

building on energy

The Economic Manifesto for Aberdeen City and Shire



Introduction



Patrick Machray – Aberdeen City and Shire Economic Forum Chairman

Many of you reading this have experienced at first hand the growth of the region's economy over the past few decades boosted by its reputation as a global energy capital. As we enter the "second half" of North Sea oil production it becomes vital that we put in place measures to retain this position and build on nearly four decades of expertise. The Aberdeen City and Shire region is one of the UK's most prosperous, but with that comes competition from the global marketplace. However, we are fortunate to be in a strong position in which we can build on the success of our energy, tourism, food and drink, and life sciences industries and the entrepreneurs who have grown their global businesses, and create the next generation of opportunities.

We all have a part to play in this. To maintain the growth of our economy we need to attract and retain the right calibre of people and organisations to the region, and we can only do this if we provide a high quality of life with an infrastructure that is second to none. As a region we are uniquely placed – cosmopolitan, modern and forward looking while maintaining our traditional values and culturally rich heritage, and all of this set within a superb natural environment that we value and look after.

During the first half of 2007 we have engaged with over 100 business leaders to talk about our economy – the opportunities, the challenges and ambitions for the future. The energy and enthusiasm of all those involved has been truly inspiring with a real commitment from all, especially in the business community, to work together with the public sector to realise a strong, confident future for the region.

At the economic summit hosted in Aberdeen on 29th May, we together agreed a Vision for 2025 as well as high level strategic priorities that would deliver that bold future. This economic manifesto captures the Vision and outlines the strategic priorities and early actions identified to move us forward, ensuring we maintain a focus on the key activities needed to realise that vision.

We have created real momentum, a shared Vision and strong focus. Our priority now is to maintain this as we mobilise into action, working together and building on energy.

I invite you to join in and become involved in shaping the economic future of the region.

ACSEF Chairman
August 2007

"I sense a real appetite among the private and public sector to capitalise on our current buoyant economy and put in place strong foundations for the future.

The vision is ambitious and there is a real window of opportunity now to make it happen. If we can channel the desire to turn this vision into reality through the delivery of actions towards achieving specific goals then we have a real chance of shaping our economic future for the next generation. The manifesto is the starting point but both sides have to step forward and jointly demonstrate their commitment and capability in order to have tangible outcomes."

Stewart Milne
Chairman & Chief Executive, Stewart Milne Group

"We are hugely encouraged by this manifesto's focus to further internationalise the North East's oil and gas industry. The rich resources and talented workforce found in Aberdeen City and Shire have greatly contributed to our network which now exceeds 8000 people working in over 20 countries. PSN is aligned with ACSEF's vision and developing Aberdeen's role in the global economy."

Bob Keiller
Chief Executive, PSN

"ACCA is pleased and excited to be a partner with ACSEF in developing, renewing and promoting the city centre of Aberdeen as the vital heart of one of the finest cities in Northern Europe. "

John Michie
Chairman, Aberdeen City Centre Association

"FirstGroup has chosen Aberdeen as the location for its Global HQ because it is a good place to live and do business. We are committed to playing our part in the future economic prosperity of the region and would encourage all employers to work together with ACSEF for the benefit of the City and future generations."

Moir Lockhead
Chief Executive, FirstGroup

"To secure a promising future for Aberdeen City and Shire and the international oil and gas supply chain, in particular, we need to build on the compelling story of this area's achievements"

Tom Smith
Joint Chairman, Oil & Gas UK

Vision

With your input we agreed the following Vision:

“We aim by 2025, for Aberdeen City and Shire to be recognised as one of the most robust and resilient economies in Europe with a reputation for opportunity, enterprise and inventiveness that will attract and retain world-class talent of all ages.

The location of choice for high value oil and gas and renewable energy organisations, and a first choice for organisations of all sizes operating in other high value, quality niche markets.

Our environment, our accessibility and our hospitality will make Aberdeen City and Shire one of the most interesting and enjoyable locations in the UK in which to visit, live, work and grow up.”

Economic growth and quality of life - what we want to achieve

A strong economy and maintaining an excellent quality of life are core to the Vision. We want to be one of the most successful regional economies in Europe and top of the quality of life “league table”, making this a place where people choose to work, live, study and visit. These two key aims will provide the benchmarks and targets which will allow us to measure progress over time.

Economic growth can be quantified in terms of economic output - Gross Value Added (GVA) or Gross Domestic Product (GDP) per capita. North East Scotland has a total GVA of £10.9 billion and GVA per head of £21,638 (2004). We have the third highest GVA per head in the UK and on a European basis our GDP per head ranks 15th highest of 268 EU regions. Over the period 2002-6, GVA in Aberdeen City and Shire grew on average by 2.3% per annum.

To maintain current levels of growth we need to sustain a vibrant business base and build on the success of the oil and gas sector and establish the region’s as the a global centre of excellence for all-energy, leveraging the excellence in our academic and research institutes, while growing the regions other key sectors – Food and Drink, Life Sciences, and Tourism.

We want to improve North East Scotland’s position within the top 15 EU Regions by achieving a GVA growth rate of 2.5% p.a.

GDP per head: top EU regions

Region	Index	Rank	Region	Index	Rank
Inner London (UK)	303	1	Darmstadt (Ger)	157	11
Luxembourg (Lux)	251	2	Prague (Cze)	157	12
Brussels (Bel)	248	3	South/East Ireland (Ire)	157	13
Hamburg (Ger)	195	4	Bremen (Ger)	156	14
Vienna (Aut)	180	5	North East Scotland (UK)	154	15
Ile de France (Fra)	175	6	Groningen (Ned)	154	16
Berks/Bucks/Oxon (UK)	174	7	Noord-Holland (Ned)	154	17
Oberbayern (Ger)	169	8	Aland (Fin)	146	18
Stockholm (Swe)	166	9	Antwerp (Bel)	145	19
Utrecht (Ned)	158	10	Gloucs/Wilts/Nth Som (UK)	144	20

Source: Eurostat, 2007 – EU 27 average index = 100

Quality of life is determined by having an active and successful economy and living in a great place with excellent education, leisure, transport, planning, housing, medical facilities, and strong and safe communities. Currently, Aberdeenshire ranks 3rd in the Federation of Small Businesses Index of Success, and Britain’s Best Cities 2005-2006 (OMIS Research) ranks Aberdeen City 2nd best location for business. There is however no comprehensive quality of life league table in which Aberdeen City and Shire is benchmarked against other regions, either in a UK, European or global context.

ACSEF partners will undertake research to identify how best to benchmark the area and will set appropriate quality of life targets within the next 6 months.

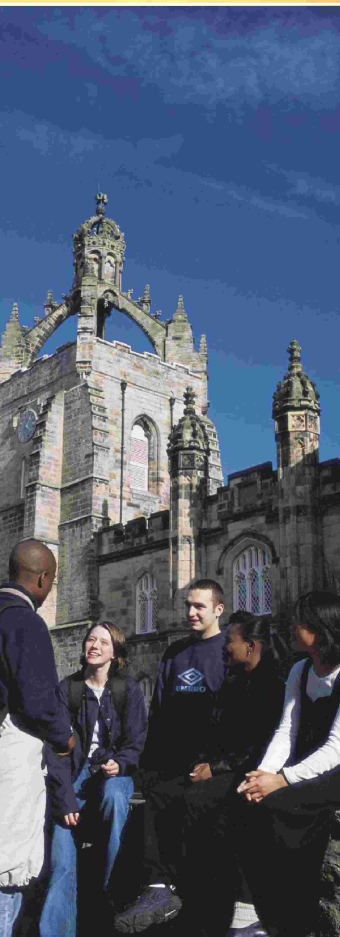
Strategic Priorities

The summit identified eight priorities to which we must commit if we are to achieve a competitive advantage for all of the region’s stakeholders.

The first of these, quality of life, is explained above. For the remaining seven priorities we have determined what success would look like by 2025, what the current reality is, and identified the early actions we should take.

Projects in support of the key sectors – Energy, Food and Drink, Life Sciences, and Tourism – will be progressed alongside these priorities.

- Deliver a fully integrated transport network
- Maximise our intellectual capital – people and expertise
- Deliver city centre redevelopment
- Internationalise the oil and gas industry
- Attract and develop skilled people
- Improve the efficiency of planning decision making
- Aberdeen City and Shire as the location of choice for company headquarters



Deliver a fully integrated transport network

Our goal is to be the best connected region in the UK with access to global locations. An integrated transport network with efficient and effective air, rail, road and sea links and transformed gateways to the region will be critical to sustained economic growth and vital to retaining easy access to key markets in the UK and internationally.

Where we want to be by 2025	Where we are in 2007	Priority actions
<ul style="list-style-type: none"> A fully integrated transport network in place, connecting surface, air and sea transport Direct linkages to international hubs and key markets A state of the art public transport system Improved accessibility to the city and town centres Effective transport linkages between key business locations Reduction in transport related carbon emissions Aberdeen City and Shire established as a national and international centre of excellence for future thinking in transport and logistics 	<ul style="list-style-type: none"> Regional Transport Partnership (NESTRANS) in place, and Regional Transport Strategy submitted to Ministers for approval Aberdeenshire Local Transport Strategy (LTS) approved and Aberdeen City LTS to be finalised in January 2008 Scottish Executive committed to delivery of the Aberdeen Western Peripheral Route (AWPR) by 2012 Constraints on the movement of freight Poor interchange connectivity between air, road, rail and sea transfer Restricted range and quality of transport between business destinations Robert Gordon University and University of Aberdeen have departments dedicated to transport design and research 	<ul style="list-style-type: none"> Implement the £1bn Regional Transport Strategy action plan up to 2021, including: <ul style="list-style-type: none"> Delivery of the AWPR by 2012 Build on the Aberdeen Airport Development plan to provide more direct international air links, including North America Making the movement of freight more efficient through the development of intermodal terminals Increase use of Park and Ride provision and Demand Responsive Transport schemes (DRT) Implement Crossrail plan to improve frequency of commuter services Extend provision of “touchdown” facilities/satellite offices to reduce unproductive business travel Establish an academia/industry “think-tank” to develop future scenarios of design, fuel, and technology of transport

Maximise our intellectual capital – people and expertise

Having the right people and expertise, highly skilled, and entrepreneurial by nature, is as important today as for the future. Through this talent we will continue to increase innovation and commercialisation of research, building on industry knowledge and expertise within our excellent academic research base.

Where we want to be by 2025	Where we are in 2007	Priority actions
<ul style="list-style-type: none"> Universally recognised for our people, expertise and skills including great educational and career opportunities A global centre of intellectual capital for the energy industry The location of choice for ambitious entrepreneurial companies, individuals and students seeking opportunities in our key industries Defined strong intellectual asset base to support our key industries and growth companies, universities and research institutes 	<ul style="list-style-type: none"> The region hosts: <ul style="list-style-type: none"> A vibrant high technology SME community A strong life sciences/medical footprint A world class food and drink industry Two universities and several world class research institutes 3rd highest percentage of workforce in the UK educated to tertiary level (1st in Scotland) 42% of employment is in knowledge based industries 16% of the region’s employment is in the energy industry 	<ul style="list-style-type: none"> Undertake an audit of intellectual capital assets and benchmark our current position Strengthen investment in R&D and cascade best practice between businesses across the region Enhance networks for developing intellectual capital between leading organisations Further align the human capital being developed in our schools, colleges and universities with the needs of the labour market Identify opportunities to export our knowledge base

Deliver city centre redevelopment

Aberdeen city centre needs to be the vibrant heart of the region, the hub for all those that live, work and visit it, be that for business or pleasure.

Where we want to be by 2025	Where we are in 2007	Priority actions
<ul style="list-style-type: none"> Aberdeen aims to develop as a globally competitive destination of choice for retail, leisure, environment and business with safety built in: <ul style="list-style-type: none"> a key business location a retail centre a major tourist destination an historical and cultural centre a leisure and entertainment centre a key transport node a place where people live and feel safe 	<ul style="list-style-type: none"> City centre strategic development framework to be finalised by September 2007 Reputation as a safe city Frequent winner of city in bloom title Ineffective traffic management in the city centre; lack of quality parking Lack of choice and quality in retail provision Poor link between daytime and night-time culture 	<ul style="list-style-type: none"> A clear vision, strategy and delivery plan for what we want the city centre to achieve, with measurable outputs Improve accessibility within the city centre, and to and from city suburbs Create a sustainable management structure charged with the delivery of a city centre strategy to include the private sector and key stakeholders Establish Aberdeen as a retail destination of choice for shoppers and retailers Confirm the city centre as the principal cultural centre of the North East Create and maintain high quality public realm, including development of iconic attractions Promote and deliver high quality architecture



Internationalise the oil and gas industry

The expertise and know-how of the oil and gas supply chain is a valuable asset to the region. In the global energy market there are ever growing opportunities to support international expansion for companies and reinforce Aberdeen City and Shire as a global centre of excellence.

Where we want to be by 2025	Where we are in 2007	Priority actions
<ul style="list-style-type: none"> A global hub of expertise for oil and gas technology, products and services Optimising the competitive position of the UKCS (United Kingdom Continental Shelf) Sustained investment in the region's energy sector Establish Aberdeen City and Shire as a global centre of excellence for all-energy development 	<ul style="list-style-type: none"> Value of UK oil and gas supply chain is approximately £15 billion annually, of which £4 billion is related to export activity UKCS is a maturing basin with a high cost base Efficiency of new capital being invested appears to be declining Area accounts for approximately 38% of all UK offshore oil and gas workers Oil and gas will remain the fuel of choice for both energy supply and transport 	<ul style="list-style-type: none"> Encourage the international expansion of the oil and gas supply chain through direct company support and networking Establish Aberdeen City and Shire as an innovation hub by building on the region's reputation as a subsea centre of excellence and encouraging similar development of other niche markets Through the Energetica initiative deliver the Energy Development Centre, support and development of an international energy academy, build and operate the Energy Futures Centre Accelerate investment by business into all-energy development





Attract and develop skilled people

Access to the right people will be critical for all organisations in the region, developing those already here and attracting people to relocate here will be important to secure the workforce of the future.

Where we want to be by 2025	Where we are in 2007	Priority actions
<ul style="list-style-type: none"> • A greater diversity of employment opportunities, particularly at senior level • The vacancy needs of all organisations across the region being met • A robust pipeline of talented individuals in place to meet the skills needs of our key industries and research institutes • Workforce has access to opportunities for skills development • Young people will be prepared to meet the needs of the local labour market • Migrant workers will continue to be attracted here and their skills will be maximised 	<ul style="list-style-type: none"> • Several sectors reporting difficulty in attracting skilled people to fill vacant positions • Ageing workforce • Limited diversity in job opportunities, especially at more senior level • Migrant labour playing essential role in meeting skills shortages in certain sectors • Significant pockets of unemployment in a generally low regional unemployment situation 	<ul style="list-style-type: none"> • Promote a better understanding within schools of the specific employment opportunities available • Introduce a co-ordinated approach to assisting our key priority industries source talented individuals • Encourage greater diversity of business to locate in the region by promoting it as a hub of entrepreneurial and dynamic business opportunity • Maximise employment and training opportunities associated with new investment projects • Assist migrant labour to identify longer term career opportunities

Improve the efficiency of planning decision making

Availability and access to land for expansion is critical in a growing economy as is a pro-development approach to planning with a streamlined, fast, and efficient decision-making process.

Where we want to be by 2025	Where we are in 2007	Priority actions
<ul style="list-style-type: none"> • Up to date development plan in place for region as a whole • More positive and co-ordinated approach between all parties to the planning process including development plan preparation and specific development proposals • Greater understanding on all sides of the system and its implications for commercial developments • More joined up approach between economic development and planning functions to ensure vision is achieved • Streamlined decision making processes in place to provide greater certainty to developers • Flexible policies to dealing with applications which accord with vision but otherwise fall outwith development plan policies • Adequate supply of land maintained for employment and housing purposes 	<ul style="list-style-type: none"> • Planning etc. (Scotland) Act passed December 2006 with the intention of modernising the planning system • Review of Structure Plan (North East Scotland Together) commenced February 2007 • Aberdeenshire Local Plan formally adopted June 2006 • Aberdeen City Local Plan awaiting outcome of Local Plan Inquiry with the aim of adopting the plan in 2008 • Improved processes introduced for determining planning applications in both councils • Lack of serviced employment land restricting company growth and inward investment opportunities • Annual reviews of housing land and employment land availability undertaken • Perception of 'them and us' attitude between planners and prospective developers 	<ul style="list-style-type: none"> • Structure Plan Review progressed in accordance with timetable (Consultation Draft published early 2008) • Expand use of master planning approach with greater private sector involvement • Active engagement of developers and councils in pre-application discussions • Infrastructure requirements identified for all allocated development sites and provided 'up-front' where possible • Increase supply of employment land • Introduce greater use of Supplementary Planning Guidance to ensure policy framework is kept up to date • Explore options available for wider involvement of the private sector and the universities in the planning process • Identify ways of improving understanding between all parties of respective expectations and requirements

Aberdeen City and Shire as the location of choice for company headquarters

The current business mix, from major companies to micro businesses, serves the region well. Securing and anchoring more company headquarters of businesses of scale will contribute to the long term competitiveness of the wider business base.

Where we want to be by 2025	Where we are in 2007	Priority actions
<ul style="list-style-type: none"> To be seen as an internationally recognised inward investment location for the all-energy industry Have a strong indigenous corporate HQ base Specifically: <ul style="list-style-type: none"> 30% of Scotland's top 100 companies based in the region Energy companies based in region increased by 10% Companies with a turnover range of £50m-£100m increased by 20% Companies with a turnover in excess of £100m increased by 20% 	<ul style="list-style-type: none"> 23 of Scotland's top 100 companies have their headquarters in the area 900 energy companies are located in the area 20 companies have a turnover in excess of £50 - £100m 40 companies have a turnover in excess of £100m 	<ul style="list-style-type: none"> Increase business birth-rate and provide tailored support to high growth companies, leading to establishment of indigenous corporate headquarters Retain existing corporate headquarters through: <ul style="list-style-type: none"> The development and retention of a highly skilled workforce Promotion of Aberdeen City and Shire as location of choice for potential inward investment clients of scale Increased investment in R&D activity in the region and the supporting infrastructure Promotion of Aberdeen City and Shire in terms of high quality of life



Next steps – staying involved

ACSEF has already agreed to extend its membership to include individuals from the food and drink sector, city centre retail, along with a local entrepreneur. We are now actively looking for individuals who fit these categories.

This manifesto has outlined initial actions which we believe will move the strategic priorities forward. These will be refined further and appropriate targets developed in the coming months. We will seek to involve and engage you in this process.

Delivery is of course the ultimate goal and to make this happen we need your help. There are a number of ways you can be involved:

- Registering an interest in a specific strategic priority
- Reviewing and informing project development
- Being a member or leader of a project team
- Supporting the acceleration of projects through funding

Please contact any member of ACSEF or the ACSEF Development Manager if you wish to engage.

It is recognised that additional delivery mechanisms will require to be put in place under ACSEF and that the form of these will depend upon individual project requirements.

A framework for ongoing communication and engagement will be developed and launched in early September 2007. Elements of this will include:

- ACSEF website (October 2007)
- E-newsletter (November 2007)
- An annual stakeholder summit (May 2008)
- Regular updates using existing networks – e.g. Chamber of Commerce, FSB, SCDI



What is ACSEF?

The Aberdeen City and Shire Economic Forum (ACSEF) is a dynamic partnership of the public and private sector committed to delivering new economic opportunities for the benefit of Aberdeen City and Shire and its people.

The membership of the Forum is made up of high-level representatives from the private sector, the key public sector bodies, and the region's political leaders. Its members are:

Chairman: **Patrick Machray**, Chairman, Scottish Enterprise Grampian

Aberdeenshire Council:
Councillor Anne Robertson, Leader of Council

Aberdeen City Council:
Councillor Kate Dean, Leader of Council

Aberdeen and Grampian Chamber of Commerce:
Mike Salter, President

Careers Scotland:
Malcolm Barron, Regional Manager

Communities Scotland:
Jackie Wilkins, Acting Area Director

Energy Representative:
Ian Stevenson, Managing Director, Technip Offshore UK Limited

Federation of Small Businesses:
Moira Gash, Chairperson (North)

Further Education:
Rae Angus, Principal & Chief Executive, Aberdeen College

Higher Education:
Professor Mike Pittilo, Principal & Vice Chancellor,
The Robert Gordon University

Rural Representative:
Pat Mitchell, Director, Mitchells Dairy

VisitScotland Aberdeen and Grampian:
Ian Dunlop, Area Director

In addition there is a Management Team charged with delivering the ACSEF priorities. This involves the relevant public sector agencies and private sector partners. The Management Team members are:

Jennifer F Crow
Senior Director Operations, Scottish Enterprise Grampian

Iain Gabriel
Director, Transportation and Infrastructure, Aberdeenshire Council

Dr Abigail Tierney
Corporate Director, Aberdeen City Council

Geoff Runcie
Chief Executive, Aberdeen & Grampian Chamber of Commerce

Malcolm Barron
Regional Manager, Careers Scotland

Jackie Wilkins
Acting Area Director, Communities Scotland

Ian Dunlop
Area Director, VisitScotland Aberdeen and Grampian

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