

**BRIEFING: OPPORTUNITY NORTH EAST**  
**Cabinet Secretary for Economy and Finance**  
**Call with Opportunity North East (ONE)**

<b>What</b>	Sir Ian Wood, Chair of Opportunity North East, has requested a call with the Cabinet Secretary to provide updates on their activities to support economic recovery and development in Aberdeen and the North East.
<b>Where</b>	Teams
<b>When</b>	26 August 2021
<b>Agenda for Discussion</b>	<ol style="list-style-type: none"> <li>1. Update on North East Economic Recovery and Skills fund.</li> <li>2. National Strategy for Economic Transformation</li> <li>3. ONE as a model for developing Regional Economic Partnerships in Scotland.</li> <li>4. Brief updates on ONE transformational projects and ETZ.</li> </ol>
<b>Key Message(s)</b>	<ul style="list-style-type: none"> <li>• The Scottish Government is a full partner in the Aberdeen City Region Deal, contributing £125 million over 10 years.</li> <li>• SG recognises the contribution of Opportunity North East as a key delivery partner catalysing public and private sector partnership and driving economic development in the region.</li> <li>• SG recognises the role of the Deal in the vision for economic recovery in the region, and note that the need to diversify the regional economy is heightened by the impacts of COVID-19, and our commitment to delivery and partnership working is greater than ever.</li> <li>• SG is committed to supporting the creation and strengthening of regional collaborations, working with our partners to establish/ strengthen REPs that will drive economic recovery at the regional scale.</li> <li>• SG are taking a place-based approach to investment, ensuring that the funding is aligned to the specific skills requirements and economic needs of the region.</li> </ul>
<b>Who</b>	<b>Sir Ian Wood</b> , Chairman, ONE <b>Jennifer Crow</b> , CEO, ONE
<b>Expected outcome</b>	Meet key partners for Aberdeen City Region Deal, demonstrating support for their role in delivering the energy transition and economic recovery in the region from the dual challenges of COVID and oil and gas transition.
<b>Supporting official</b>	[Redacted under s.38]
<b>Briefing contents</b>	<p><b>Annex A:</b> Biographies and ONE engagement  <b>Annex B:</b> Aberdeen City Region Deal  <b>Annex C:</b> North East Economic Recovery and Skills fund  <b>Annex D:</b> National Strategy for Economic Transformation  <b>Annex E:</b> Regional Economic Partnerships  <b>Annex F:</b> Seafood Transformation and NE Tourism projects  <b>Annex G:</b> Energy Transition Fund and Energy Transition Zone</p>

[Redacted under s.38]**Regional Economic Development**, [Redacted under s.38]

## ANNEX A – BIOGRAPHIES AND BACKGROUND

### SIR IAN WOOD, CHAIRMAN, OPPORTUNITY NORTH EAST AND ENERGY TRANSITION ZONE LTD



Born and educated in Aberdeen, Sir Ian Wood is a well-respected and influential global businessman. His career began in the North East fishing industry but he is best known for his work in the North Sea and international oil industry with Wood Group, serving as Chief Executive from 1967 to 2006 and as Chairman until 2012. The Wood Foundation has committed £62 million investment over 10 years, doubling its initial funding commitment. This investment is to catalyse partnership working and co-investment matched funding from private/public sectors. He was the author of the Maximising Economic Recovery UK Report and, based on funds secured from the City Region Deal and the work of Opportunity North East (ONE), led the start-up of the Oil & Gas Technology Centre (OGTC). OGTC was set up to help transition Aberdeen

from an oil and gas operations centre to a global hub for energy related technology innovation and development. Sir Ian Wood chairs the Commission for Developing Scotland's Young Workforce which produced a report setting out 39 recommendations for enhancing vocational education.

### JENNIFER CRAW, CHIEF EXECUTIVE, OPPORTUNITY NORTH EAST (ONE)



Jennifer Crow is CEO of Opportunity North East, a private sector economic development company launched in December 2015. Ms Crow is also a board member of Visit Aberdeenshire, the Destination Management Organisation for the North East of Scotland. She has been an executive advisor to Sir Ian Wood and supported the Commission for Developing Scotland's Young Workforce. She is a past board member of James Hutton Ltd and the regional transport partnership, Nestrans. After joining Scottish Enterprise Grampian as head of food in 1994, Ms Crow became director of competitive business in 1999. She spent a period at Shell

Expro UK in a business transformation team, before returning to Scottish Enterprise Grampian as chief executive in 2002. Previously she was chair of the board of governors of The Robert Gordon University (RGU) for 3 years to December 2016, the first woman to take up such a position within a university in Scotland. She was also RGU board member for eight years and chaired the finance and general purposes and investment committees.

### Recent SG Engagement and ONE Public commentary

- You spoke with Sir Ian on 4 March regarding Seafood Transformation, Green Jobs Fund, ETZ, ETF and Tech Scaler.
- Sir Ian had discussions with Mr Wheelhouse and Mr McKee on 4 March regarding Energy Transition, regional ambition and international support to the supply chain.
- Sir Ian had discussions with Mr Matheson on 22 July in connection to the Aberdeen Harbour Expansion and the Energy Transition Zone.
- Sir Ian spoke with Ms Gougeon on 3 August to discuss the SeedPod and Seafood Transformation projects.

**Sir Ian Wood expressed support (19 July) for BP's five-year, multi-million pound deal with deal with Aberdeen-based energy consultancy, Xodus, to provide a skills "capability accelerator" alongside the firm's bid for a lease through ScotWind saying**

**last month it was a “great example of BP’s commitment to make Aberdeen the location for its global centre of excellence for offshore wind” which was “testament to our region’s huge potential in this sector”.**

- The initiative includes creating entry-level energy transition roles, and the reskilling of hundreds of oil and gas workers, graduates and technicians with renewable sector capabilities.
- Sir Ian said *“We must create the environment to capitalise on this immense opportunity and that is precisely why we have developed the Energy Transition Zone, an ambitious and exciting project that will reposition the North East of Scotland as a globally recognised integrated energy cluster that delivers sustainable jobs and growth for the region.”* [Energy Voice, 19 July 2021]

**Sir Ian spoke at the EIC Energy Export Conference (14 June) where he reconfirmed his criticism of both UK and Scottish Government for removing overseas trade support for oil and gas activities, and was a strong advocate against the Scottish Governments Trade Vision announcement regarding the proposed withdrawal of international support for SMEs at the Oil and Gas and Energy Transition SLG in February 2021.**

- Sir Ian’s rationale is that the biggest impact will be for small and medium sized companies, and that there should be more focus on developing our energy supply chain overseas.
- Noting that there is a high synergy between oil and gas, offshore wind and carbon capture and storage (CCS) – working together they could undoubtedly cooperate and help each other internationally.
- Sir Ian also holds the view that the removal of support will stop the Scottish / UK SME oil and gas supply chain from operating overseas cuts off the development of energy transition activities there - noting that small Scottish / UK companies aren’t doing it, then local companies will and it will be a lost market share.

## **OPPORTUNITY NORTH EAST – PRIORITIES**

### **Background**

- ONE is a private sector catalyst company driving transformational change in north east Scotland economy. Set up at the end of 2015 and with a £62 million 10-year funding commitment from The Wood Foundation, ONE develops and delivers projects to accelerate economic diversification and energy transition in the region.
- Their focus is on businesses in the key industry sectors: digital; energy; food, drink, agriculture; fishing; life sciences and tourism to help them develop and grow at home and internationally. ONE works in partnership to achieve this and uses its resources and funding to secure co-investment from the public and private sector sources.
- These are reflected in projects delivered via the Aberdeen City Region Deal; Oil & Gas Technology Centre, the Bio-Therapeutic Hub, and Agri-Food and Drink Hub (launched in January as “Seedpod”). ONE are the lead partner on the two Hubs.
- The regional economic partnership model (REP) established in north east Scotland is very successful, with significant private sector engagement across multiple industry sectors.
- It has established a track record of identifying transformational opportunities and developing these into funded projects which move into delivery at an accelerated pace. In this sense, the public/private relationship here speaks to the recommendations made within the Higgins report relating to partnership working with business.

- There is an opportunity to learn from the model led by ONE in the north east, and identify how similar positive public/private relationships can be built elsewhere in Scotland, to support regional economic growth.

### **Energy transition**

- ONE developed the Business Case for the Energy Transition Zone, before their Energy Board was spun-out as ETZ Ltd with Maggie McGinley as CEO, the project was awarded £23.6m SG funding via the Energy Transition Fund (ETF) in August 2021.
- ONE are rightly concerned about how support is directed towards the oil and gas supply chain, and mitigating the very real challenges given scale of job losses and those that are under threat. In developing the ETF, SG have been very deliberate in advocating for the widest possible benefits from the investment.
- The ETF aligns with the wider North East regional strategy and by using the Scottish Government's community wealth building approach, we can ensure that local firms and workers directly benefit from the opportunities of these investments and the related supply chains.
- The region benefits from a historically positive collaboration between public and private sector, which is already more advanced than in other regions, and it is important that this investment provides a platform to continue to strengthen this.

### **Regional Skills and Innovation**

- In their response to Mark Logan's request for input to the Independent Review on Technology Sectors Role in Economic Recovery, ONE noted that they consider digital to underpin and play an integral part in the future of the North East.
- In Sir Ian's view, this could be articulated in three categories; 1) Stimulating a vibrant start-up ecosystem, drawing on expertise from the region and beyond to create the best possible environment for success, 2) supporting established digital companies through growth and diversification, and 3) enabling existing businesses in our key sectors of energy, food and drink, life sciences and tourism, to embrace digital and new working practices to continue to thrive into the future.
- In addition, ONE have successfully bid to the North East Economic Recovery Skills Fund – securing £5,520,600 for ten projects including a Start-Up Innovation Accelerator to foster a vibrant entrepreneurial ecosystem in the North East.

### **Transformational Projects**

- Sir Ian and ONE have been clear that they believe we need to significantly strengthen and develop Scotland's fishing industry. Sir Ian believes we should be looking to process in Scotland about 50% more fish than we currently do, anchoring value-adding processing and manufacturing and economic activity in the region/country. Automation will be essential to increasing in-region processing capacity and increasing productivity and margin, resulting in higher-value employment.
- ONE is committed to diversifying the regional economy and have identified Adventure Tourism as an opportunity that plays to the natural assets in the region and to that end have developed the North East Adventure Tourism project with close engagement with Developing Mountain Biking Scotland, among other industry stakeholders.

**ANNEX B: ABERDEEN CITY REGION DEAL**

Both the Scottish Government and UK Government have committed to investing £125 million each over 10 years with regional partners committing a further £576 million. The overall deal is worth £826 million.

The Deal supports Aberdeen’s position as a global oil and gas hub, paving the way for significant investment in innovation, digital connectivity and infrastructure to help further diversify the region’s economy.

In addition, we will also invest an additional £254 million over the same time period to facilitate a more significant step change to the economy of the North East.

- [Redacted under s.33(1)(b)]

**ACRD Projects:**

	<b>SG</b>	<b>UKG</b>	<b>Local Authorities</b>	<b>Universities</b>	<b>Private &amp; others</b>
<b>Net Zero Technology Centre</b>	£90m	£90m		£23.5m	£150.6m
<b>Bio-Therapeutic Hub for Innovation</b>	£10m	£10m			£18m
<b>Food Hub for Innovation</b>	£5m	£5m			£10.1m
<b>Digital Infrastructure</b>	£5m	£5m	£7m		£15m
<b>Strategic Transport Appraisal</b>	£2.5m	£2.5m	£2m		
<b>Aberdeen Harbour Transport Link</b>	£12.5m	£12.5m	£11m		£339m
<b>Total</b>	<b>£125m</b>	<b>£125m</b>	<b>£20m</b>	<b>£23.5m</b>	<b>£532.7m</b>

**Progress & Covid Impacts:**

- The **Net Zero Technology Centre** (formerly OGTC) celebrated its fourth anniversary in February 2021, and continues to operate with a successful profile within the sector. By 2021, the OGTC has developed a proved track record of success, with over 1,200 technologies screened, as well as delivering over 230 projects through £147 million co-invested with industry. With 20 technologies commercialised in 2020, the NZTC is forecast to deliver £10-15 billion in potential value for the UK - underpinning its goal to anchor and grow a diversified cross-sector supply chain and inspire a culture of innovation to deliver net zero.
  - [Redacted under s.33(1)(b)]
  - [Redacted under s.33(1)(b)]
  - [Redacted under s.33(1)(b)]
- The **Strategic Transport Appraisal** has provided the evidence base for the Regional Transport Strategy, informing regional transport priorities for the next twenty years.
- Work on the **Transportation Links** to the Bay of Nigg STAG Part 2 appraisal is complete, that will inform what supporting infrastructure is necessary for the Aberdeen Harbour Expansion (funded by private investment). Following a detailed options appraisal, a preferred route for enhanced road access and wider transport improvements were approved in February 2021. Work continues on Business Case Development for the Design Phase Work.
  - [Redacted under s.33(1)(b)]
- Aberdeen is well on its way to being a **Gigabit City** with the completion of the City Network Project expected by September, and Aberdeenshire led Full Fibre Project expected to meet the halfway mark in the summer. These investments have already stimulated market

demand to connect fibre to the premises, meaning more homes can access these speeds at more competitive prices.

- The Duct Network project infrastructure will allow for better delivery of public services including extending traffic management network to other areas of public services which already provides real time information on our roads and networks. A business case for the remaining allocation will be submitted once the outcome of R100 is known. (Expected end of August/start of September 2021)

### **Inclusive Growth:**

- The Regional Economic Strategy, which was approved by both councils, provides a framework for all economic development within the region and lists inclusive economic growth as one of four programme areas that will aim to diversify the economy. The projects within the Deal support this and we expect all decisions taken during their delivery to reflect the commitment within the strategy framework.

### **Regional Economic Strategy and Covid 19**

- The Regional Economic Strategy 2015 was updated in July 2020 with a [statement](#) in response to Covid 19.
- The Regional Economic Strategy is a key strategic document for the Aberdeen City Region Deal and though developed by the regional partners, they view it as sitting underneath and in alignment with national policy including Scotland's Economic Strategy (See Annex E).

### **ACRD £254m “Side Package” - Memorandum of Understanding funding**

**ISSUE:** Cllr Andy Kille, Chair of Aberdeen City Region Deal Joint Committee wrote to Mr Dey [30 July] expressing concerns relating to delivery timescales and benefits of the Central Belt Rail Improvement project. Transport Scotland officials are leading the response.

### **Background**

The MoU Investment comprises 3 strands: £224m for Transport, £10 for Digital, and £20m for Housing.

**Transport:** will enable rail signalling improvements (£200m) between Dundee and Aberdeen and to provide a new grade separated road junction at Laurencekirk (£24m).

- The Ministerial commitment to spend an “additional” (i.e. not previously announced) £200m on improvements to Aberdeen to Central Belt rail services was made in 2016, alongside the announcement of the Aberdeen City Region Deal.
- The funding is to be spent within the same timescale as the City Region Deal funding – i.e. by 2026.
- A Reference Group was set up, comprising rail delivery partners and key stakeholders, to decide on the optimum use of the £200m. In September 2019, the Group decided that the funding should prioritise signal enhancements between Aberdeen and Dundee.
- Transport Scotland, Network Rail and ScotRail hold quarterly meetings with key stakeholders representing Nestrans, Tactran and the Aberdeen City Region Deal.
- Twice a year, senior TS and NR representatives engage directly with the City Region Deal Joint Committee.

**Full Fibre:** £2m of Digital monies drawn down to extend full fibre connectivity to public sector buildings across the region. Business cases for the remaining £8m are in development.

**Housing:** Regional partners have not yet proposed projects that meet the criteria of the housing funds (HIF).

[Redacted under s.38]**Regional Economic Development**

[Redacted under s.38]

## ANNEX: NORTH EAST ECONOMIC RECOVERY SKILLS FUND

**ISSUE:** ONE has been closely involved in the partner discussions to develop bids for the North East Economic Recovery and Skills Fund, securing £5,520,600 for ten projects. It was recommended that Ministers not progress support for a project led by ONE Digital for set up and launch of CodeClan in Aberdeen. Partners are aware of this decision.

### LTT:

- This investment strengthens our commitment to a Just Transition in the North East.
- I welcome ONE and delivery partners working closely with SG to ensure that these projects align with other skills programmes.
- The remaining £700k that was not allocated to successful bids has been reprioritised in light of wider budget constraints.

### North East Economic Recovery and Skills Fund

#### Top Lines

- We have recognised the particular challenges the North East is facing as result of the double impact of the Covid-19 pandemic and the downturn in oil and gas.
- We are working closely with local partners to deliver a number of projects aligned to the City Region economic priorities of diversification and the transition to net zero.
- We are taking a place-based approach to investment, ensuring that the funding is aligned to the specific skills requirements and economic needs of the region.
- The emerging programme aims to:
  - aid the Green Economic Recovery in Aberdeen City and Aberdeenshire by supporting entrepreneurship, job creation, upskilling and re-skilling individuals to enable them to capitalise on emerging opportunities, whilst reducing existing inequalities through a range of targeted support.
- The programme will align with existing programmes of support, including No One Left Behind, the Young Person's Guarantee, Fair Start Scotland and the National Transition Training Fund

#### Background

As part of 2020/21 budget negotiation, the Lib Dems secured agreement to additional funding of £15m for the North East (Aberdeen and Aberdeenshire). This subsequently became a Manifesto commitment:- *to support workers to retrain and learn new skills in recognition of the difficulties facing the North East as a result of the pandemic and the oil and gas downturn.*

Local partners include: local authorities, Skills Development Scotland, Opportunity North East, Scottish Enterprise, the Scottish Funding Council and local FE/HE institutions. The partnership formed a working group to deliver the objectives of the Fund.

An overarching vision for the Fund agreed by partners is:-

*“to aid Economic Recovery and the just transition to net zero in Aberdeen City and Aberdeenshire, boost job creation, upskill and re-skill individuals to enable them to capitalise on emerging opportunities, and reduce existing inequalities through a range of targeted support across key groups and communities”.*

Ministers have approved £14.3m of funding for 29 projects (7 of these agreed in principle subject to further development). Officials are currently working on finalising the grant and legal arrangements for these projects in order for an imminent announcement.

#### NEERSF Q&A

<b>Why has this funding been awarded?</b>	Scottish ministers have awarded this funding in recognition of the difficulties facing the North East as a result of the pandemic and the oil and gas downturn.
<b>Will the funding continue next year</b>	The funding is for this financial year 2021-22 only.
<b>What will be delivered?</b>	partners have submitted bids to deliver a wide range of projects targeting key sectors for support or development. these include Tourism and Hospitality, Food and drink, Renewable energy, Oil and Gas, and Digital. Funding to complement support already available to those looking to start their own businesses has also been proposed.
<b>What are the aims of the fund?</b>	<p>The Programme has three core objectives:</p> <ul style="list-style-type: none"> <li>• To support entrepreneurship, accelerated business start-up, development and growth across the region</li> <li>• To build the foundations for a step change in digital skills and confidence, ensuring that the North East workforce is ready to respond to new opportunities</li> <li>• To upskill and reskill individuals to enter or remain in work and/or take advantage of jobs as the region delivers on UK and Scottish energy transition objectives</li> </ul>
<b>How will you monitor what is being delivered?</b>	The partners are recruiting a project manager who will report regularly to SG on delivery of projects against the aims and stated outcomes of each. A final report will be delivered to SG on completion of all projects.

[Redacted under s.38]**Skills Delivery**  
 [Redacted under s.38]**Regional Economic Development**



## ANNEX: NATIONAL STRATEGY FOR ECONOMIC TRANSFORMATION

**ISSUE:** Opportunity North East have requested the opportunity to engage directly on the National Strategy for Economic Transformation. We expect them to speak about their role as a “regional leadership group” in developing the Aberdeen and Aberdeenshire Regional Economic Strategy.

LTT

- Our vision is nothing short of economic transformation so this has to be a national endeavour.
- I welcome the views of ONE and will work with officials to ensure the best practice demonstrated in Aberdeen to produce the Regional Economic Strategy can be harnessed for the Strategy.
- I recognise that the North East economic strategy is directly linked to Scotland’s Economic Strategy and welcome close engagement with regional partners.
- To ensure this strategy delivers the transformational change Scotland needs we want to hear directly from business, workers and stakeholders across the country.
- The Strategy will build on already agreed missions for the Scottish National Investment Bank on net zero (including Just Transition), place and people. It will bring together components of other relevant strategies and targets such as ‘A Trading Nation’, the ‘National Mission for Jobs’, Capital Investment Plan, Community Wealth Building, Regions and City Deals, AGER and wellbeing commitments.

### **Background: North East Regional Economic Strategy**

The Regional Economic Strategy (RES), which was approved by both councils in 2015, provides a framework for all economic development within the region and lists inclusive economic growth as one of four programme areas that will aim to diversify the economy. The projects within the Deal support this and all decisions taken during their delivery are expected to reflect the commitment within the strategy framework.

The North East Regional Economic Strategy Group, including both Aberdeen and Aberdeenshire Councils and Opportunity North East (ONE), led by Sir Ian Wood, represents the key strategic economic partnership in the region. The strategy uses a “triple helix” approach to encourage productive relationships across all levels of government and their agencies, with industry, and with universities.

The RES provides a long-term plan for the economic development of the North East to 2035, and is focused on four themes matching the priorities in the Scotland’s economic strategy: Innovation, Internationalisation, Infrastructure and Inclusivity. Partners identified key sectors for the region, including: Oil and Gas; Food, Drink and primary industries; Tourism and Life Sciences.

The RES is accompanied by a 2018-2023 Action Plan to ensure partners capitalise on the major investment in the region. The Plan was updated in 2020 to reprioritise in light of the pandemic. The refreshed vision reflecting this is as follows:

*“In 2040, the Aberdeen city region provides outstanding economic opportunities, best-in-country quality of life and a spectacular natural environment. It is:*

- *a net-zero city region that powers the nation and drives energy transition nationally and internationally;*
- *a competitive city region to work and invest in with a diverse and robust economy, high-value jobs, and nationally significant productivity; and*
- *a city region of choice where prosperity and opportunity, educational attainment, quality of life, natural heritage and sense of place attract and retain talent, enterprise and investment.”*

In November 2020, the third Aberdeen Economic Policy Panel Report was published. The Panel Chaired by Professor Graeme Roy comprises of Dr Hanan Morsy, Dougie Peedle, with assistance from relevant stakeholders.

The Panel’s previous reports highlighted the long-term challenges and opportunities that face the Aberdeen economy, stating: *“It is clear from the analysis in this report that while many of these challenges have not changed in nature, they have increased in scale as we face unprecedented economic trends and heightened the urgency of the response as a result of the global Covid-19 pandemic.”*

The report sets out why the time is right for Aberdeen to reimagine itself as a place to live, work, invest and do business and in doing so, build much greater resilience into the local economy. The Panel’s overarching recommendation is that this is done by setting out a new *Route Map for the Transformation of Aberdeen the Place*. Preparation is underway for the fourth Aberdeen Economic Policy Panel Report and SG officials have been invited for informal early engagement.

### National Strategy for Economic Transformation Q&A

<p><b>Why do we need a new strategy?</b></p>	<p>A clear, consolidated narrative drawing together AGER, ERIP and the various publications which have strengthened recovery plans in the last 12 months, supported by the advice of the Council on Economic Transformation and the views and input of stakeholders across the economy will deliver a single, focussed plan to move our economy forward.</p>
<p><b>When will the strategy be published?</b></p>	<p>Late autumn 2021</p>
<p><b>Who is Chairing the Council?</b></p>	<p>Chaired by the Economy Secretary, the Advisory Council consists of 16 other members who will work over the summer and early Autumn to put forward bold ideas on how to transform the Scottish economy</p>
<p><b>Who is on the Council?</b></p>	<ul style="list-style-type: none"> <li>• Maggie McGinlay - CEO of Energy Transition Zone</li> <li>• Lynne Cadenhead - Chair of Women’s Enterprise Scotland</li> <li>• Chris van der Kuyl - Founder, owner and chairman of 4J Studios</li> <li>• Sean McGrath - CEO of Entrepreneurial Scotland</li> <li>• Dame Sharon White - Chair of John Lewis Partnership</li> <li>• Mark Logan - Tech expert and former COO of Skyscanner</li> <li>• Nick MacPherson - Former Permanent Secretary to the Treasury</li> <li>• Sir Anton Muscatelli - Principal of the University of Glasgow</li> <li>• Jamie Grant - Managing Director and Head of Corporate Banking Scotland, Barclays</li> <li>• Roz Foyer - General Secretary of the Scottish Trades Unions Congress (STUC)</li> <li>• Professor Graeme Roy - Dean of External Engagement at University of Glasgow</li> <li>• Jackie Brierton - CEO of GrowBiz</li> <li>• Cllr John Alexander - Chair of Scottish Cities Alliance and Leader of Dundee Council</li> <li>• Mark Blyth – Director, William R. Rhodes Centre for International Economics and Finance, Brown University</li> <li>• Mariana Mazzucato – Prof. of Economics of Innovation and Public Value, UCL, and founder of the UCL Institute for Innovation &amp;</li> </ul>

	<p>Public Purpose.</p> <ul style="list-style-type: none"> <li>• Emma Parton - Founder of Highland Soap company</li> </ul>
<b>Will the whole Council oversee the implementation?</b>	No. After the strategy is published a smaller group of members will be asked to oversee its implementation
<b>Is the new Council replacing the Council of Economic Advisers?</b>	The establishment of this new Advisory Council marks the end of the existing Council of Economic Advisers (CEA), with many members continuing to advise the Scottish Government
<b>What are the Thematic Groups</b>	<p>We are organising work to deliver the strategy around a framework of themes and thematic groups. These groups will contribute to the analytical programme; support in the development of options for policies and large projects, informed by data and analysis, and taking into account existing SG policies and programmes; and will support in testing options and shaping actions for delivery.</p> <p>The three groups are:</p> <p>Investing in and supporting industries of the future, unleashing our entrepreneurial potential and growing a competitive business base New, Good &amp; Green Jobs. Jobs that are satisfying, pay a high wage and are fair</p> <p>Delivering across Scotland in a national or regional way</p>
<b>You mentioned that you will be taking account of Constitutional issues in the Strategy, what does that mean?</b>	Support for independence and holding an independence referendum is government policy and therefore it is natural that a 10 year Strategy should take account of that. However, this Strategy's primary focus is on building an economy that will maximise Scotland's economic, social and environmental wellbeing in the face of the opportunities and challenges that Scotland faces now and in the future, delivering green economic recovery and support businesses to deliver new, good and green jobs and to build businesses and industries of the future. It is likely that the strategy will consider what barriers there are to economic transformation under the current constitutional position and what could be achieved if those barriers were removed.
<b>What were the key points in the 2015 Economic Strategy that you want to build on?</b>	<p>Scotland's Economic Strategy 2015 set out an overarching framework for how we could achieve a more productive, cohesive and fairer Scotland, prioritising boosting investment and innovation, supporting inclusive growth and maintaining our focus on increasing internationalisation.</p> <p>It was based on the principle that delivering sustainable growth and addressing long-standing inequalities are reinforcing - and not competing - objectives.</p> <p>We committed to working in partnership with the wider public sector in Scotland, the third sector, trade unions, businesses and communities, to create a society where the benefits of economic growth are shared more equally and where future economic growth is stronger and more sustainable way.</p>

## **Annex E: Regional Economic Partnerships**

**ISSUE: ONE wish to discuss their model as a basis for REPs, you spoke with Sir Ian Wood about this in July 2020 during engagement on the AGER report and you noted the way that ONE works in collaboration with local and national Government, and how this translates into collaborative action.**

[Read-out of previous discussion attached separately]

### **Top Lines**

- REPs are collaborations led by local authorities, the private sector, education and skills providers, our economic agencies, and the third sector.
- The Scottish Government is committed to supporting the creation and strengthening of regional collaborations, working with our partners to establish REPs that will drive economic recovery at the regional scale.
- Agile REPs also provide a vehicle to engage with SG policy areas which are seeking greater synergy with regional opportunities. Policy developments in planning, transport and commitments to tackling child poverty are taking a regional focus, with other areas likely to be attracted by the opportunity here.
- The Scottish Government is actively engaging with existing and developing partnerships to discuss progress on Regional Economic Strategies and how these can align with the 10 Year National Economic Transformation Strategy.

### **REPS Background:**

The Enterprise and Skills Review (completed in 2017) committed SG to enabling a network of Regional Economic Partnerships (REPs) across Scotland. Emerging from City Region and Growth Deal governance structures, the REPs also feature private sector members, representatives of our enterprise agencies and others. Much like the various Deals, some REPs are more mature in their development than others, and we are working with regions yet to establish REPs (Forth Valley and H&I) to support their creation.

The SG response to the report by the Advisory Group on Economic Recovery (AGER - August 2020) made it clear that SG and the enterprise agencies will support local government to enable REPs to develop regional economic recovery plans. Linked to the variety in the maturity of each REP, not all regions have published completed regional recovery plans yet. Among those that have, shared themes around net zero, supporting businesses and creating and protecting employment opportunities are to the fore.

Over time, REPs are providing a vehicle to engage with SG policy areas exploring how regional approaches might assist delivery of desired outcomes. Recent policy developments in planning, transport, digital, and skills have considered the benefits of employing a more regional focus, whether this is building on existing practice or considering new models.

Additionally, UKG are looking to the regional model to deliver EU replacement funds such as the Shared Prosperity Fund.

[Redacted under s.38]**Regional Economic Development**  
[Redacted under s.38]

## ANNEX F: SEAFOOD TRANSFORMATION AND NORTH EAST TOURISM PROJECTS

### Seafood Transformation Project

Recent media: <https://www.grampianonline.co.uk/news/seafood-industry-leaders-discuss-issues-with-msp-247019/>

**ISSUE: ONE are seeking financial support for the Seafood Transformation Project (STP) and Sir Ian Wood recently met with the Cabinet Secretary for Rural Affairs and Islands [3 Aug 2021] to update her on progress.**

#### LTT

- The impact of Covid-19 and EU exit has had a severe impact on the Scottish economy. The Food and Drink sector in Scotland and in particular seafood has been hardest hit.
- The Seafood Transformation Project will be placed to play an important role in the recovery of the seafood processing sector in Scotland.

#### **The Seafood Transformation Project (STP)**

- £77m investment project over 5 years to achieve a step change in the seafood processing industry in NE Scotland.
- Public sector/private funding has been detailed over the lifetime of the project. The business case is seeking to secure £38m of public sector funding to leverage private sector investment at sufficient pace to capture the added value opportunity from increased landings, especially post Brexit.
- The economic impact appraisal suggests between 900 and 2,490 jobs could be created – the majority directly in seafood processing, many in the supply chain, and with a smaller number in the wider economy.
- Priority areas for action and investment include market and product development, processing innovation and advanced manufacturing facilities, and sustainability programmes for energy, waste and provenance.
- The Scottish Government has provided £15,00 in funding towards the development of the business case.
- The main public sector request is for capital funding, and the replacement EU (EMFF) funding streams has been identified by ONE as a possible source. However they are also interested in wider funding for key innovation projects.
- Scottish Government have been given a one year settlement of £14m for the EMFF replacement. This is significantly below what we would have expected, and the one year nature of the funding does not allow for strategic investment nor long term infrastructure investment.
- UKG have announced a £100m package of support for the fishing industry, however we have had no further information on this money other than to be advised it is likely to be direct spend in Scotland for projects that have UK wide benefit, despite this being a direct infringement of devolution.
- ONE have also submitted an initial application under the Marine Fund Scotland for £52,000 towards the costs of the salaries of a project delivery coordinator and a technical training manager, to underpin the early activities and build the wider programme for the Seafood Transformation Project. The application is presently being assessed.
- Marine Scotland Director and officials have met with ONE to discuss their priorities including the STP but also touched on ONE's wider purpose and activity including the Aberdeen Energy Transformation Zone.

[Redacted under s.38]**Food and Drink Industry Growth**

[Redacted under s.38]

The **North East Adventure Tourism project (NEAT)** is an integral part of the ambition to diversify the North-east economy and move away from an economic reliance on oil and gas.

NEAT is one of a number of regional “transformational projects” identified by Opportunity North East in support of regional economic diversification.

- NEAT is being developed by Scottish Enterprise, Developing Mountain Biking in Scotland, VisitAberdeenshire, Aberdeenshire Council, and is led by Opportunity North East. This programme builds on the existing infrastructure and the exceptional natural assets of the North-east of Scotland.
- The ambition is to contribute net growth of £90m per annum to the economy, creating 800 new jobs.
- Through funding provided by ONE and Aberdeenshire Council to Developing Mountain Biking in Scotland (DMBIS), a project manager is building engagement with adventure operators across the region and is developing project proposals which will deliver the NEAT ambition.
- Officials met recently (16 August) with DMBIS to hear about their refreshed National Strategy for Mountain Biking – which includes a focus on improving trail infrastructure, community engagement and “destination management” in collaboration with Industry and public sector, in particular Forestry and Land Scotland.

[Redacted under s.38]**Regional Economic Development**  
[Redacted under s.38]

## **ANNEX G – ENERGY TRANSITION FUND**

Recent media: <https://www.heraldscotland.com/politics/19499179.lesley-riddoch-torry-just-transition-renewable-energy-far-just/>

**ISSUE: Local concerns around the site for the Energy Transition Zone (ETZ): development in the area has been met with local opposition due to its overlap with green areas at Torry and Cove Bay including St Fittick’s Park and Doonie’s Rare Breeds Farm.**

- With regard to site selection for development of the Energy Transition Zone itself, responsibility lies with regional partners including Opportunity North East (ONE), Aberdeen City Council and Aberdeen Harbour Board to follow local planning application procedures and we encourage comprehensive engagement with stakeholders to ensure the project is developed with sensitivity to the environment and local community.

### **TOP LINES**

- The £62 million Energy Transition Fund (ETF) investment was announced by the Scottish Government in June 2020. It will support our energy sector to grow and transition as Scotland moves to net zero emissions by 2045.
- The projects announced for consideration under the ETF are:
  - An Energy Transition Zone, based in Aberdeen
  - A Global Underwater Hub
  - Hydrogen Projects incl. Aberdeen Hydrogen Hub and ACORN Hydrogen
  - Energy transition projects through NZTC’s Net Zero Technology Transition Programme (NZTTP)
- The investment will also benefit the wider Scottish energy sector and broader supply chain, working with local businesses to maximise the economic benefits, create and support sustainable jobs and contribute to inclusive economic growth across the country – this is central to our approach to net zero to ensure it is a just transition and no one is left behind.
- Alongside the £16.6m funding for NZTTP announced today, the Fund has already provided funding of £26 million for an Energy Transition Zone, £6.5 million for a Global Underwater Hub, and £4.65 million to the Aberdeen Hydrogen Hub.

### **ENERGY TRANSITION ZONE (Formerly led by ONE, spun off in April 2021)**

- The ETZ is a £184 million business park which is proposed to be built adjacent to the new Aberdeen South Harbour. It has the potential to capitalise on the existing, strong energy supply chain located in North East of Scotland, supporting the technology and innovation environment strengthened by two universities, and the ongoing work by the NZTC and industry on net zero solutions.
- Scottish Government announced in June 21 that it had approved the ETZ Ltd business case and awarded the project £26.3m. A similar commitment (subject to business case) was made by the UK Government during the UK Budget in March 21. Opportunity North East is contributing £5.7m, which takes the funding secured to deliver ETZ to £60m.