself as one of Europe’s leading early adopters of hydrogen technology and attract investment into sectors such as manufacturing, engineering, energy and commercialisation of the technology over the next few years.

The Alliance has made significant progress with the Fuel Cells and Hydrogen Joint Undertaking (FCH-JU) for the commercialisation of hydrogen refuelling infrastructure and fuel cell buses across Europe.

Key achievements

- The Alliance secured €2 million from the FCHJU to deploy a further 10 fuel cell buses in Aberdeen in 2018 to expand their existing fleet.
- Supported Dundee to participate in the second phase of FCHJU funding in 2017-2018.
- Supported Dundee and a private sector partner ITM to submit a bid to Innovate UK for circa £100,000 to progress its aspirations to create a first of its kind in Scotland integrated energy hub in the heart of the city combining heat, power and transport. The project is being considered as part of the Tay City Region Deal and has a potential value of £50 million to the economy.
- The Alliance is working in partnership with Scottish Enterprise and St Andrews University on supply chain development opportunities across Scotland for hydrogen and a report detailing recommendations is due for publication in summer 2017 which will inform future work.

Bart Biebuyck, FCH JU Executive Director :

“Project JIVE is now the fifth project related to deployment of fuel cells buses supported by the FCH JU and its launch marks a significant turning point in the decarbonisation of public transport. The FCH JU is proud of such a far-reaching project seeing the daylight, which aims at unlocking the economies of scale required for commercialisation. Fuel cell buses offer great advantages as they can cut emissions and noise pollution, while providing good quality public transport. Bringing these benefits directly to citizens’ day-to-day lives is one of the priorities of the FCH JU and project JIVE clearly is a stepping stone in this process.”

Smart Cities

Scotland's seven cities have, and are continuing to make, considerable progress in adopting smart technologies, making our services more efficient and in turn, our cities more attractive to visitors. Building on this ground-breaking work, we are developing a more strategic focus by implementing the priorities set out in the Smart Cities Scotland Blueprint.

It has been shown that cities that adopt a smart city approach make services more appealing to investors. By working together, Scotland's cities are utilising economies of scale to learn individually and share that knowledge collectively, to be at the cutting edge of smart city technology and the benefits that brings.

The collaborative benefits of working together as part of the Alliance are revealing Scotland's cities to be innovators in this new area of technology. By working together, we are not only making our cities stronger, but we are becoming more globally attractive to investors who have been impressed by our collaborative approach. We incorporate this ethos of collaboration into our Smart Cities Scotland programme and use that to our advantage, both within our Smart Cities work and promoting our investment opportunities around the world. Our clear message is that Scotland is a place that welcomes innovation and innovative business.

The Alliance’s 8th City programme’s multi-city approach is fundamental to the development of a smart cities marketplace in Scotland. This has raised the profile of Scotland’s collaborative smart cities ambitions to attract investment both nationally and internationally.

Key Achievements

“Scotland’s 8th City – the Smart City” ERDF Programme

- Following on from a successful application in 2015/16 to secure £10 million via the European Regional Development Fund (ERDF) 2014-20 programme, the ‘Scotland’s 8th City – the Smart City’ Strategic Intervention moved into the project planning and design phase during 2016/17. With potential cross-city match funding of £14.1 million, the total value of the programme is estimated at £24.1 million and, in submitting project proposals for funding, Scottish cities have collaboratively created an ambitious programme of projects arranged across the following nine thematic operations :

- Data - Aberdeen, Dundee, Glasgow, Inverness, Perth, Stirling with Edinburgh as an observer
- Smart Infrastructure (Intelligent Street Lighting) – Aberdeen, Glasgow, Perth, Stirling
- Smart Infrastructure (Innovation Labs) - Perth
- Smart Infrastructure (Water Management) - Glasgow
- Smart Services (Energy) – Aberdeen and Stirling
- Smart Services (Mobility) – Aberdeen, Dundee, Inverness and Stirling
- Smart Services (Public Safety) – Dundee and Perth
- Smart Services (Waste) – Dundee, Edinburgh, Glasgow, Perth and Stirling
- Smart Communities – Glasgow

It is projected that the programme as a whole will result in over 150 data sets opened for innovation and result in the development of over 20 smart services creating strong foundations for further innovation and create new jobs and economic growth for Scotland.

- The Data Cluster involving all 7 cities (including Edinburgh as an observer) sits at the heart of the 8th City Programme and is central to the delivery of both the Programme itself as well as future collaborative activity in the Smart Cities Scotland Blueprint. The Data Cluster will create data publication platforms and enable the use of data analytics to allow the cities to make evidence based decisions to improve the delivery of city services and make efficiency savings.

The Alliance has :

- Initiated the development of adoptable and achievable standards that will make the re-use of data easier across the 7 Scottish Cities and within, for example, by having a standardised approach to the publication of event data.
- Facilitated the development of a joint procurement for a data platform which in time will ensure all seven cities have access to similar data publication technologies to deliver open data and promote inter-operability.

- Identified common city challenges to allow shared working on data analytics and data science solutions. This will improve each city's understanding of shared problems as well as the required service redesign solution to improve outcomes for citizens.
- Agreed a programme of work to map data related skills and stakeholders within the city organisations and outside. With this knowledge we will seek to improve skills and grow the community in Scotland and link with the Code for Scotland Pathfinder.

Smart Cities Scotland Blueprint

- To give a longer term strategic focus to the Alliance's Smart Cities Scotland activity, the Alliance developed and launched the Smart Cities Scotland Blueprint in September 2016 at SCDI's "Productive Places: Embracing the Emerging Economy" event alongside speakers from Urban Foresight, Nesta, Codebase and the Data Lab. The Blueprint details 5 Pathfinder Programmes where there are significant economic opportunities for the Alliance partners to work in collaboration.
- The Alliance has begun work to progress the pathfinder programmes including :
 - Supported a University of Strathclyde Global Sustainable Cities Masters Student to lead on the development of the business case for taking forward the Sharing and Learning Pathfinder Programme. The business case formed part of the student's course work and enabled the cities to agree a collective approach to facilitate sharing and learning and work collaboratively and remotely on Alliance project activity using a range of online tools; and
 - Consider how the Alliance might utilise innovation challenge fund procurement models to develop smart solutions to urban challenges relating to the circular economy and smart health and social care including exploring opportunities for the cities to utilise the new Innovation Partnership procurement regulations.
- The Alliance worked with Nesta, the UK's innovation foundation, to assist the cities to understand how they can create the best environment for entrepreneurship and innovation. The analysis highlighted that Scotland's cities as a group are performing well, and even outperforming our European peers across six of CITIE's nine policy roles, particularly in openness and leadership. The Alliance will work together to take forward the key recommendations of the report as we progress activity in the Blueprint.
- For the third consecutive year the Alliance participated in the Smart Cities World Congress 2016, the largest global event for smart cities in the world, showcasing the unique collaborative approach the Scottish Cities are collectively taking to achieving their Smart Ambitions as part of the Smart Cities Scotland Programme. Capitalising on the publication of the Smart Cities Scotland Blueprint as well as the Alliance's groundbreaking "Scotland's 8th

City – the Smart City” ERDF Programme, the Alliance was able to secure and participate in two high profile panel discussions, strengthen relationships with its smart city networks and build strong foundations on which to market its smart cities investment offering to the 14,000 attendees in future years.

- Working with the Department for International Trade (DIT), the Alliance facilitated an opportunity for the cities to feature in new Smart Cities Investment Profiles which will be launched in 2017. Having the cities represented in this way demonstrates a strong message to the market about the investment potential in Scotland and will enable the Alliance to start to expand its investment offering at events such as the Smart Cities World Congress going forward.
- The worked closely with the Scottish Government’s Digital Team to ensure the work of the Alliance’s Smart Cities Scotland programme was reflected in [“Realising Scotland’s Full Potential In a Digital World: A Strategy for Scotland”](#) published in March 2017.

Research and Best Practice

The Alliance work programme is underpinned by research and best practice provided by the Scottish Cities Knowledge Centre (SCKC) as well as support from Scotland Europa to deliver a programme of EU activity. The Alliance contributes on behalf of its partners to Scottish, UK and European policy forums and consultations, with a view to promoting and accelerating the achievement of the shared aims and ambitions of Scotland’s cities.

Key Achievements

- The Scottish Cities Knowledge Centre, as part of Policy Scotland, continued to support the Alliance to inform its research and best practice priorities on topics of importance to the partners. This included :
 - Building on the “Empowering Scotland’s Cities to Grow” position statement, the SCKC assisted EY with work commissioned by the cities to explore a range of fiscal and non-fiscal levers which would enable Scotland’s cities as a collective to continue to thrive economically and compete for international investment. “Empowering City Government” was published in June 2016 and has since helped the cities collectively inform a number of government consultations including the Business Rates Review, the Enterprise and Skills Review, and ongoing work on the refresh of the National Transport Strategy.
 - With a view to gaining a wider understanding as to what inclusive economic growth might mean for cities in terms of Scotland’s Economic Strategy, the SCKC held a series of workshops across the cities involving a range of stakeholders. “Inclusive Growth in

Scotland's City-Regions'' outlines a range of recommendations for the Alliance partners to consider as they work to make their city regions both economically vibrant whilst promoting social well-being.

- The Alliance has worked closely with Scotland Europa to take forward a range of activity in our EU action plan aimed at informing European policy in a way that is advantageous to the partners, raising the profile of the Alliance's work and accessing new funding opportunities.

This included :

- Capitalising on our position on the European Housing Partnership (EHP), the Alliance is working closely with the University of Glasgow to lead on €25,000 worth of research funded by the Commission to look at innovative solutions to unlocking the supply of more affordable housing across cities in Western Europe which face similar challenges to Scotland's cities. The outcome of the research will be presented at a meeting of the EHP hosted in Scotland in September and will identify potential mechanisms to support the delivery of the Scottish Government's target of 50,000 affordable homes by 2021.
- Secured a fully funded opportunity for the Alliance to participate in the EU World Cities Programme 2017-2018. This initiative promotes long-term working relations between cities of the EU and cities in other countries. The Alliance will work closely with four cities in the Republic of Korea - Suwon, Seoul, Gwangju and Busan - as well as Barcelona, Eindhoven and Tampere on collaborative activity over the course of the next year aimed at furthering our mutual ambitions in relation to our Smart, Low Carbon and Hydrogen activity.
- Building on the Scottish Cities experience collaborating to deliver and fund their smart activity, the Alliance held a workshop as part of the European Week of Regions and Cities in Brussels in October in partnership with 6 Finnish Cities, 5 Danish Cities, the Basque Country in Spain and Gdansk in Poland. The workshop was attended by over 90 representatives across 23 nations from government, cities, industry and academia and allowed the Alliance to strengthen its relationships with key stakeholders across Europe and progress work on open data.
- Worked with the cities to maximise opportunities for funding innovation using European funding. This work resulted in the development and submission of the Circular Economy Urban Innovative Action Bid (see Low Carbon section above), further work to explore the development of a Scottish Cities Investment Fund (see Infrastructure section above), and work to help inform the mid-term review of the European Structural Funds Programme 2014-2020.

- Raised the profile of the Alliance at an event held at the Scottish Government EU Office as part the Year of Innovation, Architecture and Design to mark the signing of the Pact of Amsterdam which saw the official launch of the EU Urban Agenda.
- In the run up to the EU Referendum, the Alliance partners issued a [position statement](#) confirming their collective support for the UK remaining part of the EU. The statement recognised that EU membership is key to Scotland's attractiveness for infrastructure, investment, talent, research and innovation which sit at the heart of the Alliance's work programme. Following the outcome of the EU referendum, the Alliance has facilitated a dialogue between the partners and commenced work with Scottish Enterprise to share information and intelligence around key sectors to enable the cities to maximise the opportunities and mitigate the challenges created by Brexit for the cities and their regions. This will ensure that they remain globally competitive and attractive to the investors and talent essential for them to achieve sustainable economic growth.
- In recognition of the important role Scotland's cities and their city regions have to play in promoting inclusive economic growth through the provision of a well-functioning housing system, the Alliance worked with Scotland's cities and their regional partners to agree a set of collective recommendations which would assist the Alliance partners deliver on this mutual objective. Discussions will now take place with key stakeholders to consider how best to take these recommendations forward.

Ronald Hall, Principal Advisor, Manager of the Northern Ireland Task Force, International Relations Directorate General for Regional & Urban Policy, European Commission :

"The Scottish Cities Alliance succeeded on merit in gaining one of a limited number of places available in the European Union's World Cities project, 2017-2018, for co-operation between EU and non-EU cities, on the theme of sustainable urban development. Working directly with Suwon in South Korea, as well as with other South Korean and European cities included in the project, the Alliance has an unrivalled opportunity to develop further its actions in favour of resilience and economic competitiveness. We, in the European Commission, hope that this will lead to the establishment of a fruitful, long-term and two-way relationship between the Scottish cities and their South Korean counterparts."

Elena Szolgayova, Chairperson, European Housing Partnership :

"The European Housing Partnership (EHP) was created to improve the supply of affordable housing throughout the European Union. To promote this objective it brings together countries, cities and other important stakeholders throughout Europe. We in the Partnership are delighted to see the Scottish Cities Alliance participate in the EHP and make a valuable contribution to our work. We are especially pleased that Alliance, in partnership with Professor Ken Gibb at Glasgow University, has been chosen to undertake important research into the systemic problems in increasing the supply of affordable housing in European cities, and to identify opportunities to remove these. We look forward to hearing the outcomes and recommendations of this research at the EHP meeting to be held in Glasgow on 20th and 21st September."

3. BUDGET

The Scottish Cities Alliance has two funding sources. The first is an investment fund for specific collaborative projects to accelerate their development and delivery. The second is an operational fund to cover strategic facilitation, which includes employment of core staff and running a programme of events and partner and stakeholder engagement.

Cities Investment Fund

The Cities Investment Fund of £7 million was provided by the Scottish Government when the Alliance formed in December 2011.

The purpose of the fund remains unchanged. It continues to be used to leverage additional private finance and/or European funding, support large-scale collaborative projects and to develop programmes which will allow for wider city region investment.

Table 1. Programme Funding

Budget as at 31st March 2017 is detailed below :

	Budget Allocated	Budget Remaining	Total Budget
Infrastructure & Investment Promotion	£3,015,525	£896,223	£3,911,747
Low Carbon & Smart Cities	£2,771,066	£418,237	£3,189,303
Total	£5,786,590	£1,314,460	£7,101,050

Operational Fund

Each city and the Scottish Government contributed to the Scottish Cities Alliance fund of £160k to cover staff costs and events for the financial year 2016-2017. The Alliance Leadership Group agreed to increase the budget for the Operational Fund in 2017-2018 to £215,105 to reflect the expansion of activity and responsibilities of the Alliance programme. The additional funding required has been met by a contribution of £55,105 from the Cities Investment Fund. Procedures remain in place by the SCDI financial management team to monitor expenditure

4. LOOKING FORWARD

The Alliance has made significant progress on all its operational priorities during 2016-2017 and has expanded its network of strong and credible relationships with a wide range of key agencies and stakeholders both nationally and internationally. Over the next year we will work closely with the newly elected city Leaders and the Cabinet Secretary for the Economy, Jobs and Fair Work on our Leadership Group to develop a long term Operating Plan and supporting structure that will continue to build on these relationships and achievements to raise the profile of Scottish cities as smart, efficient, green, prime destinations for international investment, with significant potential for growth.

Alliance's Focus for 2017-2018

Investment Promotion 2017-2018

- Work with Scottish Development International, Scottish Futures Trust and Department for International Trade to improve the quality of propositions across the cities to take to global markets.
- Delivery of a One Scotland approach to a campaign of events such as MIPIM UK, MIPIM Cannes and Expo Real.
- Proactively target lead generation activity in key domestic and international markets using a range of media channels.
- Take forward recommendations on how the cities can maximise the economic opportunities offered by key twinning and other city network relationships.
- Utilise the new Scottish Government SDI Hubs in London and Berlin as bases to promote the Alliance's work, through events, information at the hubs and in the media.
- Further develop the Alliance's database of investor contacts.

Infrastructure 2017-2018

- Support delivery of propositions within City Deals and map opportunities to deliver smart and sustainable projects across them to create greater synergies, learning and scale.
- Identify potential opportunities for assisted living development.
- Take forward recommendations in relation to the establishment of a Scottish Cities Investment Fund to support and enhance the delivery of infrastructure projects across the Scottish cities.
- Support the cities to capitalise on opportunities presented by the mid-term review of ERDF to fund a pipeline of low carbon and smart city projects via existing strategic interventions.
- Attract investment for delivery of hotel and PRS opportunities building on work to date.
- Development of market propositions for business units suitable for future industrial and manufacturing demands in key sectors supported by Scottish Enterprise.

Low Carbon 2017-2018

- Capitalise on the opportunities presented by forthcoming low carbon policy and regulation, recognising that the Alliance can play a valuable role in supporting the cities to play their part in meeting the ambitious targets.
- Support the cities and their regions to work in partnership to strategically utilise the £500 million fund for development of Scotland's Energy Efficiency Programme, share learning and best practice across the city regions and develop and influence the development of the programme.
- Assist the cities to develop a pipeline of low carbon projects which maximise revenue savings across the cities.
- Develop the knowledge, skills, and technology in Scottish cities for low carbon, creating new markets and opportunities for local and new businesses.
- Strengthen links with the Ellen McArthur Foundation and Zero Waste Scotland to make Scottish cities world leading in relation to the adoption of Circular Economy practices including supporting them to access approximately £1.5 million from the Circular Economy Investment Fund.
- Following a successful Circular Economy UIA application, support the project partners with delivery of the project including sharing the learning from the projects with the other Scottish cities.
- Review joint procurement opportunities to realise efficiencies around the development of Low Carbon Heat and Non Domestic Energy Efficiency Projects.

- Development of Local Heat and Energy Efficiency Strategies through SEEP pathfinder 2 funding if the current bid is successful.
- Following completion of the feasibility study to assess the suitability of small-scale wind turbine technologies, work with the cities to develop and fund a pilot project.

Hydrogen 2017-2018

- Assist Dundee to finalise its bid to secure €2 million of funding from the FCHJU to deploy its first fleet of buses and develop their ambitious £50 million integrated energy hub project as part of the Tay City Region Deal.
- Support the Tay City Region Deal to progress its ambitions to develop the first of its kind in Scotland integrated energy hub in Dundee.
- Work with Scottish Enterprise and the cities to develop supply chain opportunities for business in the Hydrogen economy.
- Raise the profile of the Alliance's Hydrogen activity internationally by building on relationships established via the World Cities programme and through participation in a European Hydrogen event in Brussels in 2017.

Smart Cities 2017-2018

- Continue to deliver collaborative projects contained in the 8th City Programme and make the case for further investment in the Programme as part of the mid-term review of European Structural Funds.
- Develop a comprehensive approach to knowledge and asset sharing aided by the use of online tools including the adoption of a cross partner Sharing and Learning Platform.
- Development of the business case for all cities to agree the adoption of an agreed set of common standards for managing data in recognition of the opportunities this may present to attract investment to Scotland.
- Utilise established relationships with the 6 Finnish Cities and the 5 Danish Cities to promote data solutions to work at city network level across the 3 countries. This will see the Alliance play a leading role in the first project of its type globally and realise a number of benefits including enhancing Scotland's reputation as a digital leader and establishing international supply chains for data analytics and data science.
- Establish a Memorandum of Understanding with the Future Cities Catapult setting out how it will engage with the Alliance going forward in a way that recognises the collaborative approach and provides targeted support to progressing smart cities activity in Scotland.

- Explore opportunities to use EU and UK funding to support Internet of Things (IoT) activity to take place at scale across the Scottish Cities. This would transform the cities into lighthouses with open standards, infrastructure and test beds and has the potential to secure additional private sector investment for the cities in sensors, connectivity, data management, analytics and customer based solutions.
- Progress the Code for Scotland Pathfinder Programme in the Smart Cities Scotland Blueprint by establishing mechanisms across the cities for them to share problems and set challenges to encourage innovation and support from coders to develop new solutions to urban challenges. The approach will build on experience from Code for Scotland and Code for Europe and will seek to leverage the success of leading incubator and innovation hubs across the cities to engage the developer community.
- Deliver data platforms in Aberdeen, Dundee, Inverness, Perth and Stirling to ensure all 7 cities have publication technologies. Consider models to bring data sets together in one place to further increase business opportunities and delivery of services in Scotland.
- Continue to raise the profile of Smart Cities Scotland in Europe and globally using the Pitch Book, existing Future Cities Catapult, Open and Agile Smart Cities and European Innovation Partnership for Smart Cities and Communities networks as well as links established through the World Cities programme.
- Work with the cities to explore opportunities presented by new procurement legislation such as Innovation Partnerships to stimulate Scottish business.
- Drive efficiency savings across Scottish cities using Smart City Solutions e.g. opportunities around Smart Health & Social Care.

Core Team 2017-2018

- Work with the new Leadership Group to agree the strategic focus for the Alliance programme going forward and ensure the Alliance plays an active role in delivering the outcomes in key strategies including Scotland's Agenda for Cities, Scotland's Economic Strategy, Global Scotland-Scotland's Trade and Investment Strategy, the Digital Strategy and as well as strategies under refresh such as the Digital Health and Social Care Strategy and the Energy Strategy.
- Develop a longer-term strategy for Alliance engagement/involvement in Europe and internationally to promote Scotland's cities as great places to invest pending/post Brexit.
- Continue to work with Scottish Enterprise to share information and intelligence around key sectors to enable the cities to maximise the opportunities and mitigate the challenges created by Brexit for the cities and their regions.

- Develop opportunities to align Alliance activity with evolving structures around economic development: City Deals; Regionalisation; Inclusive Growth, Devolved Powers.
- Support the Alliance Team to identify and pursue funding opportunities and continue to influence policy in a way which is supportive of collaborative project activity.
- Build on network of contacts with our partners at the cities, Scottish Government and Scottish Development International to expand reach of the publicity across various media platforms.
- Communicate and build on the key messages around the added value the Alliance programme as a whole gives to the cities' key investment promotion messages in a global context utilising SDI's worldwide network to reach an international business audience.

5. CLOSING STATEMENT



“It has been another year of achievement for the Alliance. The Alliance’s activities to date have generated over £100m of investment for our cities. Our collaborative smart cities programme is bringing the Internet of Things to our cities. Low carbon projects such as urban wind and district heating planning are working to make our cities greener and more energy efficient.

The Alliance’s investment pitchbook showcases £7.5bn of investment opportunities across Scotland’s cities and these have been marketed nationally and internationally through events such as MIPIM, one of Europe’s largest property shows. The Alliance’s recent investment breakfast in London successfully pitched some of Scotland’s premium investment opportunities direct to investors at the new London hub - Scotland House. The hub is a great facility for partners and businesses seeking business opportunities in London and we will look to hold similar events in the coming months to clearly demonstrate that Scotland is open for business. We are a small country with big ambitions, borne out by our continuing success in attracting foreign direct investment.

Collaboration has been key to the success of the Alliance, giving partners opportunities to share learning, resources and risk. In international terms our cities are small but working together through the Alliance gives us more strength and resilience. Our cities have global reach and reputation, the Alliance is building on that, strengthening our links with European and global cities to share learning more widely and look for opportunities to improve inclusive growth.

The Scottish Government is committed to devolving power, as clearly demonstrated through initiatives like the city deals and the community empowerment act. Whilst there will always be a role for national co-ordination and strategic guidance, local knowledge and intelligence can also help to generate better solutions and outcomes to economic and social challenges. We will continue to work with our partners to make sure people, communities and places have more control over local decisions which can help shape their destinies.

We remain committed to our partnership with Scotland's cities, recognising their role as engines of economic growth. Of course there will be times when our cities compete with each other but the Alliance's work is about finding the common ground where we can work together to build on our strengths. This has been a successful year for our partnership and our collaborative work to bring more jobs and investment to our cities continues."

Keith Brown, Cabinet Secretary for Economy, Jobs and Fair Work