



# **ANNUAL REPORT**

## **2015-16**

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## 1. Foreword



The Scottish Cities Alliance is a unique collaboration of Scotland's seven cities and the Scottish Government, working together to deliver economic growth.

By combining the strengths of Scotland's seven cities - Aberdeen, Dundee, Glasgow, Edinburgh, Inverness, Perth and Stirling, and in partnership with the Scottish Government, the Alliance aims to 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.

Formed in 2011 following the launch of the Agenda for Cities, by speaking powerfully with a single voice, the Alliance has increased Scotland's seven cities' international profile and ambition and given impetus to the innovation and fresh thinking which is captured in [Scotland's Agenda for Cities](#) published in March 2016.

We welcome the refreshed [Scotland's Agenda for Cities](#) which recognises the valuable work of the city regions to promote investment and innovation in Scotland, and the role it will continue to play to ensure our cities remain globally attractive for capital investment and talent. It offers the Alliance opportunities to build on our success and to explore new ways of working together which will help to unlock the future economic potential of a connected Scotland.

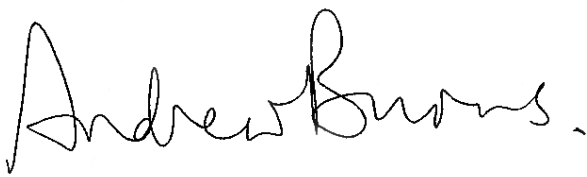
Scotland's cities have a strong story to tell, and collaboratively we are making a significant impact in a very competitive environment.

Over the past year the Alliance, by working together with its partners, has celebrated a number of achievements including:

- Greatly enhancing its profile both nationally and internationally
- Successfully promoted the message on the global stage that Scotland is an attractive, modern, forward-looking place to do business
- Developed a long-term investment promotion strategy
- Announcement of £70 million of investment in Perth and Dundee secured through Alliance support
- Received the support of Scotland's First Minister Nicola Sturgeon to promote investment opportunities at an exclusive investor breakfast in New York
- Celebrated the success of Inverness and Aberdeen in gaining City-Region deals from Scottish and UK governments and helped strengthen partnership working across the alliance on further city-region deals
- Launch of the Smart Cities Scotland brand and programme
- Secured £10 million of European funding for our flagship Smart Cities Scotland project "Scotland's 8<sup>th</sup> City – The Smart City" which once match funded will create a £24 million programme to take forward co-designed technology and data opportunities
- Progressed work to take forward the recommendations of the Low Carbon Resilient Cities report including the development of projects relating to large scale energy efficiency and renewable energy
- Launch of investment Pitch Book at MIPIM Cannes with £7.5 billion of exciting investor ready and pipeline opportunities
- Cross-city investment propositions are under development to take to market in Private Rented Sector/Build to Rent housing and hotel development
- Played a key role in the development of the Scottish Government's refreshed Agenda for Cities and International Trade and Investment Strategy
- Maximised opportunities from our European connections including securing a seat on the European Housing Partnership enabling the Alliance to take a lead role on influencing European housing policy and ensure the Scottish cities are best placed to deliver affordable housing
- Developed a multi- million euro bid to support the expansion of hydrogen fuel cell buses in Dundee and Aberdeen

I am also pleased to say that the recent EY Attractiveness Survey named Scotland as the most attractive place in the UK to invest outside of London, an indication that the efforts of the Alliance and its partners is bearing fruit. Scotland continues to punch above its weight and has hit its best performance in a decade for attracting US investment. To fully exploit the opportunities this offers the cities to attract investment, plans are in place to redevelop the Scottish Cities Alliance website and explore new online platforms to broaden the reach and effectiveness of the Alliance's message - promoting the wide-ranging work of the Alliance and its partners as we progress our ambitions for growth.

I am delighted that the collaborative endeavours of Scotland's cities and the Scottish Government, via the unique partnership of the Alliance, continues to yield real economic benefits for Scotland and through our projects we remain at the forefront of thinking and adoption of new technologies. Scotland's cities and their partners are going for growth and 2016/2017 promises to be an even more exciting year of opportunity for the Scottish Cities Alliance.

A handwritten signature in black ink that reads "Andrew Burns". The signature is written in a cursive, flowing style with a small flourish at the end.

Chair, Scottish Cities Alliance

## 2. OPERATIONAL PLAN & ACHIEVEMENTS

### Promoting Investment

The Alliance completed its refreshed *Investment Promotion Strategy*, which focuses on the attraction of capital investment to Scotland's cities and their regions and worked closely with the Scottish Government in the development of its [Global Scotland - Scotland's International Trade & Investment Strategy](#) which acknowledges the Alliance as a key player in the attraction of capital investment for projects of scale in Scotland.

Our investment strategy will continue to evolve throughout 2016, and work is already underway to incorporate the low carbon and smart cities opportunities into the new investment [Pitch Book](#). The Alliance recognises that an integrated approach is critical to attract high-value international investment to Scotland.

### *Key Achievements*

- Perth & Kinross Council and Dundee City Council secured two investments through Alliance support **worth a total of £70 million** with both investments receiving positive TV and media coverage.
- As part of the strategy to attract investment and raise the Alliance's international profile, we received coverage in the Qatari newspaper *Al-Araby*, as well as in the global relaunch of the *Wall Street Journal* in September 2015. The Alliance also led a series in *The Times Business Insight*, which focused on each of the cities and their specific investment opportunities.
- The Alliance hosted a roundtable event with representatives from 10 Sovereign Wealth Funds in August 2015. The Cabinet Secretary for Infrastructure, Investment and Cities and the Minister for Europe and International Development led discussions on large-scale infrastructure opportunities across Scotland's cities. Ministers have held follow up meetings with attendees and the Alliance is considering future events of this nature, to aid investment promotion.

- We were a key partner at a New York investment breakfast hosted by Scottish Development International (SDI) which was fronted by the First Minister. The event offered an opportunity for the Alliance to promote its investment offering to a priority audience of New York investors. We capitalised on the high-profile nature of the event, generating national news coverage and social media interest with more than 55,000 impressions on the Alliance website and 2000 online engagements.
- We developed a long-term, sustainable investment promotion strategy for the Alliance which builds upon the existing foundation of strong investment in Scotland. The goal is for the cities to work collaboratively through the Alliance and with other key stakeholders to create larger-scale investment opportunities of interest to investors that may not be possible on an individual city basis.
- We worked closely with Scottish Enterprise to create a [\*\*£7.5 billion investment Pitch Book\*\*](#), the first version of which was launched at MIPIM Cannes in March 2016. We will continue to work in partnership with Scottish Enterprise and other key stakeholders to ensure the projects contained in the Pitch Book are attractive and robust enough to attract investments from key target markets.
- The Alliance has continued to engage with key stakeholders to promote understanding and identify new areas for collaborative working. We have presented to SDI field representatives and Scottish Enterprise's trade and investment teams as well as the Scottish Government Location Directors for cities. This has created strong relationships and opportunities for joint working that will be progressed in 2016-17.
- All seven cities participated on the Alliance's stand at MIPIM UK in London, in October 2015. The Cabinet Secretary for Infrastructure, Investment and Cities, Keith Brown, launched the updated ***Investment Prospectus*** and led a roundtable event of leading investment personnel from the Scottish cities, hosted by Magnus Linklater of The Times. Following several investor meetings, the Alliance continues to engage with potential investors on a range of city based development opportunities.
- The Alliance's stand at MIPIM Cannes, in March 2016 had over 350 visitors and the cities reported constructive meetings held with new prospective investors. MIPIM

continues to be highly regarded as an extremely valuable opportunity to promote the investment propositions of Scotland's seven cities via the Alliance.

- The PR campaign around MIPIM Cannes involving print, online and social media activity generated positive and influential coverage, which highlighted the Alliance's key messages in key titles and on social media, with 5,019,227 'Opportunities to View'
  - 15 pieces of coverage to date including The Scotsman, The Herald, the Press and Journal, Estates Gazette, Urban Realm, Scottish Business Insider, Construction Now
  - Liaison and briefings with The Times, Estates Gazette, CoStar, Financial Times
  - 100 tweets in 7 days and a Twitter reach of 253,466 during MIPIM week
  - Tweets and retweets from relevant outlets such as The Scotsman, Estates Gazette, Business for Scotland
  - Positive feedback including from Financial Times, Price Waterhouse Coopers, Muir Group, and Reteam Group

**Katherine Heiberg, Reteam Group said:**

"The Alliance is a great platform for potential investors to have access to Scotland's seven cities through one organisation."

**Cathy Mullan, Financial Times said:**

"Presence at MIPIM is definitely important for an organisation such as the Alliance in order to promote Scotland in the European marketplace. The booth is welcoming to delegates and showcases Scotland's key attributes.

"Scotland was ranked as one of the top regions in the UK City and Region Awards which featured in our recent FDI Strategy supplement."

**Paul Brewer, Senior Partner at Price Waterhouse Coopers said:**

"It was great to see the Scottish Cities Alliance present again at this year's MIPIM event in Cannes. The conference is an ideal opportunity to network with possible investors across



Europe and it was good to see a collective front from the seven cities working for the benefit of Scotland."

## **Infrastructure**

Scottish cities have world-class offerings due to their diversity, business friendly approach and growing sectors. The Alliance continues to develop new investment opportunities in physical infrastructure including residential property and hotel and commercial propositions, which will be progressed to market over the next year. We are also working closely with our key stakeholders to create world-class transport and digital connectivity which is crucial if Scotland's cities are to remain globally attractive to investors, talented individuals and businesses.

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

## ***Key Achievements***

- The Alliance has progressed a number of new collaborative investment opportunities including:
  - Potential investment opportunities for private rented sector/build to rent housing in Dundee, Perth and Stirling;
  - New hotel development models being explored for developments in Inverness, Perth and Stirling: and,  
The future provision of industrial and commercial property and business space to support economic growth across Scotland's cities. This is being progressed in partnership with Scottish Enterprise as a key element of the Scottish Manufacturing Action Plan and will ensure Scotland's industrial property pipeline is fit for purpose to support sustainable business and economic growth.
  - Exploring the potential business case model for the future provision of assisted living accommodation across the cities.

- Throughout 2015, the Alliance facilitated a City Deal and Economic Modelling Forum involving Alliance partners and national agencies. This gave city partners an opportunity to discuss their respective city deals and share economic modelling and was acknowledged by the cities to have played an important role in the development of their city deals.
- Work supported by the Alliance and led by Dundee to accelerate the use of the National Entitlement card as a smart travel ticket is nearing completion. A workshop will be held as part of the 11<sup>th</sup> Intelligent Transport Systems and Services European Congress “Delivering Future Cities” taking place in Glasgow in June 2016 to stimulate interest in the private sector around the commercial opportunities the National Entitlement card could offer their business.
- The Alliance continues to liaise with Scottish Futures Trust (SFT) and the Digital Directorate at the Scottish Government on their work to map Scotland’s digital infrastructure, as well as SFT’s work on the regulation and policy environment around digital infrastructure. The outcome of this work will be shared with cities in 2016 and opportunities for future activity identified.
- Creation of a network of studios providing affordable working space for artists and arts organisation in Stirling, Inverness and Perth continues. Demand studies have completed in Perth and Stirling and a study is currently being undertaken in Inverness. The Alliance will continue to support the cities to secure funding for identified hub spaces in each city building on the experience of the other cities with existing hubs.

**Dr. Mark Robertson, Partner, Ryden said**

“We are delighted to be working with the Scottish Cities Alliance in identifying near to market opportunities and property investment propositions which the Cities can develop through further targeted collaboration with key stakeholders and industry. The property market and economic outlook remains challenging but focused targeted intervention and innovation in delivery from the Scottish City authorities and partners could yield very positive investment and development for Scotland.”

## **Low Carbon**

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 and the Alliance's aspirations for sustainable growth.

### ***Key Achievements.***

- Work is underway on an energy efficiency retrofit project, to support the cities in accessing the Scottish Government's Non-Domestic Energy Efficiency (NDEE) Framework. As well as producing revenue and procurement savings for the cities, there is the potential to create new jobs across Scotland, as highlighted in the [\*\*\*Low Carbon Resilient Cities Report\*\*\*](#). This work will help the cities apply to the Low Carbon Infrastructure Transition Programme (LCITP) which provides support to accelerate the development of substantive low carbon projects across Scotland.
- A project on innovative urban wind is building on the ambition of the cities to work together to generate renewable electricity by deploying small-scale wind turbines adapted to the urban environment. A feasibility study has been commissioned to assess the technologies which can generate energy suitable for an urban environment, discuss the capability for additional income generation and the potential for energy storage and how this technology could support jobs and encourage investment.
- Due to its strong relationships with Europe, the Alliance provided support and information to cities on a Horizon 2020 opportunity, related to developing a tool for heating and cooling mapping and planning. Perth, Stirling and Inverness submitted a joint bid for funding, which the Alliance partners supported with a letter. A decision on this application is expected in August 2016. Edinburgh, Inverness, Stirling and Perth have signed up to the SINFONIA/EU-GUGLE Smart Cities Replication Cluster, which will help them progress their thinking on district energy solutions.
- All seven cities participate in the Stratego project to advance district heating in Scotland

and assist local authorities in evaluating their heating and cooling potential. The Alliance sits on the Scottish Strategic Board, and work is underway to produce a standardised approach to Planning policy for use across the seven cities, with Stirling and Aberdeen leading development.

- We developed important relationships with the Scottish Government's Low Carbon Investment and Infrastructure Team and attended the Low Carbon Infrastructure Transition Programme (LCITP). We also engaged with other key agencies responsible for delivering programmes of interest including Scottish Enterprise's work on integrated energy systems and Zero Waste Scotland's activity on the circular economy to progress projects.
- The Alliance has made significant progress with the FCH-JU commercialisation project relating to fuel cell bus fleets. Phase Two of the study involved developing business cases for the cluster of Scottish cities interested in participating in the project (Aberdeen, Dundee, Glasgow, Inverness and Perth), and Phase Three included preparing the bid for submission in May 2016 .
- Aberdeen and Dundee will participate in this funding round as they are the most advanced in terms of infrastructure and planning and can commit the necessary match funding. If successful, Aberdeen will deploy a further 10 fuel cell buses and enhance their Kitty Brewster refuelling station. Dundee will build a state-of-the-art hydrogen refuelling station, producing electricity from a green source and deploying 10 fuel cell buses. The intention is to combine hydrogen and electrical charging infrastructure on the same site, creating a zero carbon transport hub.
- Supported by Aberdeen, the Alliance led on the development of a procurement framework, which any local authority or named operator in the UK could use for the deployment of hydrogen fuel cell buses.

**Ben Madden, Director, Element Energy said**

“The Aberdeen hydrogen bus project as well as the ambitions of the Scottish Cities alliance to develop large scale hydrogen deployment projects are really putting Scotland on the map as a centre for hydrogen energy deployments in Europe. The strongly collaborative approach between the public and private sectors makes the country an excellent place to develop these innovative projects.”

## **Smart Cities**

Research has shown that cities which adopt a smart city approach make public services more effective and efficient and the cities themselves become more attractive to investors and hi-tech businesses as destinations to invest or locate to develop and test their innovations. Recognising that the estimated global market for “smart” products is projected to be \$1.7 trillion by 2020, Scotland’s cities are keen to maximise opportunities to attract part of this global market share.

The Alliance sees the multi-city network approach to Smart Cities as fundamental to the development of a smart cities marketplace in Scotland and will use the “Smart Cities Scotland” identity to raise the profile of its collaborative smart cities programme to attract investment both nationally and internationally.

### ***Key Achievements***

- The Alliance successfully applied for £10 million of funding for the ERDF period 2014-2020 to progress the technology and data opportunities detailed in the Smart Cities Readiness Investment Roadmap, as part of the “Scotland’s 8<sup>th</sup> City – the Smart City” programme. The funding will be supplemented by cross-city match funding of £14.1 million, making the total value of the programme £24.1 million.
- The Alliance supported the cities to develop and submit the first set of joint operations applications, which are clustered around four priority areas:
  - data
  - smart infrastructure
  - smart services (including Energy, Health, Mobility and Public Safety)
  - smart communities.

If funding for the applications is approved, the first projects will start later this year.

Example projects may include:-

- Establishing a Data Cluster which would enable the shared progression of critical enabling data infrastructure across Scotland. This could include developing data

standards, publishing standards for sharing data openly, data analytics and visualisations of data, and also data community capacity building to support greater innovation from data. Undertaking this work collaboratively would ensure a more coherent approach with greater added value for all the cities.

- An Intelligent Street Lighting project which could deliver a range of benefits including more controllable and efficient lighting, delivering energy savings, improving lighting quality, enhancing public and road safety, better management/operation of the cities through the gathering and use of data via sensors, and, a more proactive and efficient approach to the maintenance of the street lighting network.
  
- The Alliance launched the Smart Cities Scotland brand in October 2015. The ambition is to create a Scotland-wide brand identity, to enable Scotland's cities to access opportunities of scale for investment as a collective, to build a dynamic marketplace for smart city projects and solutions, to promote Scotland's cities unique inter-city approach to developing Smart City solutions, and encourage and act as a catalyst for investment. The launch event received strong positive national media coverage. The private, SME and academic sectors all expressed their support for the ambition shown by the Alliance partners to work together to develop the smart cities marketplace in Scotland. We are now developing a Smart Cities Blueprint which will provide a clear action plan for delivering the cities' smart aspirations and be used to further promote the Smart Cities brand nationally and internationally.
  
- The Alliance is working with Nesta and will use its CITIE Scotland analysis to identify areas where cities need to invest to remain competitive and at the forefront of smart cities activity.
  
- The Alliance joined the European Innovation Partnership – Smart Cities and Communities (EIP-SCC) in 2014 and the international Open and Agile Smart Cities Network (OASC), as well as the Integrated Infrastructure Action Cluster work on Urban Platforms. The Scottish cities were the first UK cities to sign up to the OASC Network, and were one of only two city networks in a position to join the network with a single signature. We have made specific commitments to OASC and EIP-SCC via individual

letters of intent, demonstrating the commitment of the Alliance to shaping the development of smart cities standards and methods, both in Europe and around the globe.

- The Alliance continued to raise the profile of its Smart Cities Scotland work to key audiences at Innovate UK events, the EIP-SCC General Assembly in Berlin, the Mindtrek International Technology Conference 2015, on the UKTI stand at the Smart Cities Expo 2016 and to a Chinese delegation visiting Scotland from the People's Republic of China.
- The Alliance was a partner in the Internet of Things (IoT) UK Boost programme run by two Innovation Centres (CENSIS and The Data Lab) and Edinburgh's Informatics Ventures. The Alliance was able to contribute real life city challenges to the programme around the theme of "People and their Environments". The programme helped produce strong IoT products for several start-up companies, and the Smart Cities Scotland programme will support these companies to help them access emerging IoT markets.
- The Alliance is participating in the development of the forthcoming British Standards Institute PAS 183 Technical Standards for Sharing Data and Information Services, building on the PAS 182 Smart City Concept Model and PAS 181 Smart City Framework. In recognition of the unique multi and inter-city approach to data management the Smart Cities Scotland programme is taking, a request has been made to use the Alliance's programme as a case study in the international standard being developed which will assist the Alliance to raise the profile of the Alliance's approach to the Smart Cities agenda.
- The Edinburgh Centre for Carbon Innovation (ECCI) Smart Accelerator Project for which the Alliance provided some match funding completed in June 2015, producing 15 business cases for smart projects across Scotland which are market ready for investment. Two investment opportunities which came out of this programme included the potential for introducing additional functionality to street lighting columns and associated infrastructure via the Future City Glasgow programme, and the Mobility Integration Living Lab in Dundee which is exploring new ways of developing smart mobility as a service. Both of these investment opportunities form the basis of projects being currently being considered as part of the 8<sup>th</sup> City Programme.

- The Alliance supported a number of development sessions aimed at extending the learning from the Future City Glasgow demonstrator. These sessions have helped the Scottish cities to develop their own smart city priorities, the co-design of the 8<sup>th</sup> City Programme and the collaborative thinking behind the Smart Cities Scotland Blueprint. There has also been an opportunity for the Alliance partners to build relationships with wider stakeholders including the Scottish Informatics and Computer Science Alliance (SICSA) and Nesta.
- The UK Government's Department of Communities and Local Government has expressed interest in the Smart Cities Scotland approach as it considers how to offer practical support to the Northern Powerhouse around the smart cities agenda, also related to City Deals.

**Scott Cain, Executive Director at the Future Cities Catapult said:-**

"The Future Cities Catapult -- the UK Government supported centre for the advancement of smart cities - is proud to support the unique inter-city approach to smart cities activity being developed by the Scottish Cities Alliance partners under the strategic Leadership of Glasgow City Council. Building on the learning from the £24m invested by Innovate UK in the Future City Glasgow programme, the seven Scottish cities have used the Scottish Cities Alliance mechanism to develop a truly innovative approach to co-designing and producing collaborative Smart Cities projects. We see this multi-city network approach to Smart Cities as fundamental for the development of a smart cities marketplace in the UK, as it will enable the integration of digital and data technologies which are of real benefit to citizens, businesses and visitors in our cities."

**Research and Best Practice**

The Alliance work programme is underpinned by the research and best practice provided by the Scottish Cities Knowledge Centre ([www.sckc.org.uk](http://www.sckc.org.uk)). The Alliance also 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 has continued to support the Alliance to inform its research and best practice priorities on topics of mutual importance to the Alliance partners. This included assisting the cities with the development of a position statement on greater devolved powers to cities entitled “Empowering Scotland’s Cities to Grow” which will inform ongoing dialogue between the cities, the Scottish Government and its agencies. The Scottish Cities Knowledge Centre has now merged with Policy Scotland and is exploring with the Alliance partners what inclusive growth means for Scotland’s cities through a series of workshops to inform future Alliance activity.
- The Alliance has worked closely with Scotland Europa to develop an EU Action Plan which identifies short, medium and long-term policy influencing, profile raising and funding opportunities for the Alliance from the new EU urban agenda. The Alliance has started work to explore the potential to create an EU Cities Fund, which pulls together funds from multiple EU funding streams with a view to addressing common market failures across the Scottish cities, which align with the Alliance’s own aims and objectives.
- The Alliance contributed to policy submissions made by the UK Government to the European Commission. These were designed to inform the priorities and structure of the emerging EU urban agenda including the wording of the **Pact of Amsterdam**, which is due to be endorsed by the Commission in May 2016. Our submission focused on how the Commission could better support small and medium sized cities, such as the Scottish cities, in playing a greater role in influencing policy and attracting funding, as well as how they can access European networks at an individual level, and collectively through the Alliance.
- In 2015, the Alliance pursued an opportunity to be represented on one of the first Urban Partnerships being established as part of the European urban agenda. Supported by the UK Government, the Alliance secured a place on the European Housing Partnership in December 2015 and will use its place to shape EU policy development in a way which is most advantageous to the needs and aspirations of the Alliance partners

including meeting their housing infrastructure needs, building important connections, raising the profile of the Alliance's work and accessing funding.

- The Alliance supported the Scottish Government's Cities Convention held in November 2015. This event offered an opportunity for communities in Scotland's cities to inform the strategic direction of the Scottish Government's cities policy, including the development of [Scotland's Agenda for Cities](#) and launched the [Empowering Cities To Grow](#) discussion document. The Scottish Government is keen to continue the dialogues in the future as part of the inclusive growth priorities in [Scotland's Agenda for Cities](#) and the Alliance will continue to support the Government in this.
- The Alliance supported city partners to submit a joint cities' response to the Commission on Local Tax Reform. Following this submission, Policy Scotland led a discussion with the city leaders on reforming local tax in Scotland in February 2016.
- The Alliance supported the delivery of the "Improving transport connectivity for vibrant economies" conference in Newcastle in February 2016. The conference focused on why and how improved connectivity can help realise the economic potential of Scotland and the North of England and gave the Scottish cities a platform to present the cities' [Connecting Scotland's Seven Cities Together and to the World](#) discussion document on connectivity. The Scottish Government via Transport Scotland is working with the Scottish cities to progress what has been asked of them in the discussion document and the Alliance partners will also work with Transport Scotland to take forward the requests of the UK Government.
- Working closely with the Scottish Government's Trade and Investment Team, the Alliance secured a lead role in the Scottish Government's International Trade and Investment strategy which was launched in March 2016 in respect of attracting capital investment in projects of scale to Scotland. Through its Investment Promotion Strategy, the Alliance will work closely with Scottish Development International and Scottish Enterprise to develop a cohesive, team Scotland approach to attracting capital investment.
- The Alliance supported an independent analysis by the Fraser of Allander Institute

called *Scotland's Economic Powerhouses: A focus on Scotland's city economies*. This was used to update the Alliance's narrative about why Scotland's cities are so important to the Scottish economy and could be used to inform policy thinking including [Scotland's Agenda for Cities](#).

### 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 31 March 2016 is detailed below:

	<b>Budget Allocated</b>	<b>Budget Remaining</b>	<b>Total Budget</b>
Infrastructure & Investment Promotion	£2,372,115	£1,792,216	£4,164,331
Low Carbon & Smart Cities	£2,113,060	£812,757	£2,925,817
<b>Total</b>	<b>£4,485,175</b>	<b>£2,604,973</b>	<b>£7,090,148</b>

## **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 2015-2016. Procedures have been put 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 2015-16 and has established strong and credible relationships across the cities and with a wide range of key agencies and stakeholders both nationally and internationally. Over the next year, we will continue to build on those relationships 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 2016-2017**

- Progress the Investment Promotion strategy, including :
  - the development of an online Pitch Book which will be updated on a regular basis and bring together investor, developer and occupier opportunities including low carbon and smart cities opportunities.
  - the creation of a shared customer relationship management (CRM) system which will record and monitor the progress of investor enquiries across all seven cities and also mean data can also be shared with key partners.
  - the development of an Investment Promotion Protocol between the partners which will manage our investment enquiries in a more systematic way and allow us to improve our collective understanding of investors' priorities and needs in order to match the right projects with the right investors.
  
- Develop a targeted events programme for investment promotion which may include a continued presence at MIPIM UK, MIPIM Cannes as well as other targeted investment events.
  
- Develop an updated communications strategy to support investment promotion activity and the wider remit of the Alliance.

- Develop a baseline of key quantitative and qualitative targets to allow the Alliance to measure progress of its investment promotion activity.
- The Alliance will provide a report on the private rented sector opportunities in Dundee, Perth and Stirling, as well as hotel development opportunities across Inverness, Perth and Stirling in June 2016. After this, the Alliance will work to secure delivery of major projects in these cities.
- The Alliance will continue to support Scottish Enterprise to ensure Scotland has a future supply of commercial and industrial space to support economic growth. It will also work with key stakeholders from a number of agencies to explore the potential commercial opportunities offered by assisted living developments. Such projects have attracted market interest internationally.
- The Alliance will continue to work closely with Transport Scotland on a partnership workshop to progress the outcomes of the “Improving Transport connectivity for vibrant economies” conference. We will also work closely with cities to help them provide input to any future consultations around the National Transport Strategy.
- The Alliance will support Aberdeen to facilitate a workshop with the Scottish Government’s digital directorate, Scottish Futures Trust and other partners to progress potential collaborative city opportunities in digital infrastructure.
- The Alliance will support the delivery of the Non-Domestic Efficiency and Innovative Urban Wind projects and work with its partners to progress other activity which will build on the recommendations of the Low Carbon Resilient Cities Report. This is likely to include:-
  - Exploring opportunities around the circular economy and waste
  - Exploring opportunities around Integrated Energy Systems
  - The development of a mechanism to further support the uptake of renewable heat e.g. reviewing access for the cities to procurement frameworks such as the District Energy Procurement Agency and informing the development of standardised supplementary guidance
  - Informing the development of Scotland’s Energy Strategy
  - Supporting the Low Carbon Transition Project to link with the cities.

- Following the approval of the Smart Cities Scotland Blueprint (see below) the intention is to develop a Low Carbon Vision for partners, linked to the wider Alliance programme.
- On the basis of a positive outcome to Aberdeen and Dundee’s application for funding from the first tranche of European funding from the Fuel Cell and Hydrogen Joint Undertaking (FCH-JU) in the summer of 2016, the Alliance will support these cities with the deployment of hydrogen infrastructure.
- The Alliance will continue to support other Scottish cities prepare for the next round of FCH-JU funding in 2017. The Scottish Government, Scottish Enterprise and Transport Scotland are supportive of the Alliance’s work to develop the hydrogen economy and are considering providing match funding as part of the next spending review.
- The Alliance will progress work regarding supply chain development of hydrogen infrastructure at an Alliance summit involving private, academic and public sector.
- Following the approval of the Smart Cities Scotland Blueprint in June 2016, the Alliance will support the delivery of the Blueprint’s short, medium and long-term actions including unlocking new funding opportunities to progress collaborative smart cities activity.
- The Alliance will work closely with the Future Cities Catapult to raise the profile of the Smart Cities Scotland activity, and access specialist support to deliver the actions outlined in the Blueprint.
- The Alliance will continue to work with the cities to develop the ERDF funded smart cities programme **“Scotland’s 8<sup>th</sup> City – The Smart City”**. After a decision is made on the first set of applications in June 2016, a major focus will be on the design, build and implementation of the smart city projects.
- The Alliance will host a workshop as part of the European Week of Cities and the Regions in October 2016 as part of a consortium of cities from Finland, Denmark, Spain and Poland to explore the inter-city approach to funding and smart city ambitions.

- The Alliance will work with Scotland Europa to take forward the development of the opportunities contained in our EU Action Plan and continue to support its partners to capitalise on the opportunities that stem from the Alliance's inclusion in the European Housing Partnership.
- We will ensure that we play an active role in delivering the outcomes in [\*Scotland's Agenda for Cities\*](#) and the [\*Global Scotland – Scotland's Trade and Investment Strategy\*](#).
- The Alliance will work to explore new ways to identify potential collaborative projects across the cities including the city deals which are under development.