



# ANNUAL REPORT

**2014-15**

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## 1. INTRODUCTION

The Scottish Cities Alliance, the collaboration of the seven cities of Scotland and the Scottish Government, strategically facilitated by the Scottish Council for Development & Industry, aims to create the optimum conditions to boost growth and to attract inward investment. The Alliance partners were brought together following the launch of the Scottish Government's Agenda for Cities<sup>1</sup> in December 2011.

Since then a great deal has been achieved including an ambitious set of City Investment Plans detailing £6 billion worth of investment across the Aberdeen, Dundee, Edinburgh, Inverness, Perth and Stirling city regions. The subsequent approval of Glasgow's City Deal brings the total value of investment opportunities across the cities to £10 billion.

The work of the Scottish Cities Alliance has been recognised nationally by the Centre for Cities, who said :

“The Scottish Cities Alliance has played an important role in supporting greater co-operation between cities in Scotland and encouraging the introduction of innovative funding models to invest in growth. This, together with the successful joint bid for ERDF monies, demonstrates what can be achieved by Scottish cities when they adopt a collaborative approach to engaging with government.”

The Alliance also launched its latest Investment Prospectus at MIPIM 2015 highlighting the billions of pounds worth of opportunities for investment in residential, commercial, digital, transport and city centre regeneration areas across the seven cities, and is continuing to engage with investors through a varied programme of events.

The start of 2015 heralded the beginning of a new phase for the Alliance as its Programme Director took post, completing the core Alliance team of four who have been tasked with taking the work to the next level. Along with a redeveloped website and new online platforms to widen the reach of the Alliance's message, the new pro-active Communications Strategy will promote the wide-ranging work of the Alliance in Scotland, the UK and around the world.

The Alliance is working to secure £10 million of funding to take forward Smart Cities technology and data opportunities detailed in the city wide investment roadmap.

With mapped priority sector assets in each city region and joint working with Scottish agencies to broaden reach, the Scottish Cities Alliance is building on the great strengths of this unique partnership.

This report looks back over the third year of operation, including achievements, the progress of the Operational Plan and the status of current projects. The report concludes by looking forward to the next phase of the Alliance and the aspirations for the coming year.

## 2. OPERATIONAL PLAN & ACHIEVEMENTS

### Promoting Investment

The Alliance's inward investment strategy for 2014-2015 saw the national launch of its £10 billion investment prospectus at MIPIM UK and its subsequent international launch at MIPIM 2015 in Cannes. There has been positive feedback from potential investors on the Alliance's collaborative approach to attracting investment. Our investment strategy will continue to evolve throughout 2015, and work is already underway to incorporate the low carbon and smart cities opportunities into the prospectus. We see this integrated approach as critical to attracting high value international investors.

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<sup>1</sup> 'Scotland's Cities: Delivering for Scotland' (2011) <http://www.gov.scot/Publications/2011/12/15154546/0>

## **Key Achievements**

- Launched the Alliance's £10 billion Investment Prospectus at MIPIM UK in October 2014. The Investment Prospectus was subsequently launched to an international audience at MIPIM Cannes in March 2015.

*"It was great to see the Alliance's stand at MIPIM. With commercial property investment and development becoming increasingly competitive on a global stage, it is important that Scotland's cities are represented at these international gatherings, particularly in light of the well-funded campaigns on display from some other cities in their bids to attract investment. I look forward to helping and supporting Scotland's cities at MIPIM next year."*

**Cameron Stott, Director, Jones Lang LaSalle**

*"We're trying to emulate and rise to the excellence of the Alliance's stand at MIPIM. It's really well done and your information is well presented and co-ordinated - I've been watching the delegates pass through. I think that the warm welcoming folks have really added to the stand. It's been an excellent job overall and I want to learn from you!"*

**Heather Lalonde, Chief Executive of Economic Developers Council of Ontario, Canada**

- Mapped national priority sector assets within each city region. This intelligence has been used to produce sector narratives for use in investment promotion activities.
- Developed a Communications Strategy designed to facilitate a more proactive approach highlighting the work of the Alliance across its full programme of work including Infrastructure, Low Carbon Economy and Smart Cities. The Alliance has had positive coverage of its work from as far afield as the People's Republic of China's official press agency, Xinhua.
- Redeveloped the Alliance website to provide an improved platform on which to develop further promotional activity, as well as social media tools, as part of a wider communications strategy. The Alliance Twitter account has 1309 followers from around the world, while the recently launched LinkedIn page already has more than 200 connections.
- Worked with Scottish Enterprise and SDI to establish protocols for working with the Alliance on the development of the Investment Promotion Strategy and its subsequent delivery.
- Engaged with investors through an ongoing programme of events across the Scottish cities and the rest of the UK.

## **Infrastructure**

By working collaboratively to improve the infrastructure across and between the Scottish city regions, the Alliance aims to secure maximum impact and investment within five key areas of identified opportunity: residential, commercial, city centre regeneration, transport and digital.

In April 2014, the Alliance agreed an ambitious set of City Investment Plans detailing £6 billion worth of investment across the Aberdeen, Dundee, Edinburgh, Inverness, Perth and Stirling city regions. The subsequent approval of Glasgow's City Deal brings the total value of investment opportunities across the cities to £10 billion. The City Investment Plans will be refreshed on a regular basis to provide an overview of the delivery of city investment priorities, ensure accuracy and relevance of priorities outlined within the plans and influence stakeholders in areas identified for collaboration.

In June 2014, the Alliance's Leadership Group agreed a set of recommendations aimed at providing the cities with a menu of options for effective investment planning of their infrastructure priorities over the short, medium and long term. A range of innovative finance models to leverage private sector funding for infrastructure development and to take forward identified priorities continues to be explored including the appropriateness of City Deals to other Scottish city regions and the use of the Growth Accelerator Model.

### ***Key Achievements***

- Exploring the appropriateness of City Deals to take forward the longer term investment priorities detailed in the City Investment Plans.
- Working with the Scottish Futures Trust on extending the use of the Growth Accelerator Model, to support the delivery of the infrastructure opportunities detailed in the City Investment Plans.
- Establishing a cross-partner working group to develop business cases for the housing & commercial premises opportunities detailed in the City Investment Plans by June 2015.
- Discussing with national agencies an approach to delivering transport infrastructure priorities outlined in the City Investment Plans, within the context of the national transport infrastructure programme.
- Creating a comprehensive map of mobile and fixed infrastructure across Scotland to inform the approach to the delivery of the cities' digital infrastructure priorities detailed in the City Investment Plans.
- Working with Scottish Futures Trust to explore innovative financing and delivery models, including collaborative approaches, to further the digital priorities detailed in the City Investment Plans.
- Edinburgh is supporting Scotland's cities to successfully access the £40 million of funding available from the UK Government Voucher Scheme to support the upgrade of business broadband across all cities in Scotland.

### **Low Carbon**

The link between action on climate change and economic growth is widely recognised by city economies round the world. The Alliance has examined bespoke opportunities from this agenda linked to the City Investment Plans and has produced a "Low Carbon Resilient Cities Report" (available at [www.scottishcities.org/low-carbon](http://www.scottishcities.org/low-carbon).) This report outlines the collaborative opportunities across the cities and highlights the direct economic benefits resulting from this investment approach.

Work is now underway to develop a shared low carbon vision for the Alliance, which will form part of its Investment Prospectus, along with a set of Low Carbon standards to support the development of projects across its various programmes of work. The Alliance will also look to develop a pipeline of work which seeks to implement the recommendations from the Low Carbon Resilient Cities report, and sets out tasks and timescales in the areas of retrofit, street lighting and district heating.

## ***Key Achievements***

- Delivered the Low Carbon Resilient Cities report outlining the collaborative opportunities for low carbon investment linked to the City Investment Plans.
- Participated in phase 1 of the FCH-JU Commercialisation study (European wide project for the commercialisation of Hydrogen transport technologies). The Scottish cluster of cities and regions are working with other UK cities in preparing business cases in readiness for the call in 2016.
- Supported Scottish cities to enhance their Strategic Energy Action Plans (SEAPs) and benefit from knowledge exchange and best practice in the development of innovative energy projects that integrate different technologies and stakeholders through the EU funded STEP-UP programme.

## **Smart Cities**

A Smart City can be defined as the integration of data and digital technologies into a strategic approach to sustainability, citizen well-being and economic development. With a Smart City strategy, cities can harnesses the potential to integrate data and information flows between different service providers. The smart city strategy is underpinned by concepts such as open data, citizen engagement, innovation and establishing new forms of collaboration across the public and with the private sector.

Scotland's cities are seeking to adopt and develop open data and smart technology approaches that will make the delivery of city services more effective, efficient and sustainable and the cities more attractive to investors, residents, visitors and the business community.

The Alliance's Smart City approach seeks to combine the city infrastructure priorities detailed in the City Investment Plans with its Low Carbon opportunities detailed in the "Low Carbon Resilient Cities Report" to attract funding from Europe and the private sector to take forward a series of collaborative smart city projects.

## ***Key Achievements***

- The Alliance produced a self-assessment document designed to establish each city's smart priorities and the results of this work have been used to develop a city wide Investment Roadmap ([www.scottishcities.org/smart-cities](http://www.scottishcities.org/smart-cities)). The Alliance is now working with the cities to identify collaborative projects and funding streams using the Roadmap as the basis for discussion.
- The Alliance has submitted an application to access £10 million of funding for the ERDF period 2014-2020 to take forward the technology and data opportunities detailed in the city wide Investment Roadmap. A decision on the application, which is being led by Glasgow on behalf of the Alliance partners, is expected shortly. The funding will be unlocked by provision of cross-city match funding of £14.1 million making the total value of the programme across Scotland's Cities £24.1 million.
- Promoting the innovative work the Alliance is doing on Smart Cities to European networks, including the European Innovation Partnership, and to an international audience including the Ministry of Industry and Information Technology of the People's Republic of China and at the Smart City World Congress Expo in Barcelona.
- Working with Scotland Europa and Scottish Enterprise to ensure alignment between the developing city-wide investment Road Map and the EU's Horizon 2020 research and innovation programme.

- Working with the Edinburgh Centre for Carbon Innovation to accelerate the development and packaging of smart city and regional project partnerships in Scotland.

### **Research and Best Practice**

The Alliance work programme is underpinned by research and best practice which is provided by the Scottish Cities Knowledge Centre ([www.sckc.org.uk](http://www.sckc.org.uk)). The Alliance also contributes collectively on behalf of the partners to Scottish, UK and European policy forums and consultations as appropriate, with a view to promoting and accelerating the achievement of the collective aims and ambitions of Scotland's cities.

### ***Key Achievements***

- Contributed to the Scottish Parliament's European and External Relations Committee Connecting Scotland inquiry and the refresh of the Scottish Government's Economic Strategy. The Alliance also submitted a consultation response to the European Commission's call for evidence on the EU's proposed Urban Agenda.
- Worked with the Scottish Cities Knowledge Centre (SCKC) to deliver a programme of seminars to share ideas and stimulate discussion around the Alliance's work streams. This included two Ideas Forums looking at 'Unlocking Urban Labour Markets' (November 2014) and 'Realising the Opportunity from Urban Collaboration' (January 2015).
- Worked with the SCKC to undertake a piece of research to review the powers contained in the new draft Scotland Bill published in January 2015 and its implications for cities and their regions. The findings of this report will be presented to the Alliance's Leadership Group in June 2015.
- The Scottish Cities Research Network Annual Conference took place in November 2014 and considered the role of smaller cities and regions in national economic growth and explored the opportunities presented by the prospect of greater devolution.

## **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 including core staff and running a programme of events and engagement.

### **Cities Investment Fund**

The Cities Investment Fund of £7 million was provided by the Scottish Government when the Alliance formed in December 2011. When the Leadership Group approved the Operational Plan in June 2014, they confirmed that the remaining unspent funds should be split between Infrastructure and Investment Promotion and Low Carbon and Smart Cities.

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

## Table 1. Programme Funding

Budget as at 31 March 2015 is detailed below:

	<b>Budget 2012 - 2015</b>	<b>Budget Remaining 2015-17</b>	<b>Total Budget</b>
Infrastructure & Investment Promotion	£2,260,754	£2,124,721	£4,385,475
Low Carbon & Smart Cities	£1,695,710	£991,537	£2,687,247
<b>Total</b>	<b>£3,956,464</b>	<b>£3,116,258</b>	<b>£7,072,722</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 2014-2015. Procedures have been put in place by the SCDI financial management team to monitor expenditure.

## 4. LOOKING FORWARD

2014-15 has been an exciting and successful year for the Alliance. There has not only been significant progress made in terms of refocusing Alliance activity through the SCA Operational Plan under the three key themes of Infrastructure, Smart Cities and Low Carbon, but also the delivery of a number of key projects which has driven forward the Alliance's priorities in these areas. With the creation of a stronger Scottish Cities Alliance core team, the Alliance will work with all its partners to build on past successes in investment promotion, infrastructure and smart city activity over the next year to further raise the profile of the seven Scottish cities as smart, green destinations for investment and growth.

### Focus for 2015-2016

- Creation of a refreshed Investment Promotion strategy for the Alliance through to March 2017.
- Attendance at MIPIM UK in October 2015 event which will allow the Alliance partners to build on the success and leads created at MIPIM 2015 and MIPIM UK 2014.
- Develop the Alliance's international profile as part of the Communications Strategy, which aims to utilise the Smart Cities programme to get the wider message of the Alliance out, both through the media and through partnerships with other agencies.
- Establishment of protocols for joint working with SDI and SE to better align how they support the Alliance to develop its investment promotion strategy.
- Delivery of the collaborative business cases for the housing and commercial premises elements of the City Investment Plans.
- Develop the narrative for the inclusion of the low carbon work in the Alliance's investment prospectus and working with the Alliance's partners to identify collaborative projects which build on the Low Carbon Resilient Cities Report.

- Following the anticipated award of the Alliance’s ERDF application for the Smart Cities workstream, the Alliance will support the establishment of a Programme Management Office within Glasgow to oversee and manage the programme of work. This will work with the seven cities to agree projects for the programme to deliver and identify additional opportunities to attract funding to support delivery of the cities “smart” projects.
- Increase industry engagement to support the Alliance’s programme of activity as agreed with the Alliance Leadership Group.
- Creation of a network of studios providing affordable working space for artists and arts organisation in Stirling, Inverness and Perth.
- Take forward phase 2 of the EU funded hydrogen bus demonstration project, including submitting a Scotland-wide business case, formulating a framework for joint procurement and deployment and sourcing match funding.