



# **ANNUAL REPORT**

**2018-2019**

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## 1. FOREWORD

To say it's been another busy year for the Alliance - Scotland's cities in partnership with the Scottish Government - is something of an understatement. Working jointly to achieve shared aims allows Scotland's seven great cities – Aberdeen, Dundee, Edinburgh, Glasgow, Inverness, Perth and Stirling - to compete on an international stage, whether that be with our Smart Cities programme, our innovative work on hydrogen as a fuel or indeed to attract international investment which is a vital component that allows our cities and the people who live in them to thrive and prosper. With the cities and Scottish Government pooling resources and working together, we are greater than the sum of our parts and are showing the world how collaboration is key to unlocking our full potential.

As Chair of the Alliance, I have watched all three workstreams grow from strength to strength. We launched our latest and most ambitious Investment Prospectus at the newly opened V&A Dundee to an international audience of investors, press and stakeholders from cities, Scottish Government and UK Government sponsored by our private sector partner Robertson Group. The Investment Promotion Prospectus is widely available from our Scottish Government and city partners, the offices of our private sector supporters, and British Airways lounges in Heathrow Airport, targeting our key investor audience.

Through our international work at events such as MIPIM in Cannes and Expo Real in Munich, we have attracted warm leads which it is anticipated will turn into multi-million pound investments in Scotland's cities. Indeed, as a result of connections made during attendance at Expo Real, one city has supported and welcomed inward investment from a European technology and engineering company with a view to growing their profile and market opportunities in Scotland, with more potential in the pipeline from this event. We are in the process of following up with several interested investors as a result of our latest MIPIM attendance and one message is clear - investors like the one-stop shop approach that the Alliance offers, connecting them to the full spectrum of Scotland's cities' offerings.

As ever, we are always striving to make our investment opportunities as investor-ready as possible in order to create interest, so through the Alliance we are in the process of completing a financial model with Grant Thornton which will ensure our range of investment opportunities are as robust as possible and meet all market-led expectations.

The Scottish Cities Alliance's Smart Cities work secured a further £15million in European funding for Phase 2 of the 8<sup>th</sup> City Programme, bringing the total invested in this transformational project to almost £60 million. As well as making our cities smarter through the innovative use of technology to help them become more sustainable, the 8<sup>th</sup> City Programme is helping inclusive growth, by impacting directly on the lives of people in our cities in a hugely positive way. A great example of this is how the programme supported the development of Glasgow's data matching project for auto entitlement to clothing grants. This new approach identified an additional 5,500 children eligible for this vital support, equating to £286,000 additional income to vulnerable families. Overall, 20,000 children in Glasgow – some of whom are in families living on the lowest income levels - automatically receive payments worth £2.2million without any input from parents or council staff. Now that Glasgow has trialled this successfully, others will be able to follow suit.

Other smart projects taking shape include a Water Management scheme, scheduled to complete in July 2019. This Glasgow smart infrastructure project is pioneering a new digital surface water drainage system to create Europe's first Smart Canal which will unlock 110 hectares across the north of the city for investment, regeneration and development, paving the way for more than 3,000 new homes. With interest in our Smart Cities programme from around the world, not only in its technological advances but also in its sustainability credentials, the Alliance will continue to build on this international profile and momentum.

Supported by the Alliance, I am delighted to say that Dundee secured £3million of match funding from Transport Scotland enabling it to partner in the ambitious JIVE 2 programme and secured €1.8million of funding for 12 hydrogen fuel cell buses and the associated refuelling infrastructure. Aberdeen has pioneered the use of hydrogen buses and this additional funding will build on the work to help our cities meet Scotland's ambitious carbon reduction programme.

Scotland's cities contribute more than half of Scotland's GVA and more than 60% of employment, representing a critical contribution to both the Scottish and UK economy. However, they face significant challenges if they are to remain competitive globally as highlighted in our Empowering City Government report. In particular, Scotland's ageing population presents a long-term issue for the national economy. Therefore, the right immigration system is essential for our cities to have the required population to meet labour demand. The Alliance has supported the city Leaders and the Scottish Minister for Europe, Migration and International Development, Ben MacPherson, to develop a Migration Position Statement with supporting quotes from all partners setting out the collective needs of Scotland's cities from future migration policy to attract the vital talent necessary for continued economic success.

And finally, the Alliance supported the cities to contribute to two Scottish and one UK Parliamentary inquiry detailing their collective priorities for the future UK Shared Prosperity Fund which is intended to replace European Structural and Investment Funds post-Brexit. This work highlights the crucial role cities play in driving the local, regional and national economies and how access to additional investment in innovation, skills and employability and placemaking through the proposed UKSPF will be critical for them to reach their full economic potential.

Sustainability and resilience have undoubtedly become key drivers of cities, for the way we live, work, travel and invest, and I am delighted that these are central to the Scottish Cities Alliance's work. This, combined with our highly-educated talent pool, make the cities very attractive destinations of choice for investors. Our collaboration continues to make great progress in driving our aim of sustainable economic growth forward and I look forward to working with all partners over the next year to keep powering the momentum we have created in order to reap the benefits of the collective approach.

A handwritten signature in black ink, appearing to read 'J Alexander', with a long horizontal flourish underneath.

**Councillor John Alexander**  
**Chair, Scottish Cities Alliance**

## 2. OPERATIONAL PLAN & ACHIEVEMENTS

### Investment Attraction

The Alliance's investor reach continues to grow through direct investor engagement at key events such as MIPIM in Cannes and Expo Real in Munich as well as the launch and promotion of the most ambitious Investment Prospectus to date, which was held at V&A Dundee to a packed audience of key stakeholders from across the public and private sector spectrum. We are continuing to build and grow our relationship with Scottish Development International and the Department of International Trade in order to push the cities' opportunities to the widest investor audience possible.

### *Key Achievements*

#### **MIPIM 2019**

A new approach this year saw Scotland's public and private sector coming together to deliver a single 'Scotland Pavilion' fronted by Derek Mackay, Cabinet Secretary for Finance, Economy and Fair Work.

For the first time, the Chair of the Alliance attended MIPIM and held meetings with key investors and journalists to promote the investment opportunities across the seven cities. He also profiled the collaborative approach of the Alliance to investment attraction in Scotland, which is valued by investors. His presence, combined with the leaders of Aberdeen, Edinburgh and Glasgow, sent a strong message to investors that Scotland is open for business.

The Alliance built on its previous four years of investment promotional activity at MIPIM and held four events as part of the Team Scotland presence, attracting an international investor audience including:-

- A Smart Cities Lunch chaired by Perth and featuring Amanda Clack, Head of Strategic Consulting at CBRE UK, Graham Hill, Cities Executive for Scotland at Arcadis, and Jillian Hardie, Director of Buildings, Arup;
- An Investing in Sustainable cities lunch event sponsored by Arup involving our Chair Councillor Alexander, Miller Mathieson, Chairman of CBRE Scotland and Northern Ireland and Chair of the Scottish Property Federation and Leon Renwick, Associate Director of Arup.
- An Investor Dinner sponsored by Arcadis focusing on digital innovation in Scottish cities.
- A networking event at the Scottish Pavilion sponsored by Arbikie, providing an opportunity to hear about the Scottish cities' investment offer.

To date more than £2 billion of investment has been generated as a result of the cities' presence at this and similar events supported by the Alliance. The Alliance continued to build on the warm leads established from its presence at MIPIM 2018 and generated several new connections. This year, Edinburgh was introduced to a major property development and investment group interested in hotel and residential opportunities. Interest from a major investment house is being followed up directly by the Chair of the Alliance on behalf of Dundee.

## First Minister Berlin Delegation - 25<sup>th</sup> June 2019

The Alliance was invited in June 2018 to attend the official opening of the Scottish Government's Berlin Hub by the First Minister. The event was attended by potential German investors and key contacts in the hydrogen fuel cell sector.

## Investment Prospectus Launch, V&A Dundee

Coinciding with the celebrations surrounding the launch of the V&A Dundee, Councillor Alexander as Chair of the Alliance supported by the City Leaders launched the Alliance's new Investment Prospectus in September 2018. The event provided a unique platform to showcase the billions of pounds worth of investment opportunities in the prospectus to a targeted investment audience in Scotland ahead of the European launch at Expo Real. The event was supported by private sector sponsorship from the Robertson Group who also spoke at the launch, with a speaker contribution from Arup.

## Expo Real 2018 – 8<sup>th</sup> – 9<sup>th</sup> October 2018

The Alliance attended Expo Real in October 2018 in partnership with Property EU.

| Event  | When                       | Information   |
|--|----------------------------|---|
| SCA Investment Prospectus European launch & gin tasting  | Monday 8 October, 8pm      | Hosted by SCA, in partnership with international law firm CMS               |
| Investor Dinner  | Monday 8 October, 8pm      | Hosted by SCA   |
| European Residential, Student housing & Micro Living, PRS and all you can imagine connected to Residential | Tuesday 9 October, 10.30am | Panel discussion, hosted by Property EU<br>Invest Aberdeen was on the panel |
| European Office Investment Briefing  | Tuesday 9 October, 11.30am | Panel discussion, hosted by Property EU<br>Invest Aberdeen was on the panel |

- As a result of connections made during attendance at Expo Real, one city has supported and welcomed inward investment from a European technology and engineering company with a view to growing their profile and market opportunities in Scotland.
- Introducing Glasgow to a global investment firm with £1.5 billion in capital to invest in the UK over the next year. This lead was generated by the Alliance at MIPIM 2018.
- Establishing new investment leads with the UK representative of a Chinese investor interested in regeneration projects in Scotland as well as a German hotel investment management company who are keen to expand their Scottish investment portfolio following a recent investment in the Borders.

## MIPIM UK 2018

The Alliance worked closely with the DiT and SDI on their plans for MIPIM UK securing an opportunity for Dundee to present to an invited group of investors. The Alliance also attended an Invest in Scotland private dinner hosted by Derek Mackay MSP to contribute to a discussion on the wide range of investment opportunities across Scotland's cities.

## **Grant Thornton Breakfast**

Grant Thornton held an investor breakfast in London in March for the Alliance with three London based investors interested in investing in Scotland. The aim was to find out directly from investors what they see as the attractions and challenges to investing in Scotland. The discussion and findings provided key intelligence that will be used to inform the Alliance's approach to future investment promotion activity.

## **British High Commission, Canada**

The Alliance facilitated a meeting between the partners and the Head of Science, Innovation and Energy at the British High Commission in Canada in July where a number of opportunities for collaboration were explored around the development of a potential joint R&D Programme. Information has been shared with the Scottish Government to inform planned discussions by Ministers in the year ahead.

## **Sub-Sectoral City Narratives**

The Alliance has developed sub-sectoral city narratives with Scottish Enterprise on [Data Driven Innovation](#) , [Fintech](#) , [Transition to a Low Carbon Economy](#). These narratives will help the Alliance promote the collective strengths offered by the cities across key growth sectors in a consistent and inclusive way as part of our investment promotion activity.

## **Hotel Investment Opportunities**

- Building on hotel development modelling undertaken by the Alliance, Inverness has secured investment for a [multi-million pound, 130-bedroom hotel development](#), which will see the Courtyard by Marriott brand make its debut in Inverness Airport Business Park.
- Further to the initial research, the Alliance supported Perth with to help shape their approach to targeting 4 star plus hotel developments to the city centre, additional work was undertaken to assess the viability of a number of sites and existing Hotels. Perth is now working with existing hotel operators to encourage additional investment to improve the product offer with the aspiration to deliver more 4 star provision.

## **Communications**

- Copies of the Alliance's Investment Prospectus were placed in the British Airways Business Class Lounges at Heathrow Airport to attract the attention of those heading to MIPIM UK, Expo Real and MIPIM 2019. To complement this, an advert was also placed in the BA inflight business magazine, BA Business Life, which has a reach of more than 746,000 people. Private stakeholders are also displaying the Prospectus in their reception areas in order to reach our target market.
- Generated coverage across 15 news platforms including STV Radio Tay, and the main Scottish business news outlets as part of the launch of the Alliance's Investment Prospectus in September. The Chair of the Alliance also fronted a column on the launch and the broader work of the Alliance in The Herald.

- Our Smart Cities Press release announcing a further investment of £15 million of European funding for Phase 2 of the 8<sup>th</sup> City Programme received great media coverage including: Scotsman; Insider; Sunday Post; Evening Express; The Courier; UK Authority; and AOL.
- Our annual Christmas press release rounding up all the achievements from the Alliance's work over the year received coverage in a variety of press outlets including the Scotsman and Business Insider.
- A soft launch of the online Investment Prospectus took place in January via social media channels. Messaging was sent to all our contacts on the CRM system and allowed us to promote the cities' investments to a much wider audience. In the launch month we had more than 40,000 Tweet impressions alone.
- We secured profile for the Alliance as part of an Arcadis city study press release which named Edinburgh as the best city in the world to live. This was fronted by Councillor Adam McVey and made front page news in the Scotsman and featured in other news outlets.
- Continued to promote economic development activity across the 3 workstreams of the Alliance's operational programme via blogs, LinkedIn and Twitter including investments in Inverness, Aberdeen, Perth and Stirling, and the delivery of projects as part of the 8<sup>th</sup> City Programme (Glasgow's Smart Canal and Stirling's Energy Project).
- The Alliance was referenced by Paul Wheelhouse in a Holyrood Hydrogen and Transport debate in February. Mr Wheelhouse highlighted the work of the Alliance and commended the partners for the work they are doing to encourage key stakeholders to adopt a more collective approach to their work on low-carbon transport and energy.
- Tom Sime, MD of Exchange Communications wrote a Scotsman column praising the Alliance's Smart Cities work.
- Secured a two-page spread in the Wall Street Journal Tech edition which featured the Chair of the Alliance and Councillor Aitken speaking about our Smart Cities Scotland programme. This was distributed in the Silicon Valley and San Francisco area to reach tech companies such as Apple, Facebook, Twitter and Google.

*“Robertson Group is delighted to be working with the Alliance. It was an honour to sponsor the Investment Prospectus launch at V&A Dundee last year, which sits across from the Earl Grey Building, one of our latest projects providing Grade A office space with unrivalled views in Dundee. The event provided a great opportunity to learn about the breadth of work going on and to see what is being done to attract more investment across the cities.*

*We are committed to strengthening our relationships across all of the cities to develop and deliver great opportunities, create local jobs and help build strong communities.*

*Investment in cities is essential for the development of the economy and our communities. Working across a number of sectors including hospitality; food and drink; education; residential; healthcare and commercial, Robertson is proud of its extensive work with the Scottish Cities Alliance and its stakeholders and is committed to delivering excellence for our clients and partners.”*

Elliot Robertson, Chief Operating Officer, Robertson Group.

## **Smart Cities Scotland**

The Alliance’s Smart Cities Scotland programme assists the partners to enhance the attractiveness of Scotland’s cities as smart and sustainable destinations for investment. Our “Scotland’s 8<sup>th</sup> City – the Smart City” ERDF Programme supports the cities to use data and technology to make them more attractive, liveable and resilient for citizens. Meanwhile, our Hydrogen and Low Carbon activity helps address climate change and enables Scotland to position itself as one of Europe’s leading early adopters of technology and attract investment into sectors such as manufacturing, engineering and energy.

### ***“Scotland’s 8<sup>th</sup> City – the Smart City” ERDF Programme***

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

In December 2018, the Alliance announced that a further £15 million in European funding had been secured for Phase 2 of the 8<sup>th</sup> City Programme, bringing the total invested in this transformational project to almost £60 million.

Phase 1 and Phase 2 of the 8<sup>th</sup> City programme can be summarised as follows:

| <b>Phase 1</b>  |   |
|---|---|
| <b>Smart City activity / Operation</b>                  | <b>Participating cities</b>   |
| Open Data   | Aberdeen, Dundee, Edinburgh (as ‘observer’ city), Glasgow, Inverness, Perth, Stirling |
| Smart Infrastructure: Intelligent Street Lighting (ISL) | Aberdeen (two projects: ISL; and Digital Data Deployment - DDD), Glasgow, Perth       |
| Smart Infrastructure: Water Management                  | Glasgow   |
| Smart Infrastructure: Innovation Labs                   | Perth   |
| Smart Services: Energy                                  | Aberdeen, Stirling  |
| Smart Services: Mobility                                | Aberdeen, Dundee, Inverness, Stirling   |
| Smart Services: Waste                                   | Dundee, Edinburgh, Glasgow, Inverness, Perth, Stirling                                |
| Smart Services: Public Safety                           | Dundee, Perth   |
| Smart Communities / Mobile Working                      | Glasgow, Perth  |
| <b>Phase 2</b>  |   |
| Open Data   | Dundee*, Glasgow, Perth, Stirling*, SCA/all cities (Data Cluster Project Manager)     |
| Intelligent Infrastructure                              | Edinburgh, Inverness  |
| Smart Infrastructure: Intelligent Street Lighting (ISL) | Glasgow   |
| Smart Infrastructure: Energy (IoT)                      | Stirling  |
| Smart Services: Mobility                                | Dundee, Edinburgh, Inverness, Stirling  |
| Smart Services: Waste                                   | Glasgow (project 1, project 2*), Perth  |
| Smart Services: Public Safety                           | Edinburgh, Perth  |
| Smart Communities / Mobile Working                      | Dundee, Glasgow (project 1, project 2*)   |

*\*These projects are awaiting final approval from the Scottish Government as the Managing Authority.*

The 8<sup>th</sup> City programme will now deliver almost 50 separate projects centred on data and digital technology, with the aim of expanding Smart City capabilities and delivering strategic priorities

through improved community engagement, integration of service delivery and innovation. The Programme team continues to support the cities to capture lessons learned and share these across the cities.

Last year, the 8<sup>th</sup> City Programme Team was invited to deliver a presentation to the European Commission DG REGIO (Directorate General for Regional and Urban Policy) to provide an overview of the programme, its strategic aims and projects being undertaken. Feedback from DG Regio officers was positive, and they are keen for the Alliance to share learning including governance arrangements with European cities and wider city region partners.

Examples of project activity include:-

- **Open Data** platforms in Aberdeen, Dundee, Inverness, Perth, and Stirling are now in place complementing those already developed by Edinburgh and Glasgow. This investment enables the 7 Scottish cities to work collaboratively, supported by the Alliance's recently appointed Data Cluster Project Manager, to publish the same data sets to the same standard and quality. This opens up unique opportunities for industry to work with a range of small and medium sized cities to develop and test smart solutions using data published across 7 city data platforms. Overall, 450 datasets have been published by the cities to date and the cities are working collaboratively on community and capacity building activity including:-
  - Open Data Camp Aberdeen in November 2018 attracting over 100 attendees from across the UK representing all sectors, local and national government, third sector and civic coding groups;
  - A "Hack Weekend" held by Dundee in collaboration with the University of Abertay in March; and
  - Open and Agile Smart Cities AGM in Brussels in January where opportunities were identified for the cities to work with this international network on Minimum Interoperability Mechanisms (MIMs) between the cities.

The open data projects are starting to deliver real outcomes for citizens and realise efficiency savings for cities. For example, Glasgow's data matching project for auto entitlement to clothing grants identified an additional 5,500 children eligible for this, equating to £286,000 additional income. Overall, 20,000 children in Glasgow now automatically receive payments worth £2.2 million without any input from parents or council staff including children of parents from the lowest income levels.

- Glasgow has delivered a **Data Analytics** project for Phase 1 of the 8<sup>th</sup> City Programme with plans to extend and enhance this work during Phase 2. Innovative services created include:-
  - The creation of a design thinking methodology and approach to project delivery;
  - A data matching service to generate new insight into customers and citizens;
  - A data modelling service to improve the quality and use of corporate data for analytics; and
  - A data integration and visualisation project that provides access to a wealth of real time data via user friendly visual tools.

In addition, the project has delivered a new open data portal and over 20 new open data sets, and supported a range of initiatives aimed at improving the engagement, capacity and skills development of stakeholders around how to make best use of data for decision making.

- **Intelligent Street Lighting (ISL)** systems in Aberdeen, Glasgow, and Perth are combining LED lamps with a Central Management System (CMS), supported by wireless communication networks. This ISL infrastructure is significantly reducing electricity consumption and wastage of energy (with efficiency savings of 70%), creating connected networks - providing consumption data and opportunities for linked assets to support an Internet of Things (IoT) system. The migration of street lighting infrastructure to intelligent street lighting marks a major paradigm shift in the infrastructure of the city. It has potential to transform street lighting columns from being single-purpose nodes that are used to light streets, to multi-functional connected nodes within a city-wide network that provides a range of digital services.
- **Smart Infrastructure – Water Management**, scheduled to complete in July 2019, this Glasgow project is pioneering a new digital surface water drainage system to create Europe's first Smart Canal which will unlock 110 hectares across the north of the city for investment, regeneration and development, paving the way for more than 3000 new homes.

*"By unlocking the inherent value of Glasgow's Canal and diversifying how we use this publicly-owned heritage asset, we are ensuring it continues to deliver for local people 250 years after it was first built. Creating a dynamic urban canal which uses smart technology to move water safely about the city will not only reduce the flood risk impact of climate change, but act as a catalyst for new investment, jobs, homes and businesses in North Glasgow as well as help to create one of the city's top tourist destinations."*

Catherine Topley, CEO Scottish Canals.

- **Smart Communities – Mobile Working:** Glasgow and Perth are delivering Phase 1 projects on Mobile Working and building on their experience Dundee is progressing activity as a Phase 2 project. Mobile Working projects aim to maximise the efficiency of staff working in the field by:
  - Making better use of technology to create a flexible workforce;
  - Providing the information they need direct to them in the field; and
  - Providing real time information back to the back office system.

The Glasgow Mobile Working project has delivered eight Apps to support Environmental and/or Social Care services (including: Core Bulk Uplift; Streetscene Observations; Data Collector Apps; Devices for Smart Bins; Transport and Support Services; and Homecare Overtime) - with a further seven Apps in development; outcomes to date include:

- Improved service delivery: reduced staff travel time; higher productivity – with more capacity to stay working out in the field; increased employee and customer satisfaction; and reduction in customer complaints.
- Improved response times: 90% of Bulk Uplift requests completed within 10 days rather than 28 days; also, the number of requests outstanding has been reduced by 90% - resulting in a 60% reduction in complaints.
- Release capacity and resource management: The transport application has released capacity by approx. 20%, providing opportunities to reallocate resources.

- **Reduced administration:** Reduction in the need to produce and process printed material has led to reduced administrative costs, reduced carbon emission, and reduced carbon footprint.
- **Data accessibility:** Data captured via the Apps provides service visibility for review, management information, and identification of service improvements.
- **Lone worker safety:** Improved communications and the ability to identify staff locations (and issue alerts when planned communication is not received) has made 2,700 home carers safer.

Both Glasgow and Perth have shared information on their approaches to mobile working, including hosting show and tell events for wider stakeholders. Glasgow has also produced a Business Engagement Toolkit providing a detailed overview of project processes and development.

- **Smart Mobility** projects are currently being delivered across a number of Scottish cities, with installation of the Stirling Movement Information Platform completed at the end of 2018. This involves enhancement of Stirling’s journey-time monitoring system and expansion of cyclist monitoring with the addition of pedestrian counters. Inverness is also investing in a range of urban transport monitoring projects and Dundee is exploring new opportunities for increased use of shared vehicles and low carbon travel options.

The Dundee ShareMORE project uses digital technology and data to create new Mobility-as-a-Service (MaaS) business models. MaaS encourages the sharing of mobility assets, such as cars, bikes and public transport operations in both a community and corporate fleet setting. Dundee’s use of a ‘Living Laboratory’ process has informed the procurement of innovative companies with service designs ready to test in a live environment, as well as the deployment of technology for city parking infrastructure and data to support MaaS sharing operations.

- Sensor-enabled **Smart Waste** bins in Dundee, Edinburgh, Glasgow, Perth, and Stirling which are helping cities become more resource-efficient, improve waste collection strategies, reduce transport costs (and carbon emissions) linked to routing and scheduling, and deliver cleaner streets.

### ***Wider Smart Cities Activity***

**Softbank Telecom (Europe)** – Further to an introduction by the Department for International Trade last year, the Alliance worked closely with ScotlandIS to invite senior representatives from Softbank to visit Scotland in March to learn about Scotland’s ambitions for the cyber security sector as set out in the Scottish Government’s [Action Plan](#). The programme provided opportunities for Softbank to learn about the £11 million Cyber Quarter as part of the Tay City Region Deal as well as The Bayes Centre’s Data Driven Innovation Hub at the University of Edinburgh. Softbank has a global reputation for investing in hi-tech start-ups on a grand scale through its multi-billion dollar vision fund and is really interested in the Cyber Security ecosystem that is developing across the Scottish cities and opportunities to collaborate. Scottish Enterprise will take on the development of this relationship going forward.

## **Inverness Creative Academy**

Work to develop a network of creative hubs across the cities has made significant progress with the opening of Phase 1 of [Inverness Creative Academy](#) in November 2018. Building on studies and analysis funded by the Alliance, Inverness secured £1.2m from the Scottish Government's Regeneration Capital Grant Fund towards a £5.7m project to renovate a Category B listed building into 39 studios and 54 workspaces for creative businesses. The creative industries is the fastest growing economic sector in Scotland and the long term ambition is for the academy to support 700 creative businesses across the Highlands including 100 local businesses and 109 FTE jobs with an economic impact of £2.7 million.

## **Hydrogen**

### **Key Achievements**

#### **Fuel Cell and Hydrogen – Joint Undertaking (FCH-JU) – JIVE 1/JIVE2**

Following Aberdeen's success in JIVE 1, Transport Scotland awarded £3 million of match funding to Dundee enabling their deployment plans in JIVE 2 programme, having secured €1.8 million of funding for 12 hydrogen fuel cell buses and associated refuelling infrastructure. The Alliance will continue to support Dundee with the deployment of this project by 2020. Early discussions are underway on the wider opportunities for fuel cell fleet deployments that could benefit not only Dundee but the other cities/regions too.

#### **Office for Low Emission Vehicles (OLEV)**

Aberdeen has secured additional funding from the Office for Low Emission Vehicles (OLEV) for circa 10 additional hydrogen fuel cell buses. This project is in partnership with Liverpool City Council, BOC, Arcola and Alexander Dennis (Scottish bus manufacturer). The Alliance supports Alexander Dennis in deploying their hydrogen fuel cell buses across cities/regions along with Transport Scotland and Scottish Enterprise.

#### **Hydrogen Interest Group**

The Alliance's Hydrogen Project Manager plays a key role in facilitating the work of the newly created Hydrogen Interest Group involving Scottish Enterprise, Highlands and Islands Enterprise, Scottish Development International, Transport Scotland, Scottish Government (Hydrogen Policy) and the Scottish Hydrogen Fuel Cell Association. This enables the cities to synchronise activity to develop the "vision" for Scotland focusing on heavy fleet vehicles, trains, ferries, large scale production of hydrogen, on/offshore wind industry, and the decarbonisation of heat adopting a local energy systems approach.

#### **Tay-Eco Valley**

The Alliance is working closely with project partners – Dundee, Perth and Kinross, Angus and Fife Councils and St Andrews University to develop a hydrogen valley across the Tay Region. A bid was submitted to the FCH-JU to be participate in this pan-European initiative.

## **Glasgow Decarbonisation Programme**

The Alliance has been supporting Glasgow City Council with their ambitious and challenging decarbonisation programme. The Alliance, Transport Scotland and Glasgow City Council will be holding a round table meeting in May with local industry experts from the hydrogen and transport sector to progress this initiative.

## **Low Carbon**

### ***Key Achievements***

- Aberdeen, Dundee, Inverness, Perth and Stirling have completed work funded via the application the Alliance supported to Scotland's Energy Efficiency Programme for £250,000 of funding to pilot the methodology to produce Local Heat and Energy Efficiency Strategies (LHEES). Pilot strategies have been developed in the following areas and cities are now engaging with the Scottish Government about how they use the LHEES to plan for energy demand reduction and heat decarbonisation of buildings across their areas, creating opportunities for district heating investments. Potential projects include:
  - Aberdeen - Ward of Tillydrone, Seaton and Old Aberdeen.
  - Dundee - Lochee Community Planning Partnership area, north of city centre.
  - Inverness - Inverness Central, Inverness Millburn and Culloden and Ardersier Wards.
  - Perth - Perth City Centre (including Muirton and North Muirton), areas, Perth City North and Strathtay.
  - Stirling - Braehead, Forthside and Raploch.
- Circular Economy Business models setting out opportunities for cities and local business partners to support regional economic growth for, Tay City Region (Perth and Dundee) and the North East (Aberdeen) have now been produced as part of successful bids the Alliance supported to Zero Waste Scotland's "Efficient Circular Economy Accelerator" Strategic Intervention. Zero Waste Scotland and the Chamber of Commerce in each city region is now working directly with a number of businesses to develop a new circular economy approach. Strategic projects under development include a Circular Economy Innovation Hub concept in Edinburgh and supporting circularity in the North-East's Housing Improvement Programme. Zero Waste Scotland is also working with Inverness and Stirling to look at local/regional approaches to the Circular Economy as well as support for Glasgow with the development of a Circular Economy Routemap.
- Two warm leads have been established in the Highlands and Fife following work undertaken by the Alliance to map existing and future district heating projects across the cities. The investment information collated by the Alliance formed the basis of SDI inward investor pitches aimed at attracting manufacturing companies in New York and Canada to Scotland.
- Improving the energy efficiency of Scotland's buildings is a National Infrastructure Priority. To accelerate the pace and scale of progress in transforming the energy efficiency of public sector buildings, the Scottish Government have put in place a Framework of Non-Domestic Energy Efficiency (NDEE) contractors. Following the development of strategic outline cases for the cities to enable them to access the framework, Dundee has procured two packages of work to the value of £3.9 million enabling it to realise the efficiency savings outlined in the table below. Glasgow is currently in the process of developing a project opportunity. Improving the energy

efficiency of Scotland’s buildings is a National Infrastructure Priority and has the potential to create a pipeline of job opportunities across the cities.

**Table illustrating expenditure and savings from Dundee City Council’s NDEE Framework Projects**

| <b>Project</b>                | <b>Total Cost (£)</b> | <b>Thermal Energy (kWh)</b> | <b>Electrical Savings (kWh)</b> | <b>Energy (kWh)</b> | <b>Energy savings (£)</b> | <b>Carbon (tCO2)</b> |
|-------------------------------|-----------------------|-----------------------------|---------------------------------|---------------------|---------------------------|----------------------|
| Dundee City Council Project 1 | 1,581,407             | 1,138,352                   | 1,697,347                       | 2,835,699           | 212,965                   | 971                  |
| Dundee City Council Project 2 | 2,339,553             | 121,706                     | 1,994,926                       | 2,116,632           | 266,224                   | 736                  |
| <b>Total</b>                  | <b>3,920,960</b>      | <b>1,260,058</b>            | <b>3,692,273</b>                | <b>4,952,331</b>    | <b>479,189</b>            | <b>1,707</b>         |

### ***Policy and Stakeholder Engagement***

The Alliance contributes on behalf of its partners to Scottish, UK and European policy forums and consultations, facilitates discussion between the cities and governments on key topics and develops key UK, EU and international relationships and networks for the cities to learn from best practice. Working together on a common agenda, this work ensures Scottish Cities and their regions have the levers and collaborative working arrangements to allow them to compete, innovate and support inclusive economic growth.

### ***Key Achievements***

#### [UK Shared Prosperity Fund \(UKSPF\)](#)

The Alliance supported the Scottish Cities to contribute to two Scottish and one UK Parliamentary Inquiry detailing their collective priorities for the future UK Shared Prosperity Fund which is intended to replace European Structural and Investment Funds post-Brexit.

#### **EU Successor Funding Commission**

Led by Glasgow, the Scottish cities and the Core Cities commissioned a piece of joint research to provide a quantitative and qualitative analysis of how EU Successor Funding should be used to best drive the economies of cities across the UK with a specific section on Scotland.

#### [European Territorial Cooperation Position Statement](#)

In February, the Scottish Cities Alliance partners lent their support to a position statement signed by over 50 organisations representing a wide range of sectors, outlining 10 compelling reasons why European Territorial Cooperation (ETC) programmes are important to the UK. Transnational organisations, neighbouring regions and local authorities in France and Norway also supported the statement. The aim is to demonstrate the value of ETC programmes to the UK and ask the UK Government to take this message on board when negotiating the UK's future relationship with the EU regarding access to future ETC programmes.

#### [Migration](#)

The Alliance supported the City Leaders and the Minister for Europe, Migration and International Development, Ben MacPherson, to publish a Migration Position Statement with supporting quotes from all partners setting out the collective needs of Scotland’s cities from future migration policy. Following the publication of the UK Government’s White Paper, the Alliance has supported the Minister and City Leaders to develop a more detailed position statement responding to the UK

Government's future immigration proposals and promote the Scottish Government's ["Stay in Scotland"](#) Campaign to EU Nationals across the cities.

### **Local Governance Review**

In November 2018, officers from the City of Edinburgh Council facilitated a round table discussion with the city Leaders to develop a cities' response to the public consultation on the Local Governance Review. The Alliance mapped the recommendations in the cities' response against the recommendations in CoSLA's response which highlighted alignment of asks, particularly around seeking greater collaboration and integration with other agencies and fiscal autonomy. This alignment offers the cities an opportunity to discuss pilot projects they could support that would test some of the recommendations in their submission which are in line with the wider local government agenda.

### **Brexit**

The Alliance Core Team continues to attend and support the work of Scottish Enterprise's Brexit Support Steering Group, ensuring cities are aware of the support offered by the Prepare for Brexit campaign and materials available across the agencies to support their own Brexit preparations. In particular, the Alliance raised awareness with the Heads of Economic Development and CEOs in the cities on the support available from Scottish Enterprise to prepare their businesses and workforce.

### **OECD Inclusive Growth Initiative**

The Alliance continues to support the cities to benefit from the work of this international network to develop their thinking on delivering inclusive growth across their cities. The Leader of Glasgow City Council attended the initiative's annual roundtable of Mayors and Ministers in March and shared learning with the other Scottish City Leaders at the Alliance's Leadership Group meeting.

### **Sub Scotland Economic Statistics Group**

Supported by Aberdeen, the Alliance represents the interest of the cities on this group chaired by the Office of the Chief Economic Advisor providing an opportunity for the cities to inform the work on data publication and statistics undertaken by the Scottish Government.

### **Office for National Statistics (ONS) – Cities**

The Alliance provided an opportunity for the partners to highlight the key statistical needs of the Scottish cities and shape the ONS Cities Team's future workplan. Opportunities for cities to add local data to help enrich the ONS information and provide greater understanding of local issues were also discussed.

### **Infrastructure Commission for Scotland**

The Alliance secured a meeting between the CEO Group and the Chair of the Commission to discuss the focus of the Commission, it's proposed future activity, and how they could be closely involved in any discussions or developments at an early stage. A submission was made to the Commission's call for evidence reflecting the discussion.

### **Scottish National Investment Bank**

Building on work undertaken by the CEO Group on the development of the implementation plan for the bank in 2017/18, the Alliance provided a further opportunity for the SNIB's Programme Director to speak to the CEO Group about current developments in preparation for the creation of the bank.

## Regional Economic Partnerships

The Alliance undertook a review of where each of the cities were in terms of their developing regional working structures to identify common issues and opportunities for cities to maximise the economic impact this policy offered for new ways of working with national agencies.

## Transient Visitor Levy

The Alliance facilitated Edinburgh, Aberdeen and Inverness who are particularly interested in progressing discussions on a Transient Visitor Levy to share learning and experience around working with key stakeholders.

## Irish interest in the Scottish Cities Alliance

Following an invitation by the Dublin Chamber of Commerce, the Alliance met with officers from the Irish Government, Irish cities and the private sector to speak about the Alliance's approach to collaborative working, which they are keen to replicate in Ireland.

## 3. BUDGET

The Scottish Cities Alliance has two funding sources. The first is an investment fund for specific collaborative project activity to accelerate their development and delivery. The second is the Alliance Core Team Budget which includes employment and overhead costs for the Alliance's Core Team based in SCDI.

### 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, to generate income from private sponsorship and support large-scale collaborative projects and to develop programmes which will allow for wider city region investment. The following table highlights savings achieved in this financial year:-

**Table 1. Programme Funding from 1<sup>st</sup> April 2018 to 31st March 2019**

|                                   | <b>2018/19 budget approved</b> | <b>2018/19 actual spend</b> | <b>2018/19 savings realised</b> |
|-----------------------------------|--------------------------------|-----------------------------|---------------------------------|
| Investment Attraction             | £187,100                       | £135,946                    | £51,154                         |
| Smart Cities Scotland             | £68,662                        | £68,662                     | £0                              |
| Policy and Stakeholder Engagement | £43,000                        | £16,645                     | £26,355                         |
| <b>Total</b>                      | <b>£298,762</b>                | <b>£221,253</b>             | <b>£77,509</b>                  |

### Alliance Core Team Budget

Each city and the Scottish Government contributed to the Scottish Cities Alliance fund of £238,000 to cover staff costs and events for the financial year 2018-2019. Procedures are in place for the SCDI financial management team to monitor expenditure.

## 4. LOOKING FORWARD

The Alliance has made significant progress on its operational priorities during 2018-2019 and 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 continue to take forward the priorities identified in the Operational Plan 2018-2022, working closely with the city Leaders and the Cabinet Secretary for Transport, Infrastructure and Connectivity on our Leadership Group.

### Investment Promotion 2019-2020

- Develop a co-ordinated programme of investment events as part of Team Scotland which provide the cities opportunities to showcase their investment ready propositions to targeted investor audiences.
- Expand the use of the Alliance's new CRM system by the partners to record interactions with key contacts, organise events and send targeted investment messaging to warm contacts.
- Develop further cross city sub-sectoral narratives including Aerospace, Cyber Security and Hydrogen to further develop opportunities to promote the key sectoral strengths of the cities as part of investment promotion activity.
- Continue to engage with the Capital Investment Scotland working group to ensure the partners understand the nature of international capital and assist the cities to develop a strong pipeline of market ready propositions to market in the planned refresh of the Alliance's Investment Prospectus.
- Utilise the financial modelling toolkit developed through the Alliance for the cities to test the readiness of new city propositions for the investor market.
- Utilising research undertaken by the Alliance to understand the economic opportunities offered by the cities' twinning links, the Alliance will work closely with the Scottish Government's Trade Team to consider how the cities' international relationships can be used to progress activity in existing and newly identified export markets in the Scottish Government's [Export Growth Plan](#).
- Proactively target lead generation activity in key domestic and international markets using a range of media channels.
- Comms strategies for Hydrogen and Smart Cities activity will be developed to target the unique audiences of these sectors.
- Actively engage with the cities to generate more content for blogs and case studies to promote Scotland's sectoral strengths and key opportunities to invest in the cities.

### Smart Cities Scotland 2019-2020

- Complete the delivery of Phase 1 projects as part of the 8<sup>th</sup> City Programme and support delivery of Phase 2.
- Explore opportunities to profile learning and share experience including as part of Smart Cities UK – Meeting City Challenges event in Perth in November.

- Further develop the performance measurement framework to capture wider outcomes and benefits of the 8<sup>th</sup> City Programme across cities and, where possible, their contribution to national outcomes.
- Develop the business case for partners to maintain data publication capabilities beyond the scope of the 8<sup>th</sup> City Programme as part of “business as usual.”
- Develop a communications plan to promote the data sets published by the cities and seek guidance from key stakeholders including the Open Data Institute to help inform the cities’ future data publication priorities.
- Support the cities to develop applications to host Data Lab MSc Student Placements in the 19/20 Academic Year to help the cities use the data published to solve city challenges.
- Support Glasgow to share use cases and toolkits to enable cities to replicate Glasgow’s approach to data analytics.
- Utilise the Alliance’s membership of the Open and Agile Smart Cities network to ensure cities learn from international best practice in open data and standards.
- Support the continued development of a sustainable data community across the Scottish cities.
- Support the cities to participate in Datafest 2020.
- Work with Urban Foresight and the MILL Project in Dundee to support the development of the smart mobility sector across the cities for the benefit of Scotland.
- Support Glasgow City Council’s transport team and Transport Scotland on their development of hydrogen transport initiatives including fuel cell developments for heavy goods vehicles which all cities/regions can benefit from to decarbonise not only their own council fleets, but wider opportunities for buses, taxis, trains and ferries (HySeas III – first in the world, roll on/roll off ferry being developed by Ferguson Marine on the Clyde).
- Continue to support Dundee with their hydrogen ambitions with Michelin and how this could benefit supply chain development opportunities for cities/regions.
- Work closely with Transport Scotland on a number of initiatives around the development of low carbon transport networks across cities/regions.
- Engage with the private sector to explore the viability of large-scale hydrogen production in Scotland which can be distributed across city regions. This is a crucial next step for accelerating the uptake of fuel cell technologies to levels at which they can make a meaningful contribution towards Scotland’s decarbonisation ambitions.
- Building on work the Alliance has undertaken with the Royal and Ancient and the main patrons Daimler/Mercedes and Doosan relating to the 150th Open in St. Andrews in 2021, the Alliance will take forward discussions regarding an opportunity to showcase Scottish zero/low carbon projects including hydrogen technologies and ULEV vehicles to the global audience of 500 million people set to tune into the event.

- Inform discussions on the National Transport Strategy and Strategic Transport Project Review.
- Support the cities to develop outline functional and fiscal pilot projects which could be tested as part of the next stage of the Local Governance Review process.
- Continue to support the cities as discussions with both the Scottish and UK Government's progress on the future UK Shared Prosperity Fund to ensure it supports the cities to deliver inclusive economic growth.
- Engage with the National Infrastructure Commission for Scotland as it develops its thinking over the next 12 months.
- Support the partners to progress discussions with the UK Government on their future immigration proposals and raise the profile of the Alliance's key "asks" in the Joint Position statement responding to the UK Government's proposals.
- Continue to contribute to the Brexit Response Steering Group and support a planned discussion on Brexit between the Cabinet Secretary for Government Business and Constitutional Arrangements and the City Leaders.
- Continue to represent the interests of the Scottish Cities on the Sub-Scotland Economic Statistics Group.
- Following the publication of the Scottish Cities Outlook, host a further workshop with the ONS to progress discussion on the future statistical needs of the Scottish cities.
- Work with the cities to refresh the Empowering City Government report.
- Following agreement on the governance arrangements for the Scottish National Investment Bank (SNIB), facilitate further discussions on the areas for potential investment by the bank.
- Support the cities to share experience and ideas on their evolving work on regional working including facilitating discussions with national agencies to explore how greater alignment of activity can deliver better inclusive economic growth outcomes in Scotland.
- Continue to support the partners to share thinking during the consultation process on the introduction of a Tourist Tax.
- Build upon established connections in Ireland and develop opportunities for closer working going forward.