

Small and Medium Sized City Regions: Phase 3

Scottish Enterprise

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Introduction

In January 2008 Scottish Enterprise commissioned Experian to deliver a study on learning from other successful small and medium sized city regions. The focus of the study is on identifying the learning outcomes and translating this into an action plan for strategic dialogue between agencies in Aberdeen City and Shire (AC&S) and their counterparts in comparator city regions. Ultimately this learning will enable AC&S to maximise its contribution to Scotland's economic performance and may also highlight learning for other city regions in Scotland (e.g. Dundee).

The project has proceeded in three phases:

- **Phase 1:** this phase involved a review of the AC&S economy, identification of the respective roles of the city and shire, key projects and the development of long and short lists of potential comparator small and medium sized city regions;
- **Phase 2:** this section of the work investigated 5 of the comparator city regions in more detail to establish what key transitions took place and the role of policy interventions in effecting these transitions; and
- **Phase 3:** builds on the foregoing work by establishing an action plan for agencies in AC&S to develop strategic learning relationships with agencies in other city regions.

This report presents phase 3 of the research.

1 Learning from the case studies

1.1 Background

This report forms phase 3 of the small and medium sized city regions research for Scottish Enterprise. The main aim of this phase of the research is to draw together the key findings from phase 1 and 2 and develop an action plan which identifies specific topics and issues that would benefit from further discussion.

1.2 Key Lessons

Phase 2 identified a number of key lessons from the five case studies (Aarhus, Bristol, Calgary, Huntsville and Stavanger) across the five key themes of Business Base, People, Infrastructure, Quality of Life and Governance. The phase 3 report follows on from these findings to highlight specific approaches in the case studies and provide contact details.

Figure 1.1: Key lessons from the case studies

Key issue	Lesson 1	Lesson 2	Lesson 3
<i>Business base</i>	<ul style="list-style-type: none"> Public sector role in developing regional innovation system for knowledge-based industry (Aarhus, Stavanger) 	<ul style="list-style-type: none"> Permitting growth and development to enable key clusters to reach critical mass (Bristol – aviation, Calgary – energy, Stavanger – energy, Huntsville – defence) 	<ul style="list-style-type: none"> Research, marketing and commercial collaboration to promote food and drink industry (Aarhus, Stavanger)
<i>People</i>	<ul style="list-style-type: none"> Multi-faceted approach to attracting skilled in-migrants (e.g. communication, incentives, lobbying) (Calgary) 	<ul style="list-style-type: none"> Developing place competitiveness around liveability offer and developing industry niches to support this (Aarhus) 	<ul style="list-style-type: none"> Collaboration between business and universities on skills supply for regional clusters (All)
<i>Infrastructure</i>	<ul style="list-style-type: none"> Relocating industrial uses of city waterfront to free up city for residential/leisure development (Aarhus, Bristol, Stavanger) 	<ul style="list-style-type: none"> Long term infrastructure and business property planning (Huntsville, Calgary) 	<ul style="list-style-type: none"> Development of strategic sites focusing on business space, innovation and liveability (Huntsville)
<i>Quality of life</i>	<ul style="list-style-type: none"> City centre investment across a broad range of activities – retail, office, cultural, sports (Aarhus, Bristol) 	<ul style="list-style-type: none"> Developing a vision for the purpose for the city centre and creating relevant development and activity (Aarhus, Bristol, Stavanger) 	<ul style="list-style-type: none"> Attracting events which create new economic opportunities and market the city region (Stavanger, Aarhus)
<i>Governance</i>	<ul style="list-style-type: none"> Long term land use planning which serves the needs of key local industries, ensuring they reach and sustain critical mass (Stavanger, Huntsville, Calgary) 	<ul style="list-style-type: none"> Regional economic development agency with budget and powers (Calgary CED, Stavanger - GSED) 	<ul style="list-style-type: none"> Lobbying national level government on place investment needs (Calgary)

Our research coincided with the publication of the Aberdeen City and Shire Economic Forum (ASCEF) 'building on energy' economic action plan for Aberdeen City and Shire which aims to deliver the 2025 vision laid out in the economic manifesto published in the summer of 2007. The ASCEF economic action plan is fairly comprehensive and highlights many similar themes to our research. This is discussed further in chapter 2.

1.3 Business Base

1.3.1 Lesson 1: Public sector role in developing regional innovation system for knowledge-based industry

The importance role of innovation in driving productivity and economic growth is well documented. In their work on productivity growth HM Treasury identified innovation as a key driver of productivity, stating that '*a successful innovation system requires a strong science and engineering base to provide quality research outputs and skilled personnel*'. In Aberdeen City and Shire (AC&S), as in many other parts of the UK, the innovation system is not as effective as it could be and, although becoming more common, collaborations between the public and private sector are not effectively utilised.

The government's Innovation Nation White Paper published in March 2008 highlights the important role of the public sector in stimulating innovation and the role of collaborations between universities, business and regional government to align efforts and develop innovative solutions to local and regional challenges.

A number of the case studies identified the important role of the public sector in creating an environment that lets innovation flourish and drives productivity growth and in turn raises the quality of life. The approaches adopted in Stavanger, Aarhus and Huntsville are of particular interest:

- In **Stavanger** the innovation system and the role of the public sector appeared to be particularly effective. Strong collaborations between public and private institutions exist and are supported by the local and national governments. There are numerous examples (**The International Research Institute of Stavanger and the Norconserv Seafood Processing Research Centre**) in both the energy and food or fish processing sectors of research institutes where companies collaborate with universities and government to undertake research and development activities and deliver industry relevant educational programmes.
- In **Aarhus** the development of an '**Innovation Institute**', with the aim of developing specific innovation and technology projects in partnerships with regional businesses is likely to have driven innovation and productivity growth in the economy. The institute, 'Østjysk Innovation A/S', is focused on assisting people translate their ideas into viable business propositions and has a strong relationship with Aarhus University. Its main aim is to increase the throughput of entrepreneurial talent from the region.
- The public sector role in fostering innovation in **Huntsville** has been important in relation to the design and land use planning of the Cummings Research Park. By locating businesses, government and educational establishments in close proximity the design of the park maximises knowledge spill-overs and collaborations. There are

numerous examples of public-private sector collaborations. For example **National Space Science and Technology Centre**.

There are a number of ways of increasing the public sector role in developing an effective innovation system in AC&S. Approaches could involve close involvement and management of the design of the Energetica research park, resource provision for the establishment of sector research centres which involve inputs and close collaboration from industry and universities and developing a regional innovation partnership. The regional innovation partnership would appear to be a logical first-step in increasing the public sector's role in the innovation system. Sector research centres and innovation partnerships could then grow out of this partnership.

In AC&S the links between innovation in life science and food and drink (through the Rowett Institute) are innovation and may be of interest to agencies in other city regions. This example is interesting because it tries to create synergies between two key, local industries whereas many examples of innovation support are based around the needs of a single industry or a narrow range of technologies. Interest may be in what successes this initiative has had or is likely to have and what benefits can be gained from cross-industry innovation that might not otherwise happen.

1.3.2 Lesson 2: Permitting growth and development to enable key clusters to reach critical mass

A common theme across the case study cities is the importance of clusters of businesses acting as a catalyst for economic growth, for example oil and gas in Stavanger and Calgary and defence and aerospace in Huntsville. Once a critical mass of businesses has been reached in any particular industry this helps to attract further investment, gaining economies of scale, attracts expertise, raises innovation levels through increased knowledge transfer and usually raises infrastructure investment. Clusters not only refer to attracting businesses in one sector but also attracting university research capabilities, supply chains and trade associations.

The cities examined in the case studies employed a multi-dimensional approach to cluster development. The cluster development in each of the case studies was market-driven and this highlights the fact that sustainable clusters can not be artificially created. Interventions should only facilitate the operation of market forces and the best examples of this from the case studies are:

- Alberta's wealth of natural resources led to large investments from global oil and gas firms. **Calgary** became the business hub for all business functions for the oil and gas sector in the province. Low taxation rates helped to attract oil and gas firms and ensure the development of a leading energy cluster and Calgary's status as a Canada's energy capital.
- In **Huntsville** the conditions were right for the creation of a defence and aerospace cluster as a result of the U.S. Army's Redstone Arsenal and the purchase and investment of infrastructure by the local council lead to the rapid investment by companies. Finances raised from selling the land were then re-invested to further improve infrastructure. A business friendly environment (low taxes) also facilitated investment.
- Local government in **Stavanger** worked hard over a number of years to attract investment by large international oil and gas companies and also trade and regulatory bodies to ensure the city was regarded as the Norwegian Energy Capital. For example

authorities had a role in ensuring the airport attracted the international routes business leaders required.

The range of possible interventions to support the development of clusters is extensive. However, policy in AC&S should focus on the current key industries. A first key step is to ensure all relevant strategies and the structure plan prioritises the needs of key industries. Consultation with business in the development of policy and infrastructure is important as demonstrated in Calgary, Stavanger and Huntsville.

Aberdeen City and Shire's experience in growing the energy sector may be interesting. In particular it may be interesting for other city region's to learn how the Shire region has made a major contribution to providing the land for businesses to locate in the region. This may contrast with other city regions where businesses are predominantly located in the city itself. Indeed, there are no strong examples amongst the five city region case studies of significant industry contributions from the non-city areas. Aberdeen City and Shire is, however, fairly unique in the UK context in having such a geographic spread of its core industries.

More generally, AC&S offers interesting lessons in terms of how both city and shire contribute to economic diversity and how this is supported. AC&S is arguably unique amongst Scottish city regions in that the non-city regional area makes a significant contribution to economic diversity. Across the shire areas industries such as agriculture, food and drink processing, tourism and shipbuilding help to diversify the economic base of the region as a whole. This is important as it means that the city region as a whole is not solely reliant on energy industries for its prosperity and for employment. In terms of support for this pattern of economic activity across the region, the following may be interesting examples; (a) Grampian Food Forum, which promotes the industry in the region, (b) Building Buchan New Beginnings (which furthered economic diversification through tourism, cultural and industrial developments), (c) Cairngorm National Park Authority (promoting a unique NP area in Europe), (d) Aberdeen Renewable Energy Group, and (e) Aberdeenshire Towns Partnership.

1.3.3 Lesson 3: Research, marketing and commercial collaboration to promote industry

Lesson 3 is closely linked to lessons 1 & 2 under the business base theme. The case studies highlighted examples of the public sector supporting business in terms of provision of research, marketing and collaboration activities. Raising the profile of specific sectors in AC&S could provide substantial developments in encouraging further investment and collaborations with universities which would in turn raise innovation levels. The case studies provided a number of examples of the importance of promoting industries and the role of the public sector in doing so:

- **A city region development agency** – Calgary and Stavanger both have economic development agencies (Calgary Economic Development and Greater Stavanger) who actively market the city to both businesses and individuals. Calgary Economic Development appear to be particularly good at this with a range of initiatives marketing the city and individual sectors and also providing research information to industry (the future occupational demands for example).
- **City branding** – Stavanger, Calgary and Huntsville have all developed city 'brands' that market the city's key industry. Huntsville has named itself 'Rocket City' and Stavanger and Calgary have worked hard to be recognised as the national energy capitals.

- **Collaborations** – Numerous examples exist of collaborations between business, government and university to establish industry research institutes (**The International Research Institute of Stavanger and the National Space Science and Technology Centre in Huntsville**).

There are many lessons to be learnt from these examples. AC&S would benefit from a marketing perspective if it is firmly recognised as an 'Energy Capital'. The Energetica development is likely to help in gaining this reputation. A city-level economic development agency with a particular focus on marketing AC&S as an energy centre is an interesting option for Aberdeen. Both of these may take some time to develop and are longer-term goals. However, in the shorter term, expanding the role of Grampian Food Forum to increase collaboration between food and drink businesses, the public sector and possibly universities would benefit the growth and future direction of the food and drink industry. Initial actions on this front would include the scoping out of future roles in terms of marketing, exporting, skills development and innovation.

AC&S may learn quite a lot from the support for the food and drink industry in Aarhus and Stavanger. However, AC&S also has some useful experience to offer. Industry promotion activity in AC&S is most active around the oil and gas industry. This includes trade bodies such as Oil and Gas UK, the role of the City Council and ACSEF's role.

1.4 People

1.4.1 Lesson 4: Multi-faceted approach to attracting skilled in-migrants

The quantity and quality of skilled labour available in an economy is an important determinant of economic performance and productivity growth. Therefore attracting skilled in-migrants was important to all of the cities in our case studies but particularly Calgary which has experienced particularly rapid employment growth and therefore experienced labour shortages. A range of factors are important for attracting and retaining skilled migrant workers including employment opportunities, wage levels, quality of life and the cost of living. Policy also has a role to play. Calgary's approach to attracting skilled in-migrants is summarised below:

- **Calgary** has experienced very strong population growth over the past ten years and has been successful in attracting skilled labour to fuel the rapidly expanding economy. High wages, a diverse range of career opportunities, low income tax rates, a high quality of life and a low cost of living all contributed to Calgary's success in attracting in-migrants. However, policy has also played a part. **Calgary Works** is a multi-faceted workforce initiative program run by Calgary Economic Development. One of the strands of the program focuses on communication tools and the Calgary Economic Development website provides detailed information for individuals interested in living and working in Calgary. The Alberta Government is currently developing mechanisms in consultations with the Canadian government to make it easier and quicker to get foreign workers clearance to work in the state.

AC&S could develop a joined-up strategy for increasing skilled in-migration. An important part of this strategy would be the development of effective communication tools. For example a website which provides details of living and working in AC&S including the types of careers on offer.

AC&S can learn quite a lot from the experience of Calgary in attracting migrant workers. Calgary Economic Development may be interested to learn about the emphasis on marketing AC&S as a place with an urban core and a shire area which offers a high quality of life. This is emphasised in national and international recruitment drives led by the two Councils.

1.4.2 Lesson 5: Developing place competitiveness around liveability offer and developing industry niches to support this

Increasingly cities and city regions are aiming to compete for investment, businesses and people on the basis of their quality of life assets. In many instances this has gone hand in hand with the growth of industries that are inextricably linked with improved quality of life, such as culture, tourism, events and creative industries.

The case study analysis for this research uncovered some useful examples of city regions that have successfully differentiated themselves from other city regions on the basis of their quality of life offer, or are in the process of doing so. Key examples are:

- **Aarhus Amt** has established itself as the key growth region of Denmark. Our research indicates that quality of life, particular in the city, is a key attraction which drives in-migration. In the last decade, a number of **concurrent developments** has driven this reputation – the public sector has focused on attracting or establishing the kind of new, urban, knowledge-based industries (e.g. film, culture, education) that flourish in the most successful cities; the university has grown rapidly, drawing in a youthful population; physical regeneration projects have revitalised the city centre and complemented the creation of new business space (e.g. for film and media); the small business sector has helped to drive the creation of a much improved base of restaurants and the non-urban offer (e.g. Lakes tourism area) has been widely marketed.
- In **Bristol** there has been a similarly intense, public-driven focus on altering the nature of economic activity in the city centre. In the city centre, **significant land-use change** has driven the changes, with city apartments replacing the industrial harbour and new business property (for knowledge-based industry and the catering sector) replacing warehousing. These changes have enabled new industries to develop, such as digital media, education-based tourism and the creative sector, helping to influence perceptions about what is on offer in the city.
- Greater Stavanger has enjoyed considerable population growth in recent years, driven not only by the growth of the energy industries but by the city's quality of life offer. Like AC&S, the region has a **high quality non-urban environment** with access to fjords and mountain resorts. This has been complemented by development of the city as a **competitive location for events** (e.g. food and drink, sports) and to live (e.g. international schooling). Like Bristol and Aarhus, the re-use of the previously industrial port area for dense, residential development has helped both to accommodate population growth and create the kind of urban environment expected in a modern city.

One possible area for AC&S to intervene is in the creation of a strong, coherent brand for the city and shire. This could be complemented with the identification of some 'quick wins', small scale public realm or events projects that could start to build the kind of city attractiveness that is currently absent.

Agencies in the case study city regions stand to learn a fair amount from AC&S, but mainly around the non-urban assets. Stage 1 of this research reinforced the argument that Aberdeen's city centre lacks the kind of cultural, retail, tourism and residential offer that has been developed in many small and medium sized cities (e.g. Bristol, Aarhus, Bergen, Glasgow). However, the research also confirmed the perception that in AC&S the quality of life offer in the Shire is quite distinctive. Industries which support this are food and drink and tourism. Indeed the food tourism offer is a good example of how local industry is joined up and helps to support Aberdeenshire's identity as a place to live.

1.4.3 Lesson 6: Collaboration between business and universities on skills supply for regional clusters

Meeting the future skills needs of key industries in each of the case study cities was an important priority. There are numerous examples of collaborations between universities and businesses to ensure a sufficient supply of graduates with skills that are relevant to industry:

- **Huntsville** – Calhoun College, in cooperation with the US Army Ordnance Missile and Munitions Centre and School, provides a specialised Associate in Applied Science degree for graduates of the missile programs controlled by Redstone Arsenal. This program allows career military personnel to earn college credit through a combination of civilian and military education.
- **Bristol** – The South West Regional Skills Partnership brings together the region's business and learning community to create a demand-led approach to tackling any future shortages that the South West's skills base may experience.
- **Calgary** – There are several examples of the university partnering with large energy companies to offer specialised degrees to meet industry demands. For example the Oil and Gas Engineering program at the University of Calgary was initiated by, and developed in collaboration with, the oil and gas industry to respond to its need for graduates trained in technologies specific to oil and gas exploration and production.

Developing a working group around priority occupations would be an important first step for AC&S to investigate future occupational and skills needs of industry and determine the areas where shortages are likely.

In AC&S there is considerable emphasis on the need to attract skilled people across a range of sectors but particularly to energy-related industries. However, the collaboration between universities and businesses to achieve this is less developed than in some of the case study city regions (e.g. aviation in Bristol).

1.5 Infrastructure

1.5.1 Lesson 7: Mixed use of city waterfront areas

In Stavanger, Aarhus and Bristol the industrial ports were relocated away from the city centre to make space for residential and leisure development. In each of these cases this development appears to have been important in adding to the attractiveness of the city centre and acting as a catalyst for the development of other industries. In the case of Bristol, the former industrial

harbour area has been used for retail and leisure including art and exhibition centres. It also home too much of the high growth creative industries sector including the Watershed Media Centre.

Re-locating the industrial port away from Aberdeen city centre would be a huge undertaking. Therefore a key lesson that may be more applicable to Aberdeen in the short to medium term is to seize opportunities for mixed use development on available waterfront sites. However, as the case studies have shown relocating the port in the longer term could have significant benefits in terms of liveability offer, tourism and new industry development. A scoping plan to investigate the practicalities and economic impact of such a development would be an initial first step of this more ambitious option.

There are no direct examples of relocating industrial activity for housing and leisure purposes in AC&S and indeed this is one area where AC&S can learn from Aarhus, Stavanger and Bristol. However, *Energetica* is the key project that will be of interest to agencies in other city regions. Interest will be in many aspects, including; (a) the role that waterfront location plays in the vision for the project and how it will function, (b) co-location of different activities (living, working, research, leisure) and (c) how the project will transform land values and help regenerate priority areas (e.g. Peterhead).

1.5.2 Lesson 8: Long term infrastructure and business property planning

Evidence from the case studies suggests that a long term planning horizon for infrastructure development is important. In Calgary, Huntsville and Stavanger long-term approaches (up to 30 years) were adopted in strategies and investment plans.

- In **Huntsville** for example a long-term view was adopted for the Cummings Research Park, with a large area of land purchased and developed by the Huntsville City Council in anticipation of future inward investment and development.
- In **Calgary** the transport strategy took a long-term view (30 years) and developed a clear vision for transport infrastructure in Calgary. The plan highlighted the need for specific developments such as the Calgary Ring Road.

The long-term planning approach would benefit AC&S by creating a clear signal to private sector of investment plans and thereby providing some certainty over the future. It also provides a common vision for the public sector to work towards. It would be useful for AC&S to identify 2-3 key projects that would transform AC&S capacity for growth in 20-30 years time and provide clear plans and a vision of what they will mean for the economy.

Energetica is the key example for AC&S to discuss in future consultations. *Energetica* is a long term project which is *ambitious* in that it will need to attract additional assets (people, businesses, investors) in order to be deliverable. In this way shares some features with some of the good practice examples from the case studies, such as the expansion of Cummings Research Park, bringing forward the ring-road plans in Calgary and harbour-side redevelopment in Aarhus.

1.5.3 Lesson 9: Development of strategic sites focusing on business space, innovation and liveability

The case studies presented some clear examples of strategic sites where the role of business space, innovation and liveability are of central importance. The best example is given by the highly successful **Cummings Research Park** in Huntsville. The park has been developed to cater for high-tech, innovative companies. The master-plan of the park focused on attractive business space and an attractive environment including man-made lakes, constant and specific requirements for landscaping and coordinated management of the outward appearance of all structures. The recent construction of a commercial centre for the park adds to the liveability offer by including hotel and conference facilities, recreation space and retail and leisure services. The design of the park aids innovation and knowledge spill-over by clustering similar industries in certain areas within the park.

These lessons could prove highly valuable for the development and master plan for Energetica. More detailed studies of how the Cummings Research Park was master planned and key elements to consider would benefit the Energetica development.

In terms of AC&S examples of best-practice in this area, again the key project is *Energetica*. This project deliberately focuses on co-location of different types of economic activity which, as a joined-up offer to people, businesses and investors, should be mutually reinforcing.

1.6 Quality of life

1.6.1 Lesson 10: Broad-based city centre investment

Cities are recognised as the hubs of modern city region economies. Even with ICT-enabled, knowledge-based industries in the ascendancy, the need for well functioning and attractive city centres which are easy to move around is widely recognised. Many city centres have experienced transformation in recent decades, particularly where they have had a need to recover from the economic and physical impacts of manufacturing decline (e.g. Newcastle, Glasgow, Bremen). Many of the issues around city centre investment are highlighted elsewhere in this report but in summary:

- **Aarhus** is probably the best example of broad-based city centre investment amongst the case study city regions. Changes in the priority land use for the city centre, public realm improvement and business property investment have gone hand in hand with private sector investment to create a place which creates strong, positive perceptions across the country.
- The breadth of investment in **Bristol** city centre has been similar to that in Aarhus, with land re-use, business property and the creation of space for creative industries and restaurant businesses helping to change the nature of economic and social activity in the city centre.
- The thrust behind city investment in **Stavanger** has been similar to that in Bristol and Aarhus, although the scale of change has not been as dramatic.

At present there are a number of significant city investment projects being delivered, planned or considered in Aberdeen. Arguably they are not joined up as a cohesive step-change plan for the

city. A city investment plan would be well supported by strong city and region branding and by the identification and implementation of a small number of 'early win' projects (e.g. attracting new events to the city).

Although the city of Aberdeen has not been an exemplar for city investment in recent decades, some of the towns in Aberdeenshire are interesting non-city examples. Building Buchan New Beginnings is a good example of the kind of physical and economic results that can be achieved in a smaller semi-urban setting. Some of the other Aberdeen Towns Partnership towns, such as Inverurie and Turriff, also provide useful non-city examples.

1.6.2 Lesson 11: Vision for the purpose of the city centre

This research project has underlined the need for city centre development in Aberdeen. Although there is project by project development in the city (e.g. Bon Accord, Union Square) there is no physical vision of the kind of city centre that partners are working to achieve over the next 10-20 years. Evidence from the case studies uncovered some useful pointers in this regard:

- In **Aarhus** a vision has generally preceded development. For example, the opening up of Aarhus stream and the relocation of the port were driven by a vision of the city centre as a place for culture, retail, creative industries and civic space rather than as a location for industrial activity. The Light House project is a good example of how this visioning approach is being rolled out across the next phase of waterfront revitalisation.
- A very similar vision accompanied the relocation of the port in **Stavanger**. Again, here there was recognition of the type of residential and civic space that people were expecting to find in a modern, successful small European city.

The important aspect of developing a vision for Aberdeen city centre is that it inspires the people who may benefit from it as well as those who will be required to bring it about. Any vision should also have enough resonance that it helps drive people towards a common purpose. As with the above lesson, the best examples of visioning in practice in AC&S are from the shire, particularly the Building Buchan project.

1.6.3 Lesson 12: Attracting events

As has been discussed elsewhere, effectively marketing a city region's attractions is a key part of the strategy to compete for business investment and skilled people. From our case study cities, Calgary probably has the most advanced approach with well developed communication tools for attracting people and businesses. However our research also highlighted the importance of attracting key events (e.g. sports, music acts, festivals) as an important mechanism for raising quality of life, diversifying the cultural offer and creating opportunities to market the city region to visitors.

- **Stavanger** has been successful in attracting a number of events which have helped to raise the city's profile. Most notably, Stavanger was chosen as the European Capital of Culture in 2008. The authorities in Stavanger have made a concentrated effort to win high profile events. Other important events recently won include the 2009 World Beach Volleyball Championship and the Bocuse d'Or Europe 2008 (Europe's foremost food and drink competition).

Attracting key events to AC&S would help to market the city to businesses, in-migrant and tourists. In addition, industry specific events would help to promote the local industry. Developing an action plan for creating and / or attracting new events to AC&S which identifies and prioritises events and lead organisations would be an important first step.

1.7 Governance

1.7.1 Lesson 13: Long term land use planning which serves the needs of key local industries, ensuring they reach and sustain critical mass

In AC&S, the energy industries are central to the region's current and future prosperity. It is also true that other industries (e.g. food and drink, life science) may come to play more significant economic roles in the future than they do now. Although such trends are market-driven the public sector can play a key role in facilitating them and enabling more efficient and more rapid growth. The case studies provide strategic examples of public sector roles in the long term planning for industry development:

- In **Huntsville**, the city council has played a key role in providing the land and infrastructure necessary for the *next* growth phase of Cummings Research Park. This forward planning to meet *future* needs was crucial in allowing the Park to upscale and reinforced the critical mass of defence-related industry in the city region. However, locally there are not concerns that Huntsville is overly dependent on defence and thereby vulnerable. There are two reasons for this. Firstly, the expansion that is being enabled by the city council is *reinforcing* the critical mass of activity in the region and the sense that Huntsville is the premiere location for defence-related business. Secondly, the investment in facilities (e.g. land, property, logistics) has attracted a wider range of exporting businesses and encouraged existing firms to access new markets, thereby diversifying the economy.
- Similarly, city planning in **Calgary** has to some extent revolved around the emphatic growth of the energy industry. City and state government have both worked to ensure that the city's potential around energy has been achievable. This has included measures to improve workforce attraction, training and development, tax incentives to encourage in-migration and bringing forward the ring-road plans to enable up scaling of the city.

The evidence from AC&S is that growth has occurred in a less planned manner. However, Energetica is the kind of project that has the appropriate long term vision to create a more coherent contribution to long term growth in the energy industries in future. More generally, there may be need for a business-led grouping which can ensure that long term industry needs (and therefore the city region's long term future) are kept high on the agenda. Although not a case study here, there may also be useful learning from the **Committee for Perth**, Western Australia, which is a private-led body which is influencing government to meet the long term needs of industry across SMEs and large corporations.

AC&S offers some useful learning. The key example here is Energetica which is a long term project that, if successful, will help the energy industries to attain and sustain critical mass in the region. It is also possible that agencies in other city regions may be interested in how previous

structure plans have helped to create the employment land which has enabled expansion in the sector.

1.7.2 Lesson 14: Regional economic development agency with budget and powers

The findings from this research have a lot to say about joining up organisations and initiatives to create more effective and coherent economic development planning. It is therefore arguably self-evident that there will be benefits from having the main economic development functions at city region level 'under one roof'. In terms of the city region organisation of economic development functions, the creation of a regional or city level economic development agency with a budget and powers has been of significant benefit. The following are the key lessons:

- The **Greater Stavanger Economic Development** (GSED) organisation is a good example of a body that seems to have the correct combination of city region economic development powers and covers the most relevant economic area. In addition to driving and guiding the delivery of strategy, the GSED has an office in Houston to influence inward investment and effect collaboration and information sharing.
- Bristol benefits from being the undisputed regional city within the government office region area covered by the **South West Regional Development Agency** (SWRDA). Aberdeen, on the other hand, is the third largest city in Scotland which has a total population of similar size to the South West. For Bristol, this convenience has meant that certain urban development has been concentrated in the city, to the benefit of developing new and existing industries there.
- **Calgary** is one of two cities covered by the **Alberta** State Government (indeed the State is headquartered in the other city, Edmonton) but the city council has successfully lobbied the State for the investment needed to drive its economic development. **Calgary Economic Development** was established in October 2002 to provide new leadership and a focused direction for the Calgary Region's economic development activities.
- **Aarhus Amt** was the 'old' administrative region which conveniently covered the functional economic region around the city of Aarhus. The new Regional Council covers a much larger area, which in theory could have led to some loss of focus of land use planning around city region needs. However, this does not seem to have happened and indeed the **Vækstfora** (regional growth forum) is a business-led economic development organisation which is keeping the city region's economic development needs high on the agenda.

ACSEF is a key strength in AC&S and offers the kind of joined-up economic development leadership at city region level that is not as strong in other parts of Scotland. Indeed, there would appear to be merit in considering the feasibility of augmenting the forum's current roles to develop a more effective economic development organisation for the North East.

AC&S offers some useful learning. ACSEF, as a city region level economic development partnership, may be of interest for a number of reasons; (a) its is multi-agency partnership rather than a single agency or statutory body, (b) private sector involvement is a key strength of the partnership, giving it more weight in strategy, communication and delivery and (c) the partnership has a clear and distinctive strategy.

1.7.3 Lesson 15: Lobbying national level government on place investment needs

In recent decades the city of Aberdeen has been one of the most prosperous parts of the UK and therefore has not attracted public investment in the way that many post-industrial UK cities have (e.g. Glasgow, Sheffield, Manchester). However, this legacy of under-investment is now a concern, as competing city regions have at their core vibrant city centres, with public sector investment helping to usher in future private investment. Across the case studies, there is quite a wide variety of evidence on how national public investment priorities have been influenced:

- In **Calgary**, both State and National government have recognised the strategic importance of the energy sector, the sector's potential to fuel future growth and the significance of Calgary within this dynamic. Having won the argument about the city region's importance, State government have adopted a 10% personal tax rate and are enabling future development in the city region through infrastructure investment.
- In lobbying for investment, agencies in **Bristol** have had a couple of advantages. Firstly, the city is viewed as being crucial in the UK's aviation industry capability. This recognition has been backed up by the location of a strategic procurement agency in the region. Secondly, the city is the main centre in the South West region, which has been helpful in attracting scarce urban investment.
- In many ways **Huntsville** shares the advantages outlined in Calgary and Bristol but national support is even more assured. Huntsville role in supplying the US defence industry's needs has enjoyed cumulative reinforcement in the form of the consolidation of defence assets across the US (to the benefit of Huntsville).

Energy is a strategic industry in Scotland, as recognised by the Scottish Government and its agencies.¹ Moreover, AC&S is the single most significant strategic location for the energy industries in Scotland, with a significant majority of economic activity in the sector being located in the region. This argument is important to the future of the region. Having reviewed examples across the case studies, there is a sense that agencies in AC&S have not yet won this argument with the Scottish Parliament. Lobbying the Scottish government is important to ensure that the potential of the energy industries to Scotland's future economy is recognised *and* that there is acceptance that this potential is inextricably associated with AC&S.

AC&S offers some useful learning. Aberdeen is the third largest city in Scotland and in recent decades has experienced levels of prosperity that are above those of other Scottish cities and levels of unemployment and multiple deprivation that are below average. Arguably the level of national funding that the city has attracted has not been sufficient, given its capacity for future growth. To this end, the work of ACSEF and local government in the region has been important to raise the profile of AC&S in Holyrood and Westminster. Agencies in other city regions may be interested in; (a) the *arguments* agencies in AC&S are using to attract public investment (e.g. investing in potential rather than just investment where need – economic exclusion – is greatest), (b) some of the *battlegrounds* where these arguments are being played out (e.g. locating national energy institutions, attracting inward investment, immigration rules for skilled workers, oil taxation, the need for city centre investment) and (c) the *evidence* of under-investment in Aberdeen city (e.g. public realm, retail, culture) and what partner agencies are now doing about it.

¹ See for example the Government Economic Strategy, Scottish Government autumn 2007.

2 Action Plan

2.1 Overview

Phase 3 of the study brings together all the key lessons on initiatives, projects, programmes and approaches that have played a part in economic change in the case study city regions. This evidence has been summarised in the following tables which provide an action plan to enable agencies in AC&S to establish contact with project managers, economic development agencies, industry fora and universities. The tables summarise the information discussed in chapter one and provides recommendations based on the lessons from the five case study cities. It also includes rationale for recommendations, benefits, suggested initial actions, lead agencies, local constraints and opportunities and contact organisations. A detailed contacts database has been provided as a separate output.

The recently published Aberdeen City and Shire Economic Forum (ASCEF) 'building on energy' economic action plan for Aberdeen City and Shire aims to deliver the 2025 vision laid out in the economic manifesto published in the summer of 2007. The ASCEF economic action plan is fairly comprehensive. It highlights many similar themes to our research including a need to increase innovation through collaboration between universities, attracting skilled migrants to the region, business and government, increasing the status and role of AC&S as an energy capital and involving the private sector in master planning.

Based on the findings from our research on the five case study cities there are some potential gaps in the economic action plan that could benefit the AC&S economy. Although the need for increased university and business collaboration is identified in the ASCEF action plan, the partnership between universities, colleges and businesses to identify future industry skills and occupational needs and jointly develop training courses that will produce graduates to fill these needs is not specifically mentioned. There were several examples of this from the case studies including oil and gas courses in Calgary and aerospace and defence courses in Huntsville.

The ASCEF action plan highlights the importance of quality of life in driving the success and competitiveness of the AC&S economy. Place attractiveness is an important aspect of quality of life and the case studies highlighted the strategic use of waterfronts as a pleasant place to live and work. This often involved the re-location of industrial waterfront uses to make way for leisure and residential uses and the regeneration of former industrial land on the waterfront. The ASCEF action plan may want to consider measures to maximise on Aberdeen's waterfront location and increase place attractiveness. Edinburgh, Glasgow and Dundee all have ongoing regeneration and development projects on their waterfronts.

Finally, the ASCEF economic action plan identifies the need to develop a co-ordinated marketing approach for AC&S. The findings from the small and medium cities research indicate that city branding is important; Huntsville as Rocket City, Calgary as Canada's Energy Capital and Stavanger as the Energy Capital of Norway. The ASCEF action plan may benefit from considering a branding approach for Aberdeen. In addition, a co-ordinated strategy to identify and target specific events to bring to Aberdeen will help raise the city's profile and may be worth considering in the economic action plan.

Figure 2.1: Business base

#	Lesson	Recommended AC&S initiative(s)	Rationale	Objective	Benefits	Initial actions	Location(s)	Lead	Time-scale (S, M, L)	Local constraints	Local opportunities	Contacts
1	Public sector-led regional innovation system	Develop regional innovation partnership	Innovation is currently sporadic and uncoordinated	To raise level of innovation activity across all key sectors in AC&S	Raise awareness of imperative to innovate; new product development; synergies; improve attractiveness as business location	Talks to scope out type of body required	City and 1-3 shire towns	Scottish Enterprise	M	Lack of higher education presence in shire	Two universities with innovation agendas; range of key sectors across city and shire;	IRIS Stavanger; Southern England Technology Triangle; Østtjysk Innovation A/S' (Innovation Institute)
2	Permitting growth to enable clusters to reach critical mass	Ensure all relevant strategies and the Structure Plan prioritise needs of key industries	All case studies (with exception of Aarhus) feature a sector which has reached critical mass and has received support to do this.	To enable energy (especially renewables) to reach critical mass	Long term economic sustainability and competitiveness of the region; jobs growth; compelling attraction to businesses; attracting skilled workers	Audit current and emerging strategies for extent to which they enable growth of key industries; building alliances to strengthen key industry support	City and Shire	ACSEF	M	Balancing with environmental and social objectives	ACSEF is agreed by all key agencies and has private sector support;	South West Regional Development Agency; Greater Stavanger Economic Development; Chamber of Commerce of Huntsville; Calgary Economic Development
3	Multi-faceted Industry collaboration	Expand role of Grampian Food Forum	In Aarhus and Stavanger support for food and drink sector was broader	To grow the food and drink industry more rapidly	Raise productivity and growth in the sector; raise profile of sector; attract investment; encourage start ups	Scope out new roles	Shire	Grampian Food Forum	S	Currently lack of collaboration across marketing, skills development, innovation and exporting	Forum is an established body; large local firm base; high profile & large companies	Culinary Institute of Norway; Norconserv AS; Schlumberger Stavanger Research Centre; Aerospace Innovation & Growth Team

Figure 2.2: People

#	Lesson	Recommended AC&S initiative(s)	Rationale	Objective	Benefits	Initial actions	Location(s)	Lead	Time-scale (S, M, L)	Local constraints	Local opportunities	Contacts
4	Attracting skilled in-migrants	Develop joined-up strategy for increasing skilled in-migration	Case study city regions (esp. Calgary) have more forceful and multi-dimensional methods of attraction	To increase inflow of skilled in-migrants to reduce skills shortages	Reduced skill shortages; firm growth; higher employment; population growth; urban and rural renaissance	Develop website; influence national skilled in-migrant occupational priorities	City focus	Local Government	M	Lack of cultural, retail and quality of life offer in city	High demand for skilled workers; local earnings levels;	Calgary Economic Development; Municipality of Aarhus / University of Aarhus; City of Huntsville Council
5	Developing competitiveness around quality of life offer	Create and market strong brand for AC&S as region focused on high quality of life	Case studies (esp. Aarhus) have used quality of life as key differentiator in city-region branding and marketing	Influence perceptions about what AC&S is all about	Higher in-migration; attracting events; tourism growth; attract investment	Establish partnership group; target events to attract / create;	All areas	Local Government	M	Tourism accommodation	Fits with ACSEF strategy; partners are already moving in this direction	Municipality of Aarhus; City of Huntsville Council; Bristol City Council
6	University-business collaboration on skills supply	Develop working group around priority occupations	In the case studies, there were numerous examples of collaborations based on key industry needs	To identify priority skills requirements and how to deliver them	In-migration; teaching relevance; identification of training needs	Set up working group	City	Employers / ACSEF	M	Lack of collaboration currently	ACSEF; local universities; high demand for labour	West of England Aerospace Forum; Calgary Works; Alabama Industrial Development Training (AIDT) program

Figure 2.3: Infrastructure

#	Lesson	Recommended AC&S initiative(s)	Rationale	Objective	Benefits	Initial actions	Location(s)	Lead	Time-scale (S, M, L)	Local constraints	Local opportunities	Contacts
7	Mixed use of city waterfront areas	Seek opportunities to use available waterfront land to invest in quality of life, leisure and public realm assets	In all coastal case study cities, waterfront revitalisation has been a key trend (facilitated by relocation of port facilities)	Help to rejuvenate city centre and change perceptions of city	Visible evidence that city is under going transformation; in-migration; visitor growth; industry development (tourism, retail, culture, construction)	Scoping plan	City centre	Scottish Enterprise (supported by City Council)	M-L	Port is currently extensively used commercially	Harbour-side is centrally located in city; demand for city apartments;	Greater Stavanger Economic Development; South West Development Agency; Municipality of Aarhus
8	Long term infrastructure planning	Identify 2-3 key projects that would transform AC&S capacity for growth in 20-30 years time	Evidence from Huntsville, Calgary and Stavanger of public and private sectors taking long term view on needs	To create clear signal to private sector of investment plans	Market has some certainty; public sector agencies have common vision;	Review current projects; identify gaps and ideas to take forward	City and main growth corridors	ACSEF / NEST	M	Administrative boundaries; political issues	Some agreement of current priorities	Aarhus Amt Central (Regional Council); City of Calgary Council; City of Huntsville Council; South West Regional Development Agency
9	Mixed-use strategic sites	Deliver <i>Energetica</i>	The case studies provide plenty of evidence that such mixed-use, ambitious initiatives can be transformational in their impacts	To significantly raise the economic potential of AC&S	Enable energy sector to reach critical mass; create compelling business location; grow tourism sector; enhance quality of life offer; in-migration	As per plans	As per plans	As per plans	L	Investment	Much of the planning and partnership infrastructure is in place	Cummings Research Park; Cabot Circus; Stavanger Innovation Park; Science Park Aarhus

Figure 2.4: Quality of life

#	Lesson	Recommended AC&S initiative(s)	Rationale	Objective	Benefits	Initial actions	Location(s)	Lead	Time-scale (S, M, L)	Local constraints	Local opportunities	Contacts
10	City centre investment	Create 20 year investment plan	In all coastal case study cities, the city centre has experienced broad-based investment (linked to waterfront regeneration)	To engender a step change in the facilities, the industries and the liveability in the city centre	Attract companies and people; retain and capture visitor and retail spend; revitalise tourism	Identify private sector partners	city	City Council	M	Public funding	Broad consensus on the city centre needs	Municipality of Aarhus; City of Huntsville Council
11	City centre vision	Develop and communicate inspiring vision for the city	City centre is recognised as strategic weakness in regional offer	To create inspiring vision of what centre city will be like in 10-20 years time	Clear signal to private sector; inspire residents; help to attract new in-migrants; influence tourism market	Create coherent masterplan and vision for city	city	City Council	M	none	Support from ACSEF manifesto	Municipality of Aarhus; Bristol City Centre
12	Attracting events	Develop an action plan for creating and / or attracting new (to City and Shire) events	Small cities such as Aarhus and Stavanger have 'punched above their weight' in attracting events, helping to drive cultural offer	Help to influence perception of what Aberdeen City and Shire can provide and host	Increased visitor spending; influencing perceptions of potential in-migrants; develop new niches in the economy	Target events to attract	city and shire	City and Shire Councils	S-M	Marketing funding	Visitor accommodation; conference venues; international airport	Municipality of Aarhus; Greater Stavanger Economic Development

Figure 2.5: Governance

#	Lesson	Recommended AC&S initiative(s)	Rationale	Objective	Benefits	Initial actions	Location(s)	Lead	Time-scale (S, M, L)	Local constraints	Local opportunities	Contacts
13	Long term planning around needs of key industries	Create high level private sector executive group which influences public policy	In places such as Calgary, long term planning revolves around envisaged growth of energy sector (also true of Huntsville)	To develop a vision and strategy that enables a planned progression to highly competitive key industries	All relevant strategies based around industry needs; private sector leading on what needs to be done	Establish group remit; recruit to group; design agenda	City	Private sector / ACSEF	M	Much strategy is public -led at present	ACSEF already in place with private sector engagement	Chamber of Commerce of Huntsville; Greater Stavanger Economic Development
14	Regional economic development agency	Strengthen ACSEF's role as the economic development agency for the city and shire	Many of the case studies have dedicated economic development agencies at city region level, driving strategy and key initiatives. In AC&S this is arguably a more dispersed activity.	Create a single agency with key roles and powers to effect economic development	Higher profile and greater influencing power; single voice for city region; single entity to run key initiatives (e.g. broker university-business collaborations around skills)	Scope out nature of enhanced role	City and Shire	ACSEF	S-M	Economic development is currently dispersed; Scottish Enterprise re-organisation	Acceptance of city region as relevant, functional area	Huntsville Regional Economic Growth Initiative; Greater Stavanger Economic Development; Vækstfora (regional growth forum - Aarhus)
15	Lobbying national government on investment needs	Councillor grouping to lobby governments with specific, private sector-backed agenda	AC&S lacks the state level powers that the Alberta government has used to good effect in Calgary. Lobbying for national funding is a second best option.	To secure greater funding for region and recognition of key role in national economy	Higher investment; greater practicability of key projects; higher profile	Convert ACSEF manifesto into agenda for lobbying governments	City and Shire	Local Government / ACSEF	S-M	Local Authority boundaries	ACSEF manifesto	City of Calgary Council; Greater Stavanger Economic Development; Municipality of Aarhus; City of Huntsville Council