“Connecting Scotland - how the Scottish Government and its agencies engage internationally”

The Scottish Cities Alliance (“the Alliance”) is the collaboration of Scotland’s seven cities (Aberdeen, Dundee, Edinburgh, Glasgow, Inverness, Perth and Stirling) and the Scottish Government which is strategically facilitated by the Scottish Council for Development and Industry (SCDI). It aims to attract external investment, stimulate economic activity and most importantly, create new jobs and business opportunities.

The success of the Alliance in terms of attracting investment will depend on its ability to build relationships and engage effectively with external investors across the UK, the EU and internationally. The Alliance therefore welcomes the opportunity to respond to the Connecting Scotland inquiry as an integral part of achieving its ambitions for Scotland.

**The Alliance’s Strategic Agenda**

**Alliance Structure**

Following the launch of the Agenda for Cities, the priorities for the Alliance and the strategic direction of its work programme have been approved by its Leadership Group. The Leadership Group brings together the Scottish Government’s Cabinet Secretary for Infrastructure, Investment and Cities and the Leaders and Chief Executives of the seven cities. The approved work programme has been taken forward by the Delivery Group, comprising senior economic development officers from each of the seven cities and the Scottish Government, working in partnership with national agencies and engaging with academia and the private sector under the guidance of the Alliance’s Strategic Director.

The Alliance work programme is supported by a £7 million City Investment Fund which was provided by the Scottish Government when the Alliance formed in December 2011. The purpose of the fund is to leverage other private finance or European funding, support large-scale collaborative projects and develop programmes which allow for wider city region investment.

**Alliance Programme**

The Alliance’s strategic focus is set out in a Strategic Implementation Plan and its Operational Plan sets out how this will be delivered (www.scottishcities.org/workstreams). The Operational Plan focuses the Alliance’s programme of work around 3 key programmes: Infrastructure, Low Carbon and Smart Cities. The three programmes complement each other and have the collective objective of delivering economic growth with infrastructure as the central narrative. As SDI has a clear remit for internationalisation the Alliance’s ability to connect is vital to delivering its outcomes.
In April 2014, the Alliance approved an ambitious set of City Investment Plans detailing £6 billion worth of investment opportunity across six of the cities (Aberdeen, Dundee, Edinburgh, Glasgow, Inverness, Perth and Stirling). The subsequent approval of Glasgow’s City Deal brings the total value of investment across the cities to £10 billion. The infrastructure priorities contained in the plans across the cities identified 5 areas for collaboration which will be taken forward as part of the infrastructure programme: residential, commercial, transport, digital and city centre regeneration. In June 2014, the Alliance Leadership Group approved a set of recommendations aimed at providing the cities with a menu of options for effective investment planning over the short, medium and long term including the Growth Accelerator Model and Strategic Infrastructure Funds. The cities will continue to work together with the Scottish Government and its national agencies to make use of these and other investment models to deliver their infrastructure ambitions. As an initial priority, business cases are being developed for the delivery of the residential and commercial opportunities in the plans that can be taken to international markets.

**Low Carbon Economy**

The Alliance has recently undertaken a substantial piece of work to produce reports for each of the cities which identify a range of economic benefits from deploying low carbon solutions to reduce carbon emissions, including job creation, skills development, and new innovative supply chains. A report has also been produced detailing the collaborative opportunities which will inform the Alliance’s approach to developing a pipeline of low carbon infrastructure projects across the cities explicitly linked to their city investment plans. Work is now underway to develop a clear narrative for the Alliance which sets out how the work it is doing to create economic growth through infrastructure will be underpinned by the work it takes forward on the low carbon economy and ensure it forms part of the offer to investors in its Investment Prospectus (see Investment Promotion below).

**Smart Cities**

This programme aims to enable the provision of Smart City projects and services aligned to the delivery of the City Investment Plans. The cities have designed a bespoke maturity model and completed a self-assessment which has helped them to:-

- Assess where they currently are on the journey to being a smart city;
- Decide where they want to be by 2020 aligned to their strategic priorities;
- Identify what investments and adjustments are required to get them there; and
- Consider opportunities to collaborate with other cities and partners to achieve mutual objectives.

The final output of this initial piece of work is an investment roadmap which is currently being used to develop a collaborative funding application on data and technology as part of the European Structural Funds programme 2014-2020. Opportunities to access other funding streams including EU Horizon 2020 funding as well as partner projects with large blue chip companies to test new products will also be explored. Where appropriate, the Smart Cities programme may also help take forward some of the identified low carbon infrastructure opportunities.
The Alliance’s Smart Cities programme is aligned with both European and international developments. To date, the following work has been undertaken to help promote the Alliance’s Smart Cities programme to an international audience:

- The Alliance is part of the European Innovation Partnership for Smart Cities which has helped it to secure interest from Europe in the regional collaboration approach it is developing in Scotland;
- Hosting a reception with senior officials from the Ministry of Industry and Information Technology of the People’s Republic of China in October 2014. The delegation contacted the Alliance specifically as part of a research tour to learn about the collaborative approach of Scotland’s cities to this agenda.
- The Alliance Smart Cities Project Manager, alongside officers from Dundee, Edinburgh and Glasgow, attended the Smart City World Congress Expo in Barcelona in November as part of UKTI’s stand. The event was attended by 400 cities, 242 companies and 10,000 delegates and offered a great platform to showcase the Alliance’s work to an international audience.

The Alliance is currently working on developing a narrative around the Smart Cities programme for inclusion in the Investment Prospectus (see Investment Promotion below) which is linked to the infrastructure priorities identified in the City Investment Plans. This narrative will also be shared with other key agencies such as SDI to ensure the opportunities to attract international partners and investors are increased.

**Investment Promotion**

Critical to the success of the three core programmes is the Alliance’s investment promotion strategy which is designed to create investor confidence, provide a focal point for investors in the cities, facilitate both public and private sector investment and promote a consistent message about the benefits of investing in and across Scotland’s cities and their regions. The Alliance is working both nationally and internationally to attract investment via its Investment Prospectus (www.scottishcities.org/prospectus).

From April 2015 Investment Promotion will focus on:

1. **Visibility** – Developing a proposition to market and using appropriate channels to understand what the cities themselves can offer in terms of attracting new investment that is not related to the sectors. The Alliance is in the process of re-developing its Communications Strategy to enable it to communicate its core messaging clearly to target audiences (business leaders, politicians, the media, national and international investors and the wider general public) in order that they understand both what the Alliance is doing to attract investment and its investment offer. Establishing open communications channels will enable the Alliance to be pro-active in its communications and boost the Alliance’s brand, both in Scotland and around the world.
2. **Market Intelligence** – Intelligence on infrastructure markets will be gathered to understand what the deal breakers are in terms of delivering the investment propositions in the Investment Prospectus and enable the Alliance to become more responsive to markets.
3. **Better understanding of engagement** – The Alliance will look to develop its understanding of how other agencies, including SDI, are engaging with investors.
4. **Linking the Alliance Core Programmes to Investment Promotion** – As the Alliance’s 3 core programmes of work develop, it will ensure that these developments are reflected in its communications as part of a comprehensive investment promotion strategy which fully demonstrates the scale of the offer to investors.
5. **Utilising Cities’ Collective Links** - Cities have a great deal of knowledge and experience that they can bring to Scotland’s international work. Their existing international relationships, including extensive twinning links and cultural bonds, provide a basis to strengthen Scotland’s economic ties and the Alliance will look to capitalise on these in achieving its own aims and objectives.

### How the Scottish Government’s international strategy can support the Alliance’s Strategic Agenda

**Relationship with Scottish Development International**

In terms of the Alliance’s focus our key relationship is with SDI as they have the national remit on attracting investment which is one of our key objectives. Overall, the Alliance is supportive of SDI’s role in attracting inward investment to Scotland across specific sectors and is keen to develop its working relationship with SDI to help facilitate its own investment promotion activity. The Alliance recognises that collaborative working helps remove common barriers and ensures a coordinated Team Scotland approach to identifying and responding to investor opportunities, enhancing Scotland’s competitiveness.

The Alliance’s current investment promotion strategy, which was developed in consultation with SDI, takes account of wider SDI activity and seeks to build upon and enhance the SDI pipeline of propositions and international positioning and promotional activity. As the cities look to build upon their experience and promote the opportunities in the Investment Prospectus, the Alliance asks that SDI take a more active role in the refresh of its investment promotion strategy for 2015-2016 to ensure it complements its own planned activity.

Foreign direct investment and trade promotion is currently the sole responsibility of SDI and from a cities perspective this currently limits the ability for them to engage proactively with international markets for investment through the Alliance. SDI focuses explicitly on sector development with no clear focus on city geographies and brands which could be used as additional tools to attract investment. Global investment is not simply about sector or cluster development, it also touches place shaping, urban regeneration, and land and property investment. There is therefore a real opportunity for the Alliance, and the cities within it, to work more closely with SDI on offshore activity and, where appropriate, take a lead role in taking this wider offering and story to international investor markets. The cities, due to their asset holdings and ability to attract investment to Scotland, should be recognised as a sector for SDI in their own right. This would be similar to SDI’s approach to the university sector.

The Alliance asks that the refresh of the Scottish Government’s international action plan include recognition of the role of the Alliance and cities in developing and attracting international investment and tourism. In this regard the Alliance would welcome the opportunity to work with SDI to develop a set of protocols to support this approach and provide clarity of roles and responsibilities that reflect each organisation’s strengths. This approach will ensure that Scotland can more fully exploit the extensive international networks and relationships cities have through civic engagement.

**Developing Sectoral Narratives**

The Alliance has begun a piece of work to interrogate city sector assets and develop city sector messaging. There is scope to draw cities’ sectoral assets further into Scotland’s international sectoral promotion, and national agencies’ international strategies. The Alliance will link its work in this area to that of Scottish Government, Scottish Enterprise, Highlands and Islands Enterprise and SDI, as it has done with the development of supporting assets and promotional material.
The Alliance sectoral narratives cover:

- Tourism
- Life Sciences
- Financial Services
- Creative Industries
- Food and Drink
- Energy

Whilst education is also recognised as a growth sector by the Scottish Government, this is not included as a priority sector for the Alliance however, the cities’ skills and talent base underpins the narratives.

Key investment promotion messaging will be drawn from the City Investment Plans and the sectoral narratives. Sectoral messaging developed through the narratives will enable targeted activity to ensure appropriate sectors and types of investment are prioritised. This will maximise the opportunities presented by existing FDI flows as well as facilitate promotion of specific city messaging to niche and new audiences. The clustering of investor ready projects will help achieve the scale and profile necessary to be more competitive in these markets, and add value to existing efforts.

In summary, closer ties with SDI will help facilitate appropriate activity, messaging and target opportunities around the sectors. Work should also take place to link sector messaging to the Alliance’s Low Carbon and Smart Cities programmes.

**Relationship with Scottish Enterprise**

The Alliance is aware of the work currently underway by Scottish Enterprise to make Scotland the global location of choice for the demonstration of Smart Mobility products, services and business models on Smart Mobility by 2020. Smart Cities is not a fully formed concept and therefore it is hard to pinpoint where the synergies will be between the work the Alliance is progressing and the work of the Smart Mobility team in Scottish Enterprise. To ensure that synergies are identified at an early stage, and to avoid duplication of work, the Alliance is keen to establish clear communication channels between the two programmes of work. This will ensure that both the Alliance and Scottish Enterprise are making best use of their resources and that there is a joined up approach to how Smart Cities is positioned to attract investment and economic growth in Scotland.

**Our Asks**

1. That SDI play a more active role in working with the Alliance to refresh its investment promotion strategy for 2015-2016 to deliver the Alliance’s identified priorities;
2. That SDI work closely with the Alliance, and the cities, to capitalise on their asset holdings and ability to attract investment to Scotland;
3. That SDI work with the Alliance to develop a set of protocols on how they will support each other to attract investment to Scotland; and
4. That Scottish Enterprise work with the Alliance to establish clear communication channels to avoid duplication and ensure synergies are identified between their Smart Cities and Smart Mobility programmes.

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