

City Chambers
DUNDEE
DD1 3BY

13th September, 2019

TO: ALL MEMBERS OF THE TAY
CITIES REGION JOINT COMMITTEE

Dear Sir/Madam

TAY CITIES REGION JOINT COMMITTEE

Will you please attend a MEETING of the **TAY CITIES REGION JOINT COMMITTEE** on 20th September, 2019 at 10.00 am in Fife House, North Street, Glenrothes.

Please submit any apologies to Veronica Thomson, Committee Services Officer or telephone (01382) 434205 or by e-mail veronica.thomson@dundeecity.gov.uk.

Yours faithfully

ROGER MENNIE

Clerk to the Joint Committee

1 MEMBERSHIP, WELCOME AND APOLOGIES

2 DECLARATION OF INTEREST

Elected members are reminded that, in terms of The Councillors Code, it is their responsibility to make decisions about whether to declare an interest in any item on this agenda and whether to take part in any discussions or voting.

This will include all interests, whether or not entered on your Register of Interests, which would reasonably be regarded as so significant that they are likely to prejudice your discussion or decision-making.

3 MINUTE OF MEETING OF 21ST JUNE, 2019 - Page 1

(Copy enclosed).

4 MEMBERSHIP

The Joint Committee are asked to note that due to the resignation of Julie Farr, and, in terms of Clause Six of the 2017 Minute of Agreement, the Third Sector have appointed Gary Malone, Chief Executive Officer of Voluntary Action Angus, as their representative on the Joint Committee.

5 PRESENTATION - TAY CITIES DEAL UPDATE

(Update by the Programme Manager).

6 REGIONAL ECONOMIC STRATEGY REFRESH - Page 5

(Report No TCRJC13-2019 by the Chair, TayCities Management Group and Executive Director of Enterprise and Environment, Fife Council, enclosed).

7 A O C B

8 DATE OF NEXT MEETING

2.00 pm, Friday, 8th November, in Committee Room 2, 14 City Square, Dundee.

ITEM No ...3.....

At a MEETING of the **TAY CITIES REGION JOINT COMMITTEE** held at Perth on Friday, 21st June, 2019.

Present:-

Angus Council

Councillor David FAIRWEATHER
Councillor Angus MacMillan DOUGLAS
Councillor Bill DUFF

Dundee City Council

Councillor Willie SAWERS (substitute for Councillor John ALEXANDER)
Councillor Lynne SHORT
Councillor Richard McCREADY

Fife Council

Councillor Karen MARJORAM

Perth & Kinross Council

Councillor Angus FORBES (substitute for Councillor Murray LYLE)
Councillor Colin STEWART

Non-Elected Members

Alison CARRINGTON, Skills Development Scotland (substitute for Gordon McGUINNESS)
Professor Andrew ATHERTON, Principal, University of Dundee Regional HE/FE Forum
Alison HENDERSON, Tay Cities Business Forum

Also Present

Mo SAUNDERS, Tay Cities Deal
Karen REID, Perth & Kinross Council
Greg COLGAN, Dundee City Council
Robin PRESSWOOD, Dundee City Council
Margo WILLIAMSON, Angus Council
Vivian SMITH, Angus Council
David LITTLEJOHN, Perth & Kinross Council
Alan GRAHAM, Perth & Kinross Council
Julie FARR, Third Sector
Roger MENNIE, Dundee City Council
Steve BELL, Dundee City Council

Councillor Karen MARJORAM, in the Chair.

I APOLOGIES

Apologies had been intimated from Councillors John Alexander, Dave Doogan, David Ross, Tim Brett, Murray Lyle, Mr Jim Reid, Mr Gordon McGuinness, Mr Ellis Watson, Mr David Martin, Mr Steve Grimmond and Ms Caroline Strain.

II DECLARATION OF INTEREST

No declarations of interest were made.

III MEMBERSHIP

The Joint Committee noted that in form of Clause Six of the 2017 Minute of Agreement, the Tay Cities Business Forum had appointed Ms Alison Henderson, Chair of Dundee & Angus Chamber of Commerce, as their representative on the Joint Committee.

IV MINUTE OF MEETING OF 22ND MARCH, 2019

The minute of meeting of 22nd March, 2019 was submitted and approved.

V MATTERS ARISING

There were no matters arising.

VI TAY CITIES DEAL GOVERNANCE ARRANGEMENTS

There was submitted Report No TCRJC5-2019 by the Clerk to the Joint Committee concluding the Tay Cities Deal Governance Arrangements.

The Joint Committee agreed the proposed Scheme of Delegation of Powers to the Tay Cities Deal Management Group as detailed in Appendix 1 to the report.

VII REGIONAL TOURISM STRATEGY

There was submitted Report No TCRJC7-2019 by the Team Leader, Place Development, providing the Joint Committee Members with an update on the development of the Regional Tourism Strategy and seeking approval of the Strategy and its proposed governance structure.

The Joint Committee agreed to:-

- (i) note the content of the report;
- (ii) consider and approve the Tay Cities Region Tourism Strategy 2019-2024; and
- (iii) consider and approve the recommendation of the establishment of a Regional Tourism Thematic Board for governance purposes; and
- (iv) Update the website to show the version without formatting errors.

VIII TAY CITIES DEAL UNAUDITED ACCOUNTS

There was submitted Report No TCRJC9-2019 by Section 95 Officer providing additional commentary on the Unaudited Annual Accounts for the year ended 31st March, 2019 which were detailed in Appendix 1 to the report.

The Joint Committee agreed to:-

- (i) note the content of the covering report;
- (ii) note the Unaudited Annual Accounts; and
- (iii) note that the Treasurer would submit the Annual Accounts to the Appointed Auditor.

IX PROGRAMME MANAGEMENT OFFICE UPDATE REPORT AND UPDATE REPORT OUTLINE BUSINESS CASES (OBC'S)

There was submitted Report No TCRJC10 by the Programme Manager providing an update on the following matters:-

- Outline Business Case (OBC) progress
- Business Case Journey & Next Steps (Appendix1)
- 19/20 Revenue
- Communications
- Programme Management Office Resources
- Best Practice Sharing.

The Joint Committee noted the information contained within the report.

X TAY CITIES DEAL GOVERNANCE ARRANGEMENTS

There was submitted Report No TCRJC8-2019 by the Programme Manager and Project Manager seeking approval for the governance that would enable the partnership to effectively deliver the next stage of key activities to achieve a full deal. This followed and reflected the Governance Options paper approved by the Management Group in April, 2019.

The Joint Committee approved the Governance Structure, as approved by the Management Group in April, 2019.

XI PARTNERS COMMUNICATION PROTOCOL

There was submitted Report No TCRJC11-2019 by the Service Manager, Communications, Dundee City Council, outlining the details of the Tay Cities Region Partners Communication Protocol as detailed in Appendix 1 to the report, and seeking its approval.

The Joint Committee approved the Partners Communication Protocol as detailed.

XII A O C B**(i) THIRD SECTOR REPRESENTATIVE**

It was reported that this would be the final meeting for Julie Farr, Third Sector Representative and Jim Reid, Scottish Enterprise Representative. The Chair thanked Julie and Jim for their contribution to the Joint Committee on behalf of members.

XIII DATE OF NEXT MEETING

Friday, 20th September, 2019 at 10.00 am in Fife House, Glenrothes.

Karen MARJORAM, Chair.

ITEM No ...6.....



REPORT TO: TAY CITIES REGION JOINT COMMITTEE 20th SEPTEMBER 2019

REPORT ON: TAY CITIES REGION ECONOMIC STRATEGY 2019-39

REPORT BY: Jim Valentine, Dundee City Council (Chair, Tay Cities Management Group)
Keith Winter, Fife Council (Lead Authority)

REPORT NO: TCRJC13 -2019

1.0 PURPOSE OF REPORT

- 1.1 The purpose of this report is to seek Joint Committee approval of the Tay Cities Region Economic Strategy and authorisation for Executive Officers within the Tay Cities Management Group to take forward the relevant actions identified within the strategy.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that Joint Committee:
- i. Approve the Tay Cities Regional Economic Strategy 2019-2039; and,
 - ii. Remit the Tay Cities Management Group to work in partnership to deliver the relevant actions.

3.0 FINANCIAL IMPLICATIONS

- 3.1 There is no budget impact in approval the Tay Cities Regional Economic Strategy as such. However, where funding has not already been identified through the Tay Cities Deal, projects identified within the strategy will be subject to the provision of additional funding by partner local authorities and key stakeholders subject to the availability of capital investment resources.

4.0 MAIN TEXT

- 4.1 Following approval of the Tay Cities Deal Heads of Terms Agreement on 22 November 2018, it was subsequently agreed by the Tay Cities Joint Committee that a review of the Regional Economic Strategy should be undertaken to update the strategy in terms of:
- National and strategic context and issues
 - Statistical analysis underpinning the economic challenges
 - Current regional focus and priorities
 - Alignment with the Tay Cities Deal Heads of Terms Agreement
 - Governance arrangements for delivery of the strategy
- 4.2 The refreshed strategy (attached as Appendix 1) also sets the context for the emerging Tay Cities Regional Tourism Strategy; the Tay Cities Regional Skills Investment Plan; and the approach to developing a Tay Cities Industrial Investment Programme. The Strategy is reflective of partner authorities' strategic economic priorities and is in alignment with TayPlan.

4.3 The strategy's vision is to make the Tay Cities Region one of the most exciting, dynamic and desirable areas of Europe in which to live, work, invest and visit. The overarching issue is the need to tackle poverty, inequality and disadvantage through improving the distribution of economic prosperity across the region. In the short-term the objective will be to mitigate any potential impact of BREXIT and maintain employment and unemployment across the region at current levels, whilst the longer-term objective over the first ten years of the strategy is to reduce unemployment / increase employment to levels which are better than the Scottish average.

4.4 The strategy is focused around three inter-related themes relating to:

- Key Business Sectors
- Place: Investment and Infrastructure
- People: Skills and Employability

The actions identified within the strategy under each of these three themes are informed and underpinned by the four cross-cutting priorities identified within Scotland's Economic Strategy - Inclusive Growth, Investment, Innovation and Internationalisation – and the overarching principles of economic and environmental sustainability.

4.5 Following approval of the strategy, officers across the Tay Cities regional partnership will work jointly to develop a detailed action plan for delivery of the strategy along with a performance monitoring framework. The Scottish Government has developed an Inclusive Growth outcomes monitoring framework and the expectation is that all City Region Deal evaluation and monitoring reports should be aligned with this framework.

5.0 POLICY IMPLICATIONS

5.1 The Tay Cities Region, comprising the local authority areas of Angus, Dundee, Perth & Kinross and the north-east part of Fife, requires a long-term programme of sustained capital investment to tackle issues that constrain growth as well as open up opportunities to become more competitive. Without this investment, there is a risk that the Tay Cities region loses out on investment by the private sector and, over time, sees a reduction in the contribution it makes to the UK and Scottish economies.

5.2 Following the submission of a screening request to the Strategic Environmental Assessment (SEA) Gateway, the consultation authorities (SEPA, SNH and HES) have confirmed that they consider that the Tay Cities Regional Economic Strategy is unlikely to have any significant environmental effects.

5.3 The Fairer Scotland Duty, which came into force on 1st April 2018, requires local authorities to consider how they can reduce inequalities of outcome caused by socio-economic disadvantage when making strategic decisions. The Tay Cities Region Economic Strategy aligns with this Duty in its commitment to inclusive economic growth.

6.0 CONSULTATIONS

6.1 The refresh of the Tay Cities Region Economic Strategy has been undertaken in liaison with the lead economic development representatives from Angus Council, Dundee City Council, Fife Council and Perth & Kinross Council, Scottish Enterprise and Skills Development Scotland. Lead representatives for the Tay Cities Management Group, Enterprise Forum and Higher & Further Education Forum have also been consulted on the strategy at two key stages of development. The strategy was also endorsed by Fife Council's Economy, Tourism, Strategic Planning & Transportation Committee of 15th August 2019.

7.0 BACKGROUND PAPERS

7.1 The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act, 1973:

- Tay Cities Regional Economic Strategy 2017-37
- Tay Cities Deal Heads of Terms Agreement (22 November 2018)

APPENDICES

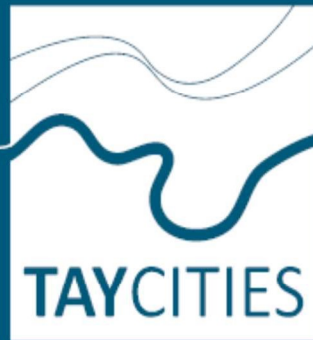
Appendix 1: Tay Cities Region Economic Strategy 2019-2039

EXECUTIVE OFFICERS

Jim Valentine, Dundee City Council (Chair of Tay Cities Management Group)

Keith Winter, Fife Council (Lead Authority on the refresh of Tay Cities Region Economic Strategy)

DATE: 29 August 2019



Tay Cities Region Economic Strategy 2019-2039



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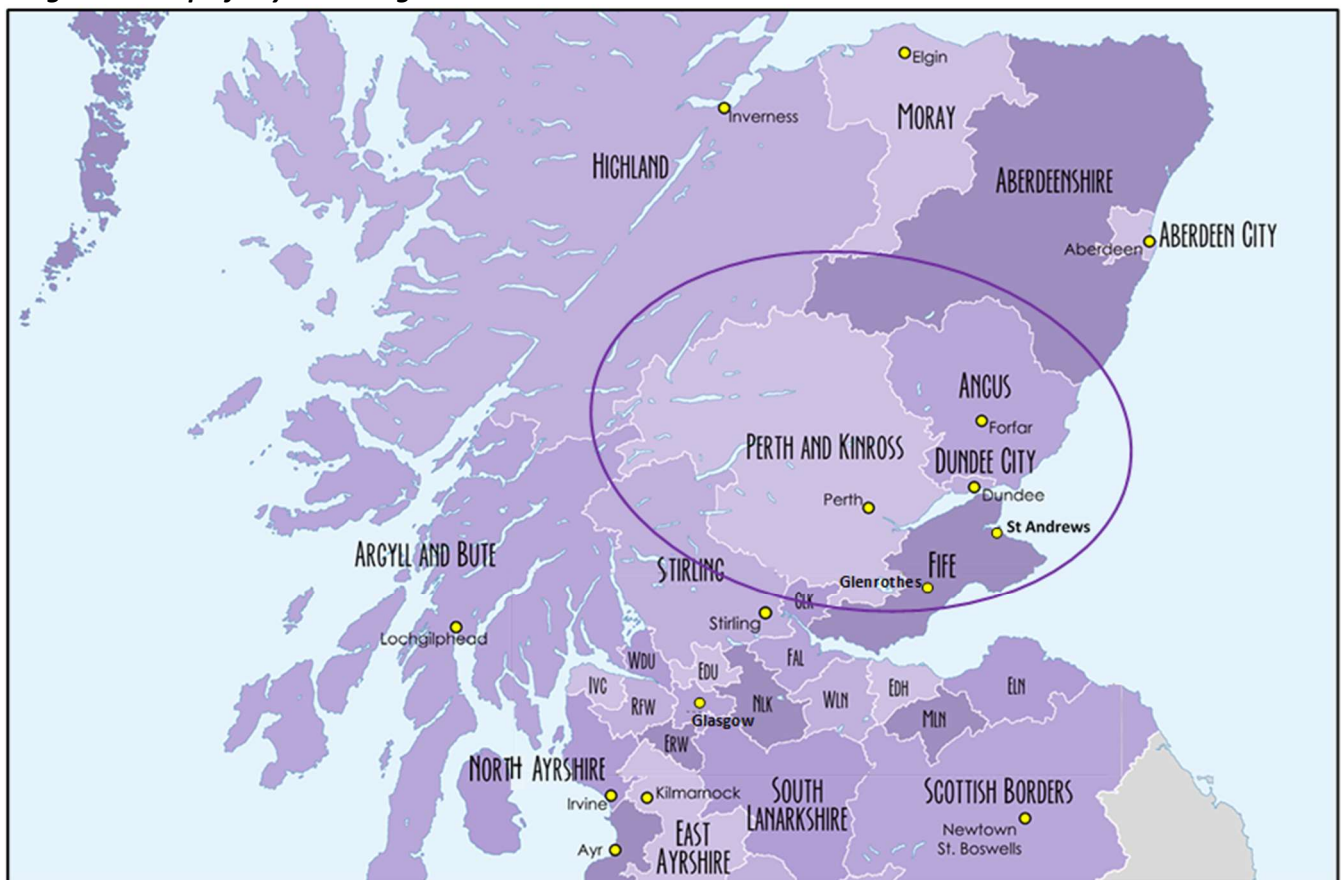
Introduction

The **Tay Cities Region (TCR)** describes the area of East Central Scotland covered by the local authority areas of Angus, Dundee and Perth & Kinross and the north-east part of Fife (see diagram 1 below). The region is home to almost 500,000 people, around 10% of Scotland's population.

The first **Tay Cities Regional Economic Strategy**¹ and accompanying **Tay Cities Deal Proposal**¹ were produced in 2017 and set out a regional strategy and more detailed proposals for programmes and projects in relation to a City Deal investment submission supporting economic growth in the region.

This review of the Regional Economic Strategy has been developed to provide an update on the statistical analysis underpinning the economic challenges and the national and strategic context. It also reflects current thinking on regional focus and priorities, aligns with the **Tay Cities Deal Heads of Terms Agreement**² and reflects the new governance arrangements for delivery of the strategy.

Diagram 1: Map of Tay Cities Region



¹ *Tay Cities Regional Economic Strategy 2017-2037 and Tay Cities Deal Proposal (2017)*

² *Tay Cities Deal Heads of Terms Agreement (22 Nov 2018)*

Strategic Context

The Scottish Government's **National Performance Framework (NPF)**³ identifies a set of national outcomes defining the kind of Scotland it aims to create and a set of indicators by which it will measure progress towards achieving these outcomes. First created in 2007, the NPF was placed on a statutory basis by the Community Empowerment Act in 2015 and was subsequently refreshed in 2018 around a central national outcome of increased wellbeing (see diagram 2 below). This reflects a broader trend in public policy away from the centrality of economic growth and towards wider measures of social progress. The national outcomes are aligned with the UN Sustainable Development Goals, placing the Framework in an international context. While all 11 outcomes within the current NPF are inter-related, there are 6 of particular significance in terms of economic strategy:

- We have a globally competitive, entrepreneurial, inclusive and sustainable economy
- We have thriving and innovative businesses, with quality jobs and fair work for everyone
- We are open, connected and make a positive contribution internationally
- We are well educated, skilled and able to contribute to society
- We tackle poverty by sharing opportunities, wealth and power more equally
- We value, enjoy, protect and enhance our environment

Diagram 2: Scotland's National Performance Framework (Scottish Government; 2018)



³ Scottish Government National Performance Framework (June 2018)

The **UK Government's Industrial Strategy**⁴ published in November 2017 sets out how the UK Government intends to build a Britain fit for the future. It is based on five foundations of productivity – ideas, people, infrastructure, business environment and places. This approach seeks to ensure that investment in the skills, industries and infrastructure of the future will help businesses create better, higher-paying jobs in every part of the UK. For Scotland, the UK Government will continue to build on the City Deal collaborations and explore how local industrial strategies could work. It will also build partnerships with industry on sector-specific issues, improve inter-agency collaboration and deliver the Industrial Strategy Challenge Fund.

Scotland's Economic Strategy⁵ published in 2015 set out a framework for a more productive, cohesive and fairer Scotland. **Scotland's Economic Action Plan**⁶ was published in 2018 and sets out an ambition for Scotland to be a leader in the technological innovations of the future, harnessing that innovation to improve lives for the better and to export solutions to the rest of the world. The focus is on inclusive growth and taking action in terms of the fundamentals of investment, enterprise, internationalisation, innovation, skills, place, people and sustainability.

The UK Government, for a number of years, has been developing and implementing a strategic policy perspective around decentralisation of government, principally to **city regions and regional growth areas**. The fundamental thinking in terms of this development is the idea that city regions are in a better position than central government to identify the types of policies and programmes that will further the economic growth of their localities. This notion has principally been applied to infrastructure and skills investment.

The **Tay Cities Region Deal Heads of Terms Agreement**² was signed in November 2018 and is an agreement between the UK and Scottish Governments to work collaboratively with regional partners to deliver a deal that will transform the regional economy. The City Deal investment has the potential to secure over 6,000 jobs and lever in over £400m in investment over the next 10-15 years.

The new **Scottish Enterprise Strategic Framework 2019-2022**⁷ sets out a vision of 'an economically vibrant Scotland making a positive impact on the world'. It recognises a widespread shift in the definition of economic success, with Wellbeing now sharing centre stage with sustainable and inclusive economic growth in the Scottish Government's National Performance Framework. In recent years, Scottish Enterprise has focused more on supporting a segmented group of businesses and favoured sectors but is now aims to take a more holistic approach to contributing the whole economy by 'creating more, better jobs that nurture shared wealth and wellbeing'. To do that, the new strategic framework identifies four ambitions:

1. Build vibrant economic communities across Scotland, spreading increased wealth and wellbeing
2. Build Scotland's reputation and reach in strategically important markets
3. Build resilience and growth in Scotland's businesses, sectors and regions
4. Build future economic opportunities that will drive our international advantage.

The new **Infrastructure Commission for Scotland (ICS)** was established in February 2019 to provide advice to the Scottish Government on a 30-year strategy in relation to national infrastructure priorities, aimed at aligning investment with long-term inclusive economic growth and low carbon objectives. This will support the Scottish Government's delivery of the **National Infrastructure Mission**³ and the development of the next **Infrastructure Investment Plan** for the 5 years ahead. Under its new National Infrastructure Mission, the Scottish Government has committed to steadily increase annual investment by £1.56 billion in the period 2019-20 to 2025-26, providing more than £25 billion in infrastructure investment Scotland-wide over the next Parliament.

⁴ [UK Industrial Strategy – Building a Britain Fit for the Future \(2017\)](#)

⁵ [Scotland's Economic Strategy \(March 2015\)](#)

⁶ [Scotland's Economic Action Plan 2018-2020](#)

⁷ [Scottish Enterprise Strategic Framework 2019-2022 \(Building Scotland's Future Today\)](#)

This strategy has been developed at a time of significant change nationally with a great deal of uncertainty surrounding **BREXIT** and therefore the strategy is reacting in a void of detailed information regarding the potential outcomes of Britain's exit from the EU and its impact on businesses in particular. Brexit represents a fundamental shift in the economic landscape which will impact on Scotland's businesses, sectors, communities and people. It may be particularly significant for rural areas where the impacts on the availability of migrant workers are already beginning to materialise. Although European funding is assured until 2022, beyond that we need to be able to access alternative sources of funding and also influence the development of and access funding from the UK Shared Prosperity Fund.

The strategy has also considered the **Local Outcome Improvement Plans** in the four constituent local authority areas and provides the economic context for these going forward. Where appropriate, consideration has also been given to specific **local economic strategies**, such as the Fife Economic Strategy.

The following section of the strategy looks at a range of key economic data to evaluate progress and performance across the Tay Cities Region within the context of the above policy framework to identify the key issues for the region's economy.

Overview of Economic Performance within the Tay Cities Region



Productivity

- GVA growth in each TCR local authority areas exceeds the Scottish average.
- GVA per head of population in Angus is significantly below the Scottish average.



Employment / Unemployment

- Unemployment in Scotland fell to a new record low of 3.3% in the 3 months to April 2019, with UK unemployment at the lowest level (3.8%) since 1974.
- Unemployment levels in Dundee are significantly higher than the Scottish average.
- Male unemployment in Dundee is twice the national average.
- Female unemployment in NE Fife and Dundee is above the Scottish average.
- The overall employment rate in the Dundee local authority area is significantly below the Scottish average, despite very positive growth in the past 4 years.



Wages

- Average workplace wages across the TCR are lower than the Scottish and UK averages, particularly in Angus and NE Fife.
- Average resident wages within Dundee are significantly lower than other TCR areas.
- The percentage of jobs paid below the real Living Wage is significantly worse in Angus than in other TCR areas.
- Dundee has a higher percentage of jobs paid the real Living Wage than the Scottish average, although other related data shows that the predominance of lower paid jobs in the Dundee area remains a key issue.



Labour Market

- The proportion of the working age population in Angus and Dundee with no qualifications is higher than the Scottish average.
- The participation rate for 16-19 year olds is better than the national average in Perth & Kinross and Angus, but worse in Dundee and Fife.



Business Base

- The TCR business base tends to mirror that of Scotland as a whole, with a high proportion (87%) of micro businesses. The exception to this is Dundee, where the percentage of large and SME businesses is slightly higher than the Scottish average.
- Growth in the number of businesses across the TCR over the past 4 years is below the Scottish average, and significantly lower in NE Fife.
- The number of businesses, business births rate and 5-year business survival rate in Dundee are significantly below the national average.

Detailed Analysis of Economic Performance within the Tay Cities Region

The following tables provide more detail on economic performance across the region (upon which the previous headline summary has been based). A 'heat map' approach has been used to colour-code the data tables to highlight key strengths and significant areas for improvement

Table 1: Tay Cities Region – Overall Economic Performance

Indicator	Angus	Dundee City	Perth & Kinross	NE Fife ¹	Fife ²	Tay Cities Region ³	Scotland
GVA per head of population (2017)	£18,550	£27,712	£28,630	N/A	£21,529	£24,100	£25,485
GVA per job (2018)	£49,600	£43,000	£49,500	N/A	£48,700	£47,700	£47,300
Growth in total GVA (2014-17)	7.8%	11.0%	11.1%	N/A	14.4%	10.2%	7.2%
Employment rate (2018)	76%	67%	77.9%	73%	75.2%	73.5%	74.1%
Employment rate growth (2014-2018)	6.1%	8.1%	2.1%	-2.0%	1.6%	3.3%	2.1%
Average workplace weekly wage (2018)	£498.60	£557.60	£530.40	£480.70	£521.50	£516.80	£563.20
Average resident weekly wage (2018)	£544.00	£507.50	£569.70	£529.00	£543.40	£537.60	£562.70
Source: ONS Regional GVA (balanced) local authorities by NUTS1 region (released December 2018); ONS Annual Population Survey, Jan-Dec 2018; ONS Annual Survey of Hours and Earnings 2018							

Table 2: Tay Cities Region - Business Base

Indicator	Angus	Dundee City	Perth & Kinross	NE Fife ¹	Fife ²	Tay Cities Region ³	Scotland
No. of businesses per 10,000 working age population (2018)	570	334	688	484	431	515	513
Growth in number of businesses (2013-18)	12.6%	14.5%	12.4%	8.0%	22.8%	12.1%	15.6%
Business births per 10,000 working age pop.n (2017)	54	48	61	N/A	60	57	53
5-year business survival rate (2012-17)	48.5%	37.5%	44.2%	N/A	44.0%	43.6%	43.7%
Self-employment rate	6.6%	4.9%	8.5%	8.8%	6.0%	7.0%	6.4%
% micro businesses (0-9 employees)	89%	83%	88%	88%	88%	87%	88%
% SME businesses (10-249 employees)	11%	17%	12%	12%	12%	13%	12%
% large businesses (+249 employees)	0.3%	0.6%	0.2%	0.4%	0.4%	0.3%	0.4%
Source: UK Business Counts, ONS Inter-Departmental Business Register; ONS Business Demography UK; Federation of Small Businesses							

Heat Map Legend

 Performance significantly worse than Scottish Average	 Performance worse than Scottish Average
 Performance significantly better than Scottish Average	 Performance better than Scottish Average
 Performance same as / similar to Scottish Average	

Table 3: Tay Cities Region – Top Employment Sectors and Scottish Government Growth Sectors (2017)

Sector No. of Jobs	Angus	Dundee City	Perth & Kinross	NE Fife ¹	Fife ²	Tay Cities Region ³	Scotland
Health & Social Work	(2) 5,000	(1) 17,000	(1) 8,000	(3) 3,500	(1) 20,000	(1) 33,500	(1) 404,000
Retail (exc Motor Trades)	(3) 4,500	(2) 8,000	(3) 7,000	(3) 3,500	(3) 14,000	(2) 23,000	(2) 246,000
Financial & Business Services	1,750	3,500	(5) 6,000	1,090	10,000	12,340	(3) 230,000
Tourism	(5) 3,000	(4) 5,000	(1) 8,000	(2) 4,575	(6) 11,000	(4) 20,575	(4) 206,000
Education	(5) 3,000	(2) 8,000	(6) 5,000	(1) 6,000	(5) 12,000	(3) 22,000	(5) 195,000
Manufacturing	(3) 4,500	(4) 5,000	4,000	(5) 1,250	(2) 15,000	(5) 14,750	(6) 185,000
Public Admin & Defence	1,250	(4) 5,000	3,500	500	(4) 13,000	10,250	157,000
Construction	2,250	3,500	4,500	(5) 1,250	8,000	11,500	147,000
Food & Drink	(1) 5,200	255	(4) 6,650	1,120	6,050	(6) 13,225	118,000
Creative Industries (inc Digital)	775	2,545	1,330	- N/A -	3,075	7,725	77,000
Energy (inc Renewables)	700	500	2,500	70	1,500	3,770	70,000
Life Sciences	500	900	400	100	500	1,900	17,000

Source: ONS Business Register & Employment Survey (NOMIS)

Numbers in brackets show top six sector rankings by employment in each area.

Shaded rows with bold text highlight the six growth sectors identified within Scotland's Economic Strategy March 2015.

Table 4: Tay Cities Region – Scottish Government Growth Sectors - Percentage Share of All Jobs (BRES, 2017)

Indicator	Angus	Dundee City	Perth & Kinross	NE Fife ¹	Fife ²	Tay Cities Region ³	Scotland
Food & Drink	12.8%	0.3%	8.8%	4.0%	3.5%	5.8%	4.6%
Financial & Business	4.5%	4.5%	8.8%	3.9%	7.0%	5.8%	8.9%
Life Sciences	1.3%	1.2%	0.6%	0.4%	0.3%	0.9%	0.7%
Energy	1.8%	0.6%	3.7%	0.3%	1.0%	1.8%	2.7%
Sustainable Tourism	7.7%	6.5%	11.8%	16.3%	7.7%	9.7%	8.0%
Creative Industries	2.0%	3.3%	2.0%	N/A	2.2%	2.4%	3.0%

Source: ONS Business Register & Employment Survey (NOMIS) and Scottish Government




Table 5: Tay Cities Region – Labour Market

Indicator	Angus	Dundee City	Perth & Kinross	NE Fife ¹	Fife ²	Tay Cities Region ³	Scotland
Unemployment (2018)	4.1%	6.6%	3.7%	4.1%*	3.9%	4.6%	4.3%
Male Unemployment	4.2%	9.0%	4.3%	NA *	4.1%	5.4%	4.6%
Female Unemployment	3.9%	4.1%	3.1%	5.2%*	3.6%	4.1%	4.0%
% working age population with no qualifications	10.6%	10.5%	7.0%	4.0%	8.2%	8.0%	9.7%

Source: ONS Annual Population Survey, Jan-Dec 2018; ONS Annual Survey of Hours and Earnings

Disclaimer: NE Fife unemployment data* is based on very small (sometimes zero/disclosive) sample sizes that are unreliable.

Heat Map Legend

	Performance significantly worse than Scottish Average
	Performance significantly better than Scottish Average
	Performance same as / similar to Scottish Average








	Performance worse than Scottish Average
	Performance better than Scottish Average

Table 6: Tay Cities Region - Inclusive Growth

Indicator	Angus	Dundee City	Perth & Kinross	NE Fife ¹	Fife ²	Tay Cities Region ³	Scotland
Employment in Higher Level Occupations (2018) ⁴	20,800 (38.0%)	25,700 (39.2%)	31,100 (42.1%)	19,900 (53.4%)	77,500 (44.2%)	97,500 (42.1%)	1,127,100 (42.9%)
Employment in Mid-Level Occupations (2018) ⁴	17,200 (31.4%)	19,200 (29.3%)	22,300 (30.2%)	10,200 (27.3%)	52,200 (29.9%)	68,900 (29.8%)	812,800 (30.9%)
Employment in Lower Level Occupations (2018) ⁴	16,800 (30.6%)	20,700 (31.5%)	20,400 (27.7%)	7,200 (19.3%)	45,500 (25.9%)	65,100 (28.1%)	686,800 (26.2%)
% employee jobs paid below Living Wage	28.4%	18.5%	20.4%	22.2%	20.8%	22.8%	19.4%
Participation Rate for 16-19 year-olds	92.2%	88.7%	94.0%	NA	90.1%	91.3%	91.8%
% premises able to access superfast broadband ⁵	86%	99%	83%	NA	95%	91%	92%

Source: ONS Annual Population Survey 2018; ONS Annual Survey of Hours and Earnings; Skills Development Scotland Annual Participation Measure for 16-19 year olds in Scotland; OFCOM Connected Nations 2018, Interactive Report

Heat Map Legend

	Performance significantly worse than Scottish Average		Performance worse than Scottish Average
	Performance significantly better than Scottish Average		Performance better than Scottish Average
	Performance same as / similar to Scottish Average		

Notes on Tables:

- Figures shown for NE Fife, where available, are based on UK/Westminster parliamentary constituency geography. Some of this data, however, may be based on very small sample sizes and can therefore often be unreliable.
- Where figures are not available for the NE Fife parliamentary constituency, data for the Fife Council local authority area have been included in a separate column for the purposes of comparison.
- Tay Cities Region (TCR) totals and averages in the tables are calculated using NE Fife data where available (see above); otherwise they are calculated using the data available for Fife as a whole.
- The ONS Standard Occupation Classifications define 'Higher-Level Occupations' as Managers, directors and senior officials, Professional occupations, and Associate professional and technical occupations; Mid-Level occupations are defined as Administrative and secretarial occupations, Skilled trades occupations, Caring, leisure and other service occupations; and Lower level occupations' are defined as Sales and customer service occupations, Process, plant and machine operatives, Elementary occupations.
- The figures for access to superfast broadband includes residential properties. Whilst the overall percentage access can look positive, the figures often mask poor availability for businesses and industrial estates.
- Data sources are shown at foot of each table and in appendix.

Vision

Together, we're striving to make the Tay Cities Region one of the most exciting, dynamic and desirable areas of Europe in which to live, work, invest and visit ...

We're building on the transformation that has seen Dundee named one of the 'coolest, must-see destinations' in the world by Lonely Planet, The Wall Street Journal and National Geographic Traveller.

We're inviting people to visit and enjoy the unrivalled beauty of our diverse highland and coastal scenery, our rich heritage and history, world class food and drink offering, iconic golf courses and wealth of active outdoor leisure opportunities.

We're building on the significant skills, innovation and experience within the region to grow our strong and up-and-coming business sectors - including design, manufacturing, engineering, life sciences, agriculture, food and drink, and tourism. And we're promoting the development of entrepreneurial skills in our schools and in our support for new business start-ups and international trade.

We're encouraging greater collaboration between businesses and our four universities in Dundee, St Andrews and Perth to drive further innovation, productivity and growth. We're also supporting investment in key business infrastructure, such as business premises, employment land, housing, and digital and transport connectivity.

We're focusing on inclusive growth to help tackle poverty, inequality and disadvantage - putting people at the heart of everything we do, supporting them to be the best they can be and to make the most of the opportunities the region has to offer.

We're looking at how we can work together to shape the future sustainability of our cities, towns and rural communities and ensure we're locally, regionally and internationally well-connected. We're also supporting innovative approaches to clean technologies and a low-carbon economy to improve our quality of life, protect our environment and support new ways of working.

... and we want you to be a part of it !

Strategic Objectives and Targets for Initial 10-Year Period 2019-2029

- Our overarching ambition is to increase the number of businesses and to create more, better-paid jobs across the Tay Cities Region in order to improve access to opportunity and increase the distribution of wealth and wellbeing within the region.
- In the short-term, our objective would be to mitigate the potential impact of Brexit and maintain employment / unemployment across the region at current levels, while capitalising on any opportunities arising from the UK's departure from the European Union.
- Our longer-term objective is to subsequently reduce unemployment / increase employment to levels better than the Scottish average by 2029 while increasing productivity and creating higher-paid jobs.

We aim to do this by:

- Focusing efforts on addressing the key issue of high levels of unemployment (in particular male unemployment) within Dundee, with particular attention on continuing to improve the qualifications and work-readiness of those entering the workforce and up-skilling and re-skilling existing workers to meet 'future workforce' challenges, such as increased automation;
- Aligning skills development, particularly digital skills, with opportunities within key employment sectors and growth sectors;
- Enhancing the support for business start-ups, small business growth and regional, national and international exports, particularly within Dundee in recognition of the specific challenges facing the city;
- Encouraging, supporting and investing in research, innovation and collaboration to improve efficiency, productivity, sustainability, business growth, new opportunities and higher paid jobs;
- Supporting investment in key infrastructure and improvements in regional connectivity; and,
- Applying the principles of Fair Work First to promote investment in skills and training, appropriate use of zero hours contracts, action on gender pay, workforce engagement, and payment of the real Living Wage.

In the 10-Year period to 2029 we aim to:

	Baseline Performance	Baseline Benchmark (Scottish Average)
Increase employment rate within TCR to above the Scottish average	73.5% (2018)	74.1%
Increase 5-year growth in number of businesses in TCR to above Scottish average	12.1% (2013-18)	15.6%
Reduce unemployment levels within the TCR to below the Scottish average	4.6% (2018)	4.3%
Maintain 3-year GVA growth rates across the TCR above the Scottish average	10.2% (2014-17)	7.2%
Reduce % of jobs in TCR paid less than Living Wage to below the Scottish average	22.8% (2018)	19.4%
Increase TCR percentage of premises able to access superfast broadband to 99%	91% (2018)	92%
Increase TCR percentage of premises able to access ultrafast broadband to 60%	TBC	TBC
Increase annual business start-ups per 10,000 WAP in TCR to above 60 per year	57 (2017)	53
Increase 5-year business survival rate in TCR to above 50%	43.6% (2012-17)	43.7%
Increase employment rate in Dundee to above 72%	67% (2018)	74.1%
Reduce unemployment in Dundee to 4.5% or lower	6.6% (2018)	4.3%
Reduce male unemployment in Dundee to 5.0% or lower	9.0% (2018)	4.6%
Increase annual business start-ups per 10,000 WAP in Dundee to 55 or above	48 (2017)	53
Increase 5-year business survival rate in Dundee to 45% or above	37.5% (2012-17)	43.7%
Increase number of business per 10,000 WAP in Dundee to 500 or above	334 (2018)	513
Raise 16-19 yr-old participation rate in Dundee to 92% or above	88.7% (2018)	91.8%

Key Strategic Themes

The refresh of the Tay Cities Regional Economic strategy has included a review of current economic performance across the region alongside priorities identified within the recent Tay Cities Deal Heads of Terms Agreement, Local Outcome Improvement Plans and other associated regional strategies underpinning economic development.

On this basis, the refreshed regional economic strategy focuses on 3 key inter-related themes:

Key Business Sectors

Supporting key business sectors in which the region has particular strengths that we can continue to build upon, or which offer significant potential for growth and internationalisation in terms of regional expertise and innovation.

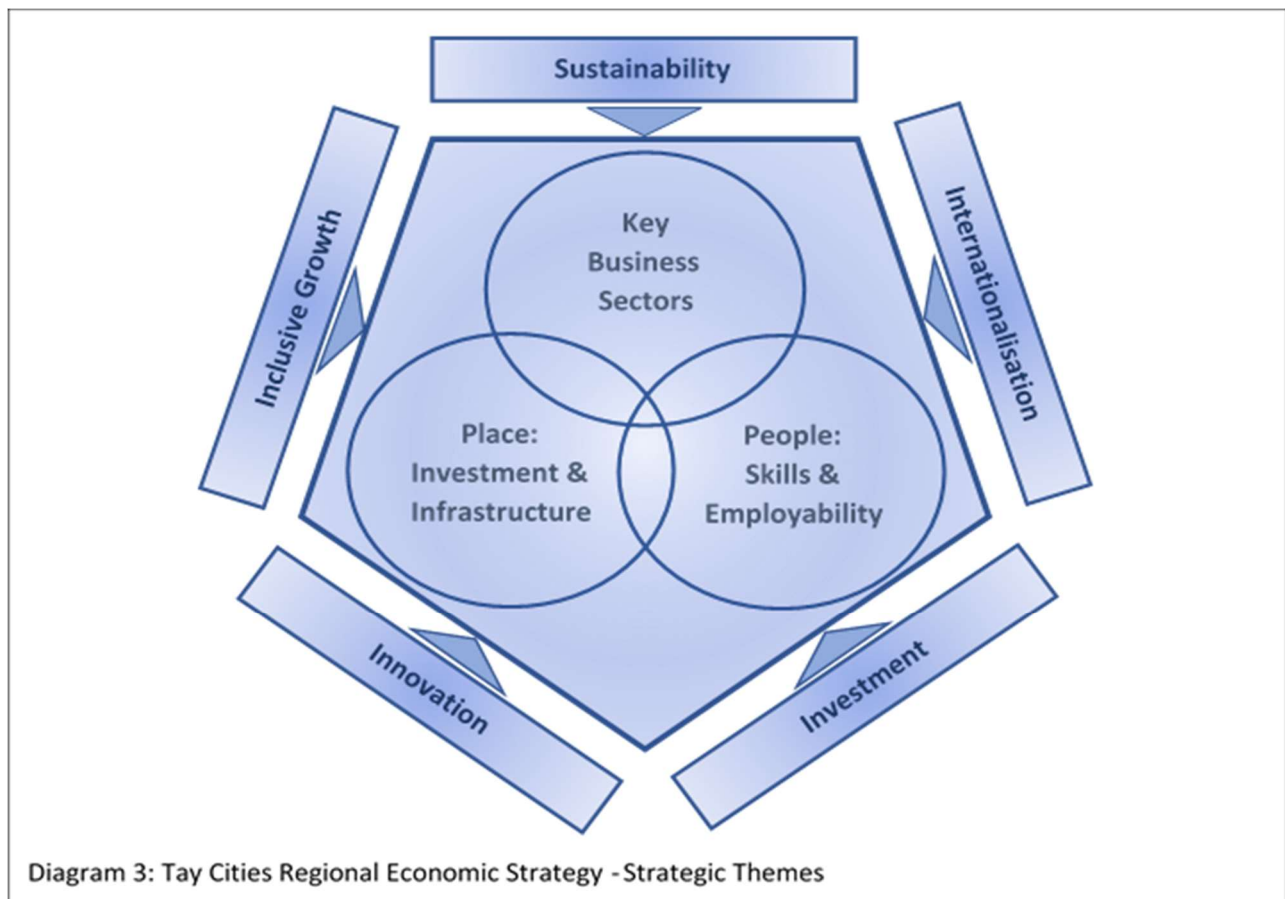
Place: Investment & Infrastructure

Supporting improvements in digital and transport connectivity, investing in key business infrastructure and improving business support arrangements in relation to business start-ups, innovation, collaboration, growth, place-making and internationalisation.

People: Skills & Employability

Improving workforce skills, re-skilling and up-skilling workers, tackling barriers to employment for disadvantaged groups, enhancing working life choices, supporting employer investment in workforce development and streamlining the skills system.

In identifying the priorities within each of these three themes, the strategy refresh has also considered existing strengths, opportunities, issues and challenges within each of these themes in order to ensure appropriate alignment and coordination of available resources. In addition, the four key themes identified within Scotland's Economic Strategy (Inclusive Growth, Investment, Innovation and Internationalisation), alongside the overarching principle of sustainability, have been used to both inform and test the actions identified within the regional strategy. This approach is illustrated in Diagram 3 below:



Theme 1 Key Business Sectors

Under this theme, the aim is to focus economic development and employability activities on supporting the key business sectors in which the Tay Cities Region has particular strengths (in terms of their share of employment and GVA) that we can continue to build upon, and/or which offer significant potential for growth in terms of regional expertise.

The sectors highlighted make a significant current contribution to employment within the Tay Cities Region (see diagram 4 below) and/or offer significant opportunities for potential growth in terms of the key objective of increasing numbers of businesses and providing more, better jobs within the region (see diagram 5 below and Table 4 above). In this respect, they are not presented in any particular order or priority. All have the potential to make a significant contribution to maintaining and increasing economic growth within the region, and there is significant cross-over between some sectors.

Diagram 4: Tay Cities Region - Key Sectors Employment

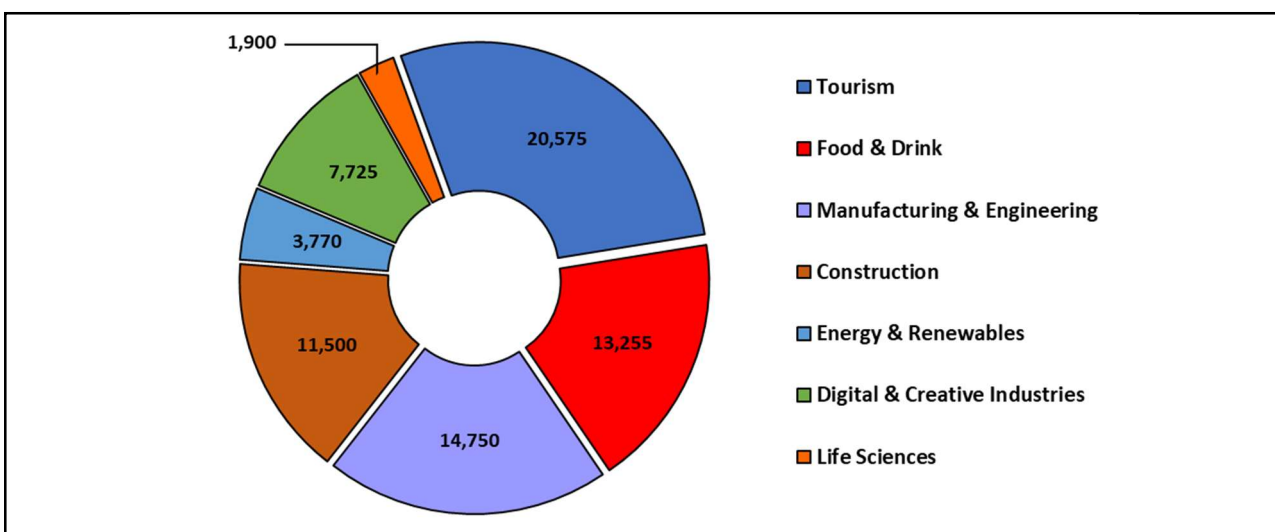
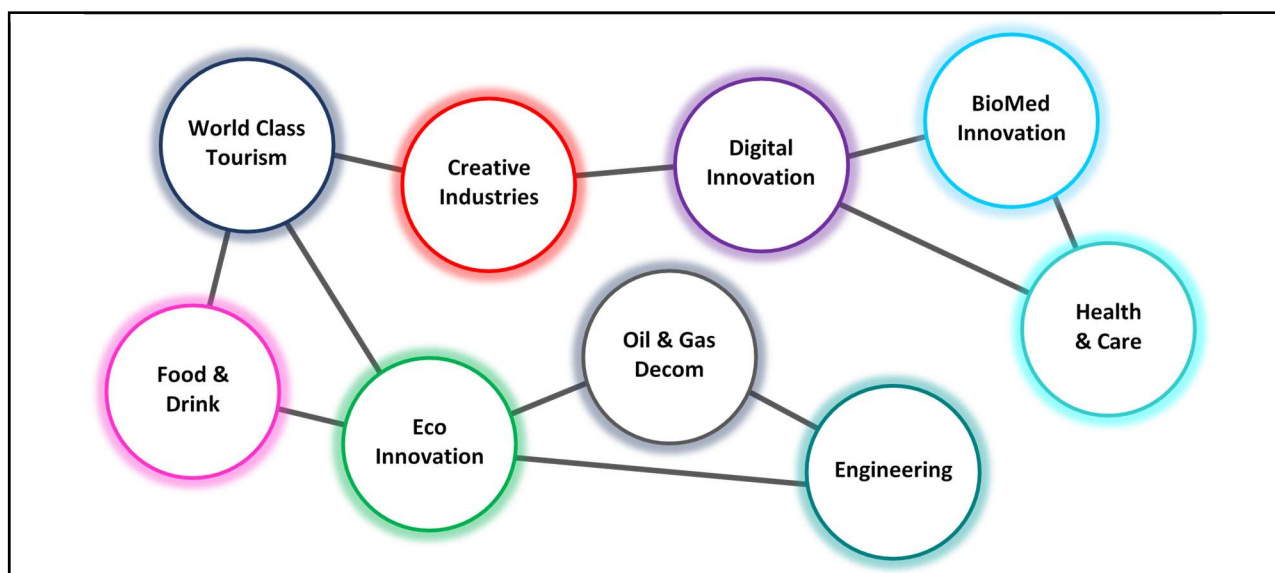


Diagram 5: Tay Cities Region - Key Growth Sector Links



Cross-cutting issues affecting all sectors include an aging workforce; the potential impact and opportunities resulting from Brexit; the need for ongoing skills development and upskilling, particularly in relation to digital skills; and the need for greater collaboration, research and investment in relation to Industry 4.0 innovation, including the development of clean, low carbon technologies and the use of data, artificial intelligence, automation and robotics to boost efficiency and productivity.

Key Business Sectors: Tourism & Culture

Sustainable Tourism is one of six growth sectors identified within Scotland's Economic Strategy. There are currently around 1,500⁸ businesses operating within the tourism sector across the region that employ over 20,000⁹ people (the fourth biggest employment sector within the TCR, accounting for around 10% of the total workforce). The region includes the world-renowned golfing locations of St Andrews, Gleneagles and Carnoustie and is host to major events in the international golfing calendar. The recently-opened V&A Dundee has received world-wide attention and attracted over 500,000 visitors in the first 7 months of opening. Television and movie-related tourism from productions such as Outlander, Mary Queen of Scots and Outlaw King has also significantly boosted interest in the region. The unspoilt natural beauty of the region's highland and coastal scenery provides the perfect destination for active leisure and outdoor adventure.

The Tay Cities Regional Tourism Strategy¹⁰ identifies common themes that link destinations across the region and sets out a roadmap for developing these themes in order to collectively increase the volume and value of tourism. On this basis, one of the three strategic objectives set by the strategy is to increase the value of overnight stays in the region from a baseline figure of £433m in 2016 to £550m in 2024 (equating to a 3% year-on-year growth over the period).

Strengths and Opportunities

- The region has the variety and density of experiences that visitors to Scotland are looking for, including over 6,000 years of heritage, iconic world-class attractions, and a wide variety of landscapes.
- St Andrews is the world-famous Home of Golf and the region is also a further two of the world's most iconic golf courses at Gleneagles and Carnoustie. The area has a flourishing golf tourism sector and plays host to major tournaments including the Open, Ryder Cup, Solheim Cup and Dunhill Championship.
- Dundee named one of the 'coolest, must-see' destinations in the world by Lonely Planet, The Wall Street Journal and National Geographic Traveller in 2018 and 2019.
- The 187km Fife Coastal Path, new 104km Fife Pilgrim Way, 128km Rob Roy Way (Perthshire/Stirling) and circular 104km Cateran Trail (Perthshire/Angus) offer hugely popular long distance walking routes.
- Perth Racecourse is the most northerly of the UK's 60 racecourses and the only Scottish track of six to achieve five-star status in the National Association of Racing Staff's (NARS) Racecourse Ratings 2018.
- The region has a strong programme of events, festivals and performing arts networks and venues.
- Wide network of creators in arts, crafts, textiles & ceramics.
- The region is particularly well placed to benefit from significant growth in Green Tourism.
- There are potential opportunities in relation to the further development of business tourism to the region, with links to other key sectors and regional expertise.

Key Issues and Challenges

- Creating authentic visitor experiences
- The seasonality of the tourism sector and an over-reliance on day visits and the domestic market.
- There is scope for a more joined-up approach to development and marketing of tourism to the region.
- Impact of poor rural transport connectivity and digital connectivity on businesses, workers and visitors.
- Conflict between low paid jobs and a need to enhance the quality and consistency of visitor experience.

⁸ Source UK Business Counts (includes NE Fife)

⁹ Source: ONS Business Register & Employment Survey 2017 (using Sustainable Tourism definition; includes NE Fife)

¹⁰ Tay Cities Region Tourism Strategy 2019-2024 (Draft May 2019)

We will:

- Take a new regional approach to developing tourism and carry out regional collaboration and planning to implement the Tay Cities Regional Tourism Strategy 2019-2024.
 - Seek to improve business-to-business collaboration, particularly in terms of the links between the tourism and accommodation sector, food & drink sector, and the creative industries sector to boost inclusive growth and innovation and promote the attractiveness of the region to both domestic and international visitors.
 - Build on the iconic status of the new V&A Dundee design museum and Dundee's UNESCO City of Design status to attract a new profile of visitor in terms of art, design, architecture and education.
 - Implement the Perth Cultural Transformation Project.
 - Invest in the development of Pitlochry Festival Theatre.
 - Implement the Tay Cities Region Deal Regional Culture and Tourism Investment Programme to invest in key economic assets in culture and tourism to strengthen and expand the region's national and international visitor offer.
 - Promote investment in hospitality skills and training as part of the Tay Cities Skills Development Programme), to improve the quality and consistency of visitor experience and awareness and attractiveness of career opportunities within the sector.
 - Implement learning from Dundee City Council participation in the Interreg Europe Cult-CreaTE project (1 Jun 2018 – 30 Nov 2022) looking at the potential of cultural & creative industries (CCIs) in developing new tourism products and services promoting growth and jobs.
-

Key Business Sectors: Food & Drink

Food and Drink is one of six growth sectors identified within Scotland's Economic Strategy. It is the sixth largest employment sector in the Tay Cities region, employing over 13,000 people¹¹. With a strong agricultural sector, large number of award-winning food and drink producers and a cluster of research institutions providing an unparalleled level of sectoral expertise, the region has the potential to make a larger contribution to the Scottish economy from food and drink activity. The Scotland Food & Drink partnership has set a goal of doubling turnover in Scotland and the UK from £8.6bn to £17bn by 2030.¹²

Most businesses are small, with some located in more remote rural areas of the region, raising issues of capacity, connectivity and access to the skills and technologies needed to innovate and grow.

Strengths and Opportunities

- The agricultural sector geographies of Tayside and Fife account for around 31% of the total farming area devoted to crop production in Scotland, with Grampian (32%), the Scottish Borders (12%) and the Lothians (8%) as the other major areas. Tayside and Fife account for by far the largest areas of agricultural land in Scotland used for orchard and soft fruit production (82%); vegetables for human consumption (61%); potato production (59%) and, to a lesser extent, wheat production (37%).¹³
- Scotland's food and drink has an unrivalled reputation for quality with consumers in the UK and abroad.
- There is an existing programme of successful food and drinks events across the region
- The region is a leading centre for research into food and drink production & technology.
- The rural economy accounts for 27% of Scotland's overall economy, growing by £6.6bn between 2007 and 2015 to be worth £34.6bn (almost as much as the combined economies of Edinburgh and Glasgow).¹⁴

Key Issues and Challenges

- Creating authentic visitor experiences eg the opportunity to make your own gin at Kingsbarns distillery
- 9 out of 10 rural enterprises are micro-businesses with fewer than 10 employees⁸.
- There is a predominance of low-paid jobs within the sector.
- Capacity to support investment and innovation
- Issues around poor rural transport and digital connectivity
- Brexit is expected to have a major impact on availability of EU migrant agricultural workers and seasonal labour, food processing and food production.
- The impact of Brexit on future policies and subsidies for agriculture and fishing.

We will:

- Continue to support the development and delivery of an attractive and engaging year-round programme of food & drink events across the region.
- Seek to improve business-to-business collaboration, particularly in terms of the links between the food & drink sector, tourism sector, and the creative industries sector to boost inclusive growth and innovation and promote the attractiveness of the region to domestic and international visitors in terms of authentic experiences.
- Work to drive-up innovation in the food and drink sector, with a particular focus on helping SMEs to innovate and develop skills.

¹¹ Source: ONS Business Register and Employment Survey 2017

¹² Scotland Food & Drink: Home Advantage - UK Market Development Strategy November 2018

¹³ Scottish Agricultural Census June 2018

¹⁴ Source: A New Blueprint for Scotland's Rural Economy September 2018

- Support regional implementation of new skills initiatives in the food, drink and agriculture sectors.
- Support improvements to digital connectivity and transport connectivity within rural areas.
- Implement the Mercury Programme across the Tay Cities Region to support a clean growth and circular bio-economy approach to the food and drink sector, with land-based agri-tech innovation providing a catalyst to increased primary crop production, improved food security and nutrition, extension of the growing season, better crop yields and soil, development of new products and a reduced carbon footprint.
- Support investment in the James Hutton Institute International Barley Hub in Invergowrie to create a focal point for translational development and innovation for all barley development in Scotland, the UK and internationally.
- Support investment in the James Hutton Institute Advanced Plant Growth Centre in order to develop innovative technologies for vertical growth systems, the potential cultivation of crops which currently cannot be grown in Scotland, and accelerated development of new crop varieties.
- Support further development of the Perth Food & Drink Park.

Key Business Sectors: Engineering and Manufacturing

Manufacturing is the fifth largest employment sector within the Tay Cities region, employing nearly 15,000 people (equating to 7% of the workforce) within the Tay Cities Region¹⁵. Dundee has the highest number (5,000) and Angus the highest proportion (11.5%) of people employed in manufacturing within the region.

The Tayside Regional Skills Assessment 2018¹⁶ highlights that Manufacturing is forecast to see the largest downturn in employment within the region over the next 10 years, with a fall of 1.4% per year equating to 1,900 jobs over the period. These jobs losses are at odds with sector output, however, which is forecast to grow at 1% per year in the medium term via new technologies and less labour-intensive methods.

The importance of the sector to both the regional and Scottish economies has been recognised in a range of national policies including Scotland's Economic Strategy and Manufacturing Action Plan and the Tay Cities Region Industrial Investment Programme.

Strengths and Opportunities

- Productivity in high value-added manufacturing sector in Angus is around 20% above Scottish average.
- Significant range of skills and experience within the region.
- Existing ports infrastructure at Dundee, Montrose, Methil and Perth.

Key Issues and Challenges

- Intrinsic reliance of Scottish economy on the success of the oil and gas sector.
- The recent announcement of the Michelin tyres factory closure in Dundee, with loss of around 850 jobs
- Cash flow and currency susceptibilities, alongside significant competition from overseas.
- Low productivity within much of the sector and a lack of higher-paid skilled jobs.
- Skills shortages in STEM subject areas and a poor take-up of digital skills and innovation.
- More effective promotion of career opportunities within manufacturing and engineering, particularly in relation to poor female representation within the manufacturing workforce.
- Ageing industrial and commercial premises and infrastructure not meeting current and future needs.
- A forecast downturn in manufacturing employment associated with new technologies.
- Low levels of investment in research and development and a need for greater collaboration in relation to the Industry 4.0 agenda around the use of data, automation, artificial intelligence and robotics.

We will:

- Invest in the region's industrial base, with a particular focus on securing long term sustainable jobs in advanced manufacturing and the growing industries of renewable energy, eco-innovation and decommissioning.
- Ensure there are linkages between the various national and regional manufacturing initiatives and avoid duplication or replication of activity.
- Establish the private-sector-led Tay Cities Engineering Partnership, the first regional Engineering and Advanced Manufacturing network in Scotland, to support skills development across the sector and ensure that businesses can engage fully with the National Manufacturing Institute for Scotland to boost productivity.
- Implement a Tay Cities Region Industrial Investment Programme to enable key project development and support the growth of manufacturing businesses across the region.
- Support the development of a two-phase project to build the world's first advanced plastic reprocessing and sorting facility at the Binn eco-park as a blueprint for best-in-class recycling of household plastics.

¹⁵ ONS Business Register & Employment Survey, 2017

¹⁶ Tayside Regional Skills Assessment Summary Report 2018 (Skills Development Scotland)

Key Business Sectors: Energy (including renewables, offshore wind, and oil and gas decommissioning)

The Energy sector (including renewables) is one of six growth sectors identified within Scotland's Economic Strategy. Perth & Kinross (3.7%) has a higher proportion of jobs in this sector than the Scottish average (2.7%). Angus, Dundee and Fife have significantly lower proportions of jobs in this sector than the Scottish average.

Low carbon industries in Scotland generated £10.7bn in turnover and supported 43,500 direct and indirect jobs in 2014 (ONS). The region has a strong and growing profile of businesses within the low carbon and renewables sector along with a range of development sites and world-class training, research and eco-innovation facilities.

Oil and gas decommissioning now represents a significant economic opportunity for the regional, Scottish and UK economies. We believe that the Tay Cities Region, with its port infrastructure and business expertise can become a key hub for the decommissioning sector.

Strengths and Opportunities

- Significant range of skills and experience within the region.
- Existing ports infrastructure at Dundee, Montrose, Methil and Perth.
- Forth & Tay Offshore cluster established to coordinate and drive efforts to service offshore renewable requirements within Scottish waters and the wider North Sea.
- Establishment of the Dundecom decommissioning hub in Dundee.
- New UK Offshore Wind sector deal announced in March 2019 to deliver one third of UK electricity requirement (30GW) from offshore wind by 2030. Proposed offshore wind developments in Firths of Tay and Forth will supply 12% of this total, with an associated capital investment of around £20bn in these projects.
- The Scottish Enterprise Strategic Framework 2019-22 highlights that Scotland's low carbon industries have the potential to grow to over £30 billion by 2027 and tap into global growth of \$30 trillion by 2040.
- Significant opportunities associated with low carbon transition and business adaptation.

Key Issues and Challenges

- Intrinsic reliance of Scottish economy on the success of the oil and gas sector.
- Securing investment in port infrastructure to support future growth.
- Cash flow and currency susceptibilities, alongside significant competition from overseas (eg the recent mothballing of BiFab construction yards at Methil and Burntisland).
- Ageing industrial and commercial premises and infrastructure not meeting current and future needs.
- Current lack of digital processes and skills within the sector.

We will:

- Establish North Angus and Montrose as a clean growth zone to encourage and promote the use of innovative green and clean technologies to improve efficiencies and create new energy sources to contribute to lower carbon emissions targets. The project will also develop a repurposing centre to take contaminated materials and agri waste, by-products and offer economically sustainable circular economy solutions.
- Invest in the development of the Michelin-Scotland Innovation Parc in Dundee as a new centre for sustainable mobility and low carbon energy.
- Invest in a clean energy transport hub and innovation highway as part of the Perth West development

- Develop the Eden Campus at Guardbridge in Fife as the Scottish Centre for Clean Energy Storage and Conversion.
 - Maximise the significant potential economic benefits to the region from offshore decommissioning by building supply chain capabilities and supporting new technologies.
 - Establish an industry-led Scotland-wide R&D network for decommissioning.
 - Support additional port infrastructure investment in Dundee, Methil and Montrose where this contributes to, and creates additional value for, the wider Scottish and UK propositions in the renewable energy sector.
 - Continue to drive the development of the Forth & Tay Offshore wind cluster (one of eight cluster groupings across the UK) to capture the considerable opportunities offered by offshore wind investment within the UK, in particular within the Firth of Forth and Firth of Tay areas
 - Continue to support the Forth & Tay Decommissioning alliance in exploring the viability of creating a floating deep-water quayside within the Forth estuary, capable of accommodating the very largest oil and gas decommissioning projects.
-

Key Business Sectors: Digital and Creative Industries

The Creative Industries sector (including digital) is one of the six growth sectors identified within Scotland's Economic Strategy. There are currently over 1,500 creative industry businesses within the Tay Cities region, employing around 8,000 people¹⁷ and generating GVA of over £120m. Dundee, in particular, has a higher proportion of jobs in this sector (3.3%) than the Scottish average (3.0%)

Abertay University, a recognised UK leader for research and teaching in ethical hacking, together with the University of Dundee's Leverhulme Research Centre for Forensic Science provide a nucleus for a cluster of expertise in cyber security and digital forensics which has the potential to accelerate company growth in this high-value sector.

Strengths and Opportunities

- Dundee now has the third fastest growing digital turnover in the UK and many companies, particularly video games industry firms, are operating on a global scale.
- Dundee continues to build a reputation as a hub of digital excellence, particularly in terms of software, digital gaming, mobile app development and technology services.
- A report by UK video games industry trade body TIGA names Scotland as one of the largest centres of games development in the UK. Scotland sits fourth in the 2018 'developer headcount' table behind the South East, London and the North West with 1,537 developers (a 10.7% share of the UK industry).
- Establishment of the £9m InGAME gaming and research development centre in Dundee, led by Abertay University in partnership with the University of Dundee and St Andrews University. Games industry partners include 4J Studios, All4Games, BBC, Beano Studios, Biome Collective, DeltaDNA, Microsoft, Outplay Entertainment and Sony Interactive Entertainment Europe, while business and cluster development will be supported by Creative Dundee, Creative Scotland, Elevator UK, Interface, Dundee City Council, Scottish Enterprise, TIGA, UK Games Fund, UK Interactive Entertainment and V&A Dundee.

Key Issues and Challenges

- The availability and retention of appropriate digital skills within the regional workforce – not only for the specialist video gaming sector, but across all sectors including finance, manufacturing, engineering, life sciences, low carbon technologies and food and drink production.
- High speed digital connectivity, not only within rural areas, but also to city centre commercial properties and the ability to keep pace with leading edge capacity and capability.
- Provision of effective incubator support for business start-ups, spin-offs and growth.
- Potential impact of Brexit on EU national workforce and students.

We will:

- Develop a Cyber Security Centre of Excellence at Abertay University, creating a Cyber Quarter – a cluster of academic-commercial activity, providing a co-location space for academia and industry.
- Invest in the JustTech Forensic Centre and Innovation Cluster Development at the University of Dundee to establish a forensic science industry cluster to increase levels of industrial partnership.
- Seek to improve business-to-business collaboration, particularly in terms of the links between the creative industries sector, the tourism and accommodation sector and the food & drink sector to boost inclusive growth and innovation and promote the attractiveness of the region and quality of offering to domestic and international visitors.
- Complete the development of the Perth Creative Exchange, a new hub providing 1,200sqm of affordable studio, office and project space for digital and creative businesses, centred around the Famous Grouse Ideas Centre, an innovation lab acting as a catalyst and accelerator for start-ups and business growth.
- Support investment in the Studio Dundee and West Ward Works creative hub developments in Dundee.

¹⁷ Source: ONS Business Register & Employment Survey, 2017

Key Business Sectors: Biomedical, Life Sciences and MedTech Sector

The Life Sciences sector is one of six growth sectors identified within Scotland's Economic Strategy. Both Dundee (1.2%) and Angus (1.3%) have a higher proportion of jobs within this sector than the Scottish average (0.7%), thereby offering a competitive advantage for the region.

The Tay Cities Region has a world-renowned reputation for life sciences research, drug discovery, MedTech innovation and the development of minimally invasive surgical techniques and technologies. The region is home to over 75 life science organisations employing around 1,900 people¹⁸ and has the potential to become one of the most attractive and sought-after biomedical locations in the UK, given that the future of the sector is heavily reliant on the type of cross-sector innovation and technologies that the region has in abundance.

Strengths and Opportunities

- The region has a strong existing biomedical research, development & manufacturing business base, alongside other complementary strengths within the design and creative industries sector.
- The existing Academic Health Science Partnership in Tayside (AHSP), the first Academic Health Science Centre in Scotland between the University of Dundee and NHS Tayside provides an established environment for innovation in health and social care improvements.
- The region is home to two major hospitals (Ninewells Hospital & Medical School in Dundee and Perth Royal Infirmary). Ninewells Hospital & Medical School is one of the largest teaching hospitals in Europe, with St Andrews also having purpose-built research facilities in their School of Medicine.
- Strength of life sciences research at University of Dundee and St Andrews University and bioscience research at Abertay University.
- The region has one of the highest concentrations of Life Scientists anywhere in the UK
- The Nature Index 2017 Innovation supplement named the University of Dundee as the best in the UK for influencing innovation – the only UK to be ranked in the global Top 50. The University of Dundee was also named as the most influential pharmaceuticals research institutions in the world for the period 2006-16 in a global survey by Clarivate Analytics in 2018.
- The region has well-established, active and vibrant Life Science and Healthcare sectors that come together and are driven forward through a dedicated BioDundee coordinator with strong links into the Scottish Ecosystem. The partnership between the public, private, academic and third sector organisations has been active for over 20 years under the well-recognised brand, BioDundee.
- The University of Dundee brings together a unique combination of state-of-the-art facilities, world class expertise and researchers, clinicians and educators working closely to provide a truly integrated and realistic simulation environment, for healthcare skills training, research and medical device development.
- Dundee Institute for Healthcare Simulation is an international centre for simulation-based healthcare education and currently trains over 900 surgeons and other clinicians/healthcare professionals each year.
- The region is home to the largest Drug Discovery facility of any university in the UK.
- The region has significant potential for realising intelligent insights from data through the University of Dundee Health Informatics Centre, expertise in artificial intelligence research at St Andrews University, and excellence in computing science at both Abertay University and Dundee University.

¹⁸ ONS Business Register & Employment Survey, 2017

- The Institute for Medical Science and Technology (IMSaT) is an interdisciplinary institute for future Medical Technologies positioned at the interface of Physics, Engineering with Clinical and Life Sciences founded in 2006 as a joint initiative by the University of Dundee and the University of St. Andrews, supported by Scottish Enterprise and the EU.
- The Scottish Health Research Register (SHARE) initiative is based at NHS Tayside within Ninewells Hospital. SHARE is a register of people aged 11 and over who are willing to be invited to take part in research projects and have also consented to allow SHARE to use any left-over blood following routine clinical testing. This will aid health research and improve future healthcare throughout Scotland.
- The Health informatics Centre (HIC) is based in the region. It was established over 10 years ago, HIC is recognized as a leader in health data linkage and were the first centre in Scotland to offer a Safe Haven, which is now Nationally Accredited, and ISO27001 certified.
- The National Phenotypic Screening Centre is a world-class facility for phenotypic screening run by an interdisciplinary team of scientists and engineers who collaborate to advance the use of complex biology and to drive innovation. The main screening facility is at the University of Dundee
- The region has strong links with the global Life Science Community. An example is the Division of Signal Transduction Therapy at the University of Dundee, the longest running collaboration between academia and the pharmaceutical industry world-wide
- In addition to the Universities the Tayside colleges provide the courses appropriate to the sectors e.g. Access to Life Sciences, HNC Applied Sciences, HND Applied Biological Sciences etc.

Key Issues and Challenges

- Availability of appropriate skills for employment opportunities within the sector
- Lack of available, business-ready accommodation and bespoke business incubator support for spin-out and/or spin-in companies and business growth within the biomedical sector.
- The potential impact of Brexit in terms of a 'brain-drain' of EU national scientists from the region.
- Reductions in research funding across the UK and the potential loss of EU research funding from the Horizon 2020 programme.
-

We will:

- Provide a clear and impactful programme of delivery to lever additional funding, enhance international reputation and create new technologies to support the growth of the Tayside Biomedical cluster.
- Establish a complementary skills development and training package that will support both Biotech and MedTech priorities by developing technical training facilities and Life Sciences workforce development at Dundee & Angus College to increase the supply of skilled laboratory staff.
- Develop a high quality bioscience innovation hub providing suitable accommodation and access to enhanced specialist mentoring and business support for fledgling spin-out bioscience companies.

Key Sectors: Construction

The construction sector includes businesses involved in a wide range of building and civil engineering projects, demolition contractors, alongside the full range of building trades and is an important contributor to Scotland's economy, accounting for 11.6% of enterprises and 5.6% of jobs nationally.

The sector can be seen as an enabler for economic growth through delivery of key infrastructure. Construction is the eighth largest employment sector in the Tay Cities Region, employing around 11,500 people¹⁹. Despite the collapse of a number of major employers in recent years (including Muirfield Contracts in 2015 with a loss of 280 jobs and, more recently, McGills going into administration in February 2019), Tayside's Regional Skills Assessment 2018-28¹⁶ forecasts that this sector will see the strongest employment growth over the next decade (11%), providing 1,400 additional jobs.

Strengths and Opportunities

- Local authority capital expenditure, procurement and associated community benefits programmes, alongside planning and employability services, provide significant opportunities and support for the region's construction sector.
- The four local authorities within the Tay Cities Region have plans in place over the next 5-10 years for significant ongoing investment in housing, schools, early years facilities and transport infrastructure. This will be further bolstered by regional investment associated with the Tay Cities Deal.
- Tayside is home to the innovative Shared Apprentice programme - a collaborative approach between public and private partners in Angus and Dundee to support skills development in the construction sector. A large proportion of the apprentices currently supported by the programme also come from economically disadvantaged backgrounds, the care system or have various learning difficulties.
- Future opportunities associated with low-carbon retro-fitting of housing and buildings.
- Increasing demand for housing (particularly affordable and accessible housing) as population increases

Key Issues and Challenges

- The construction sector is particularly sensitive to economic fluctuations.
- Skills shortages within the construction sector.
- Economic uncertainties have curtailed private sector investment in developments.
- Businesses within the construction sector can often be vulnerable to cash flow issues.
- Potential impact of Brexit on workforce and the availability and cost of construction materials.

We will:

- Help upskill local people to take advantage of employment growth in the construction sector, including continued support for the Shared Apprentice Scheme in order to create additional apprentice positions, retain skills locally, reduce youth unemployment and support local construction-related business by supplying apprentices long- and short-term.
- Develop a demonstrator project for smart, zero carbon housing of the future that will explore innovation in affordable new-build and retro-fitted existing housing as a centre for incorporating new technologies in development from research and academia.
- Seek to skill / upskill local people in new construction methods to meet zero carbon housing ambitions.
- Continue to increase access for SMEs to public sector construction projects through local authority procurement arrangements and supplier development programmes.
- Increase access to innovation support and academic expertise to improve construction and production processes to increase productivity and efficiency and a transition to the low carbon economy.
- Seek to maximise potential local community benefits from construction-related procurement projects.

¹⁹ ONS Business Register & Employment Survey, 2017
 Tay Cities Regional Economic Strategy 2019-2039 (Officer Draft v3.0)

Theme 2 Place: Investment and Infrastructure

The ‘**place principle**’²⁰ was developed collaboratively with a range of organisations to provide a shared context for place-based work. It was signed off by Scottish Government in February 2018 with a commitment to work in close partnership with COSLA to adopt and implement the Principle.

The Principle for Taking a Place-Based Approach:

The principle recognises that: Place is where people, location and resources combine to create a sense of identity and purpose and are at the heart of addressing the needs and realising the full potential of communities. Places are shaped by the way resources, services and assets are directed and used by the people who live in and invest in them. A more joined-up, collaborative, and participative approach to services, land and buildings, across all sectors within a place, enables better outcomes for everyone and increased opportunities for people and communities to shape their own lives.

The principle requests that: All those responsible for providing services and looking after assets in a place need to work and plan together, and with local communities, to improve the lives of people, support inclusive growth and create more successful places.

The principle seeks a commitment to taking: A collaborative, place based approach with a shared purpose to support a clear way forward for all services, assets and investments which will maximise the impact of their combined resources.

The Place Standard: How Good Is Our Place?

The quality and design of places has been shown to significantly influence the ability of individuals and communities to live in healthy, sustainable ways. Issues such as wellbeing and quality of life, physical and mental health, and social and cultural life are all influenced by the quality of the environment.

The Place Standard²¹ assessment tool was developed by the Scottish Government, Architecture & Design Scotland, and NHS Health Scotland to help communities evaluate the quality of the physical and social environment, the contribution it makes to supporting health, wellbeing and a high quality of life, and potential areas for improvement. Launched in December 2015, the Place Standard tool looks across 14 interrelated issues (as illustrated in the diagram below) that require to be addressed collectively in order to make a difference in order to promote a coordinated approach to improvement.

Diagram 6: Place Standard Criteria (Scottish Government/Architecture & Design Scotland/NHS Health Scotland)



²⁰ Scottish Government / CoSLA Place Principle February 2018

²¹ The Place Standard: Scottish Government, Architecture & Design Scotland, NHS Health Scotland December 2015

Place: Creating Vibrancy in our City Centres and Town Centres

The needs and expectations of our communities in relation to our towns and cities is changing significantly. The rapid advance of technology has had a massive impact in the way we live, work and shop. These are particularly challenging times for the retail sector and the traditional high street as they struggle to keep pace with these changes. Wider economic uncertainties have also curtailed private sector investment.

While the key town centres within Perth & Kinross have managed to maintain a lower than average vacancy rate (7.9%), town centre vacancy rates within Angus (14.9%), Fife (14.6%) and Dundee (13.0%) are all above the Scottish average (11.5%)

Despite these challenges, there are significant opportunities for the region from reimagining the future role of our towns and cities in terms of social connectivity; residential provision; enterprise, growth and innovation; culture and tourism; and active leisure.

Dundee has recently undergone a remarkable transformation into a modern, vibrant city principally through investment in the Dundee Waterfront, culminating in its designation as UK's first UNESCO City of Design. Perth has a strong performing-arts offering underpinned by the world-class Perth Concert Hall and redeveloped Perth Theatre and has ambitions to be one of Europe's most dynamic small cities.

Main Towns & Cities within the Tay Cities Region		(Population figures as at 2011 Census)
Dundee	Dundee City (147,390)	
Perth & Kinross	Perth City (47,080); Blairgowrie (8,950); Crieff (7,470); Kinross (4,890); Milnathort (1,890); Scone (4,890); Auchterarder (4,440); Pitlochry (2,780); Bridge of Earn (2,710); Alyth (2,400); Coupar Angus (2,260); Aberfeldy (1,990); Comrie (1,930)	
Angus	Arbroath (23,960); Forfar (14,050); Montrose (11,880); Carnoustie (11,390); Monifieth (8,370); Brechin (7,480); Kirriemuir (6,080)	
NE Fife	St Andrews (16,870); Cupar (9,340)	

Note: The above listings reference towns highlighted within the four respective local authority LOIPs / Locality Plans as key towns, as opposed to separately defining a list of key towns across the region by size of population eg ≥1,000 people or ≥5,000 people.

Strengths and Opportunities

- Rejuvenation of the Dundee Waterfront, including the iconic new V&A Dundee design museum.
- Perth City Plan and Cultural Transformation Programme in place.
- A strong cultural offering within both Dundee and Perth city centres.
- The region has a number of diverse and buoyant town centres boosted by tourism, events and leisure, that include the likes of St Andrews, Carnoustie and Pitlochry.
- Town and city centres remain the best connected and most accessible locations for people in the region

Key Issues and Challenges

- The impact of internet shopping, out-of-town retail parks and online banking on traditional high streets.
- Reimagining and re-purposing the future roles of our cities and town centres.
- The impact of Brexit on European funding and uncertainties over replacement funding streams
- Poor public transport connections in rural areas.

We will:

- Continue to source external funding to support and increase the number of transformative, area regenerative and capital projects in our towns and city centres.
- Adopt place-based approaches for our town and city centres which focus on developing social connectivity, residential development, leisure activities, heritage, tourism and cultural offerings, and the night-time economy.
- Ensure that we adhere to the Town Centre First Principle and that public sector agencies and private sector developers give priority to town and city centres for housing, business and leisure developments.

Place: Digital Connectivity

The Scottish Government has exceeded its target of providing fibre broadband to 95% of premises across Scotland through the Digital Scotland Superfast Broadband (DSSB) programme, helping to provide broadband access to areas which would otherwise have failed to be connected if left to the market.

The Reaching 100% (R100) programme now aims to create a truly national, future-proofed digital infrastructure for Scotland, enabling us to capitalise on emerging digital opportunities and ensuring everyone has access to superfast broadband.

Although commercial investment has led to 95% of Scotland's population having access to 4G, only 36% of Scotland's landmass was served. The Scottish Government therefore aims to extend rural 4G coverage into longstanding 'not-spots' through our Scottish 4G Infill (S4GI) Programme; investing £25 million (including £10M from ERDF sources).

Currently most parts of the Tay Cities Region, particularly rural areas, lag behind others within Scotland and the UK in terms of high speed broadband, fibre to premises provision, mobile coverage and access to public wi-fi.

Strengths and Opportunities

- Achievements to date on improving digital connectivity, particularly in Dundee (99%) and Fife (95%).
- Ongoing investment in digital infrastructure via Scottish Government R100 programme.

Key Issues and Challenges

- Keeping pace with rapid advances in technology in terms of investment, skills and capacity.
- Increasing expectations and demands in relation to both social and business technology.
- Poor comparative performance in relation to high speed broadband connectivity.
- Poor access to broadband within rural areas of Angus, Perth & Kinross and NE Fife.
- Industrial areas of Dundee have digital connectivity but are now falling behind best-in-market speeds and there are also low levels of fibre connectivity for residential customers within Dundee.

We will:

- Put the region at the forefront of digital connectivity by supporting 5G digital network testbeds and trials within the Tay Cities region.
- Invest in connectivity improvements for rural areas of Angus, focussing on effective high quality wireless solutions for reaching remote and rural properties.
- Invest in connectivity improvements for rural areas of Perth & Kinross via a fibre asset re-use model through which public and private fibre infrastructure will be aggregated to create a common platform.
- Continue to pursue funding from the UK Government Department for Digital, Culture, Media & Sport (DCMS) to support investment in the development of Local Full Fibre Networks (LFFN)²² in Dundee, Perth & Kinross and Angus.
- Support interest from small businesses and local communities in use of DCMS Gigabit Broadband Voucher Scheme²³ to part-fund the installation costs of gigabit-capable full fibre connections.

²² UK Government (DCMS) Local Full Fibre Network (LFFN) Challenge Fund

²³ UK Government (DCMS) Local Gigabit Broadband Voucher Scheme

Place: Transport Connectivity

The Tay Cities Region is centrally located at the heart of Scotland's strategic road and rail networks, the region. However, the region currently suffers from traffic congestion and delays at key roads and junctions, unreliable and lengthy journey times and a lack of viable and affordable public transport options – all of which hinder the efficient movement of people and goods and undermine the economic performance of the region.

There is therefore a need for investment in key infrastructure projects to provide improved multi-modal connectivity for both businesses and tourists, and to connect the workforce with job and training opportunities both within and outwith the region. In addressing this need, there is also a requirement for closer working at a regional level to support low carbon transport and active travel. In this respect the Tay Cities Regional Economic Strategy seeks to ensure alignment with the delivery of the Tactran and Sestran Regional Transport Strategies and Delivery Plans.

Strengths and Opportunities

- The region benefits from the proximity of its two major cities, located only 20 miles apart.
- East-Central Scotland location serviced by the existing A9 / A90 / A92 road links.
- The Tay Cities Region is located at the heart of Scotland and is within easy reach of all of Scotland's cities.
- East Coast main line, cross country and sleeper service rail links providing access to Edinburgh, Aberdeen, Glasgow, London and other major cities
- The newly refurbished Dundee railway station.
- Dundee airport licensed airfield, situated only five minutes from Dundee city centre, supporting scheduled, private and charter flight operators and former Leuchars air force base in north-east Fife.
- Access to major airports in Aberdeen to the north and Edinburgh to the south.

Key Issues and Challenges

- Rural transport connectivity and public transport services. For example, two-thirds of the population of Perth & Kinross live outside the City of Perth.
- Road congestion and unreliable journey times due to hotspots around Dundee and Perth, with significant commuter traffic from the Angus region.
- Issues re the capacity, frequency, reliability and affordability of existing rail services.
- Limited air services from Dundee airport and the lack of a connection with a major international hub, such as Heathrow or Amsterdam.
- Journey times to and accessibility of Edinburgh and Aberdeen airports.
- A need for greater integration between different modes of transport.
- Promoting more sustainable, low carbon transport options.

We will:

- Implement the Perth Bus and Rail interchange project.
- Explore the development of Low Carbon and Active Travel transport hubs linked to Park and Choose proposals as a means of supporting eco-innovation across other growth sectors.
- Explore opportunities to maximise existing aviation facilities in and around the Tay Cities Region, including investment in the modernisation of air traffic control, securing and marketing new routes and enhancing airport facilities to support passenger growth.
- Invest in the delivery of the new Cross Tay Link Road (A9/A93/A94).
- Use the Tay Cities Regional Transport Model to inform our understanding of problems and opportunities and the appraisal of potential strategic transport interventions.

- Work with Transport Scotland and other partners to support delivery of necessary transport infrastructure and services, including the appraisal of solutions to congestion at A90 at Dundee and A9 around Perth; appraisal of connectivity in North Fife and North Angus Growth Corridor including a rail freight facility; provision of Park & Choose facilities to reduce car traffic in our city centres; and improvements to the journey times and frequency of our rail connections.
 - Deliver proposals for Cupar northern relief road and the North Angus Road.
 - Investigate the feasibility of rail halts in Newburgh (Fife) and Oudenarde (Perth & Kinross).
 - Investigate the feasibility of re-opening a railhead for freight at Montrose.
 - Support the project development and delivery of the Levenmouth rail link in Fife.
 - Continue to promote the use of electric and hybrid vehicles and support ongoing investment in the network of electric vehicle charging points within the region.
 - Build on the leading role of the region in the use of disruptive transport innovations.
-

Place: Business Infrastructure

Many of the region's ageing industrial estates and properties require significant investment and are not meeting current and future business needs. This is restricting inward investment as well as the growth of existing businesses. There is also limited land, especially serviced land, available for future development.

Challenges in the Scottish, UK and global economies have impacted negatively on the property industry and it is unlikely that the private sector will invest in any scale in business infrastructure in the near future. Much of industrial infrastructure investment will therefore still require public sector input to pump-prime or deliver developments.

We will use the Scottish Government funded Tay Cities Regional Industrial Investment Programme to deliver investment in infrastructure and land to support the region's businesses, with a particular focus on businesses within the manufacturing sector.

Strengths and Opportunities

- The region is home to a significant number of major businesses and diverse range of smaller businesses.
- There is a wide range and mix of existing business infrastructure.
- Well-defined spatial planning arrangements in place to inform and support economic development.
- The transformational £1billion regeneration of Dundee Waterfront.

Key Issues and Challenges

- An ageing portfolio of industrial estates and business properties.
- Limited incentive for private sector investment due to prolonged economic uncertainties, leading to a significant requirement for public sector input to pump-prime, or indeed deliver, developments.
- Availability of appropriate employment land.

We will:

- Develop a regional logistics, fulfilment and business eco-innovation park in Perth.
- Develop a Clean Energy Zone in Montrose and develop the North Angus Growth corridor.
- Develop the Eden Campus Enterprise Hub at Guardbridge, Fife to support innovation and provide a range of business facilities, coaching and industry-specific expertise alongside a dedicated Knowledge Transfer Centre and business incubator for spin-outs and start-up companies from regional universities.
- Invest in the development of Studio Dundee - an entrepreneurial hub in the heart of Dundee's new waterfront to attract entrepreneurial talent by providing flexible and adaptable co-working space alongside a fully-equipped and digitally connected tech lab.
- Seek to progress key economic development areas at Dundee Western Gateway and Linlathan, Dundee.
- Invest in the development of the Michelin-Scotland Innovation Parc in Dundee as a new centre for sustainable mobility and low carbon energy.
- Support further investment in ports infrastructure at Dundee, Montrose and Methil.
- Support investment in existing industrial estate infrastructure at Mid Wynd Industrial Estate and site servicing at Claverhouse East in Dundee.
- Invest in the development of modern business properties in Tayport and Newport, Fife.
- Support ongoing development of the Perth West Eco-Innovation Park providing integrated and enabling infrastructure in the mobility, energy and data sectors along a 6km Innovation Highway.
- Support the expansion of Brechin Business Park and support future development of land and industrial estate infrastructure in Arbroath, Brechin, Carnoustie and Montrose.
- Support further development of Perth Food & Drink Park.

Place: Business Support

The region has seen a slower than average growth in the number of businesses over the last five years, with particularly low business start-up and survival rates in Dundee.

Strengths and Opportunities

- Established business support arrangements in place within all of the four local authority areas.
- Business Gateway support for local start-ups, including an accelerator programme for potential growth businesses.
- Existing support for internationalisation and inward investment.
- New Scottish Enterprise Strategic Framework 2019-22 highlights a move away from previous focus on supporting a segmented group of businesses and favoured sectors towards a more holistic approach across the business base.
- The region benefits from being home to four universities and easy access to all 19 Scottish universities.
- Positive initial progress made in terms of regional collaboration.

Key Issues and Challenges

- Scotland needs 70,000 more businesses, 7,000 more exporters and 100 more high growth businesses to match the economic profile of the best UK regions.
- Scope for improvement in regional alignment and coordination of business support arrangements with a shared focus on a place-based approach to inclusive economic growth.
- The potential impact of Brexit may raise significant issues of capacity and capabilities in relation to demand for business advice and support services.
- The growth in the number of business within across the region is below the Scottish average and there is a high proportion of micro businesses (87%).
- Proportionally low number of businesses and poor business start-up and survival rates within Dundee.
- Issues of rural transport and digital connectivity and access to services.
- Low carbon transition challenges for businesses.

We will:

- Work together to make it easier for new and existing businesses, especially smaller businesses and those in rural areas, to access the public sector support and services they need to start-up, grow and export. We will do this by removing duplication and streamlining services to provide clear, co-ordinated and simple pathways to the assistance that it is available, at the same time making sure that this support is effective, relevant and appropriate.
- Implement a Tay Cities Region Industrial Investment Programme to enable key project development and support the growth of manufacturing businesses across the region.
- Encourage partners to develop and adopt 'Think Local' procurement policies and associated supplier development programme support for local businesses.
- Create better, more accessible links between businesses and the region's four universities to increase the uptake of innovation, research and development.
- Work with Scottish Development International and the Department of International Trade to develop a stronger trade and investment delivery model providing one-stop-shop access to international services for the region.

Theme 3 People: Skills and Employability

The **Tay Cities Regional Skills Investment Plan**²⁴ identifies significant challenges for the region in relation to low productivity and employment rates, slower projected employment growth than other parts of Scotland and higher than average levels of economic inactivity within the working age population.

The 2018 Tayside Regional Skills Assessment highlights a projected decrease of 3% (6,800 people) in the working age (16-64yrs) population between 2016 and 2028, with an accompanying projection of job openings requiring 68,200 people over the next 10 years (2,600 attributed to expansion and 65,700 to replacement demand). Around 37% of these job openings are expected to be in higher-level occupations, 24% in mid-level occupations and 38% in lower-level occupations.

The top 3 employing sectors in 2028 are forecast to be Health & Social Care (31,500 jobs), Wholesale & Retail (30,600 jobs) and Accommodation & Food Services (20,800 jobs). In addition, the sectors with the largest employment growth over the next decade are forecast to be Admin & Support Services (12%), Construction (11%) and Arts, Entertainment and Recreation (10%).

The Tay Cities Regional Skills Investment Plan therefore aims to build on key business sector strengths and opportunities, raise productivity, and address employment inequalities. In order to do this, the plan identifies six strategic goals:

- Build a larger supply of more appropriately skilled new entrants to the workforce.
- Reduce economic inactivity and tackle obstacles to employment for disadvantaged groups.
- Stimulate employer investment in existing employees and wider adoption of Fair Work practices.
- Enhance entrepreneurial skills for business start-ups and small business growth and resilience.
- Develop a skills system that is characterised by greater agility, inclusivity and resilience.
- Establish a robust and effective governance structure to drive delivery of the new Skills Investment Plan and to facilitate further regional programmes.

Strengths and Opportunities

- The region is home to four universities (Abertay, Dundee, St Andrews and the University of the Highlands & Islands).
- The region has a strong college infrastructure with regional colleges for Dundee & Angus, and Fife. Perth College, part of the tertiary University of the Highlands and Islands (UHI), has a local focus and Scotland's Rural College (SRUC) has a presence in The Elmwood campus in Cupar.
- There are strong links between Dundee & Angus and Perth Colleges and the universities through articulation agreements, allowing college students to progress into university degree courses.
- Approximately 27% of students graduating from Dundee's universities remain in the region.
- Dundee & Angus College has significant provision in Business, Care, Performing Arts, Recreation, Catering, Food and Tourism, Health Care, and Construction & Engineering.
- Perth College is strong in relation to Languages/Cultural Studies, Care, Arts & Crafts, Food and Hospitality, Healthcare and Engineering.
- The SRUC Elmwood campus specialises in agriculture, horticulture and animal care.
- The proportion of the labour market with no qualifications in Angus, Fife and Perth & Kinross is better (ie lower) than the Scottish average of 8.7%, with Perth & Kinross significantly better at 4.7%.
- The Tay Cities Region is the only area in Scotland to have developed an innovative Shared Apprenticeship Model supporting smaller businesses in the construction sector in Angus and Dundee.

²⁴ Skills Development Scotland - Tay Cities Regional Skills Investment Plan

- Dundee recognised as first Living Wage City in UK for commitment to supporting and promoting the uptake of Living Wage employer accreditation by businesses across the region. Dundee City Council, Perth & Kinross Council, Fife Council, Dundee & Angus College, Fife College, Perth College UHI, are all accredited Living Wage employers

Key Issues and Challenges

- The unemployment rate of 6.6% in Dundee is almost double the rate in Perth & Kinross, with the male unemployment rate of 9.0% in Dundee twice the Scottish average.
- The Annual Participation Rate (the percentage of 16–19 year olds in learning, training or work) of 88.7% for Dundee was the lowest of all 32 local authority areas and well below the Scottish average of 91.8%.
- The proportion of the labour market in Dundee and Angus with no qualifications (10.5% and 10.6%) is higher than the Scottish average (9.7%).
- Low pay is a key issue. Across the Tay Cities Region 22.8% of employees are paid below the real Living Wage. Across Scotland, for the first, most households in poverty have at least one person in work.
- Engaging employers in apprenticeships can be challenging, given the significance of micro and small businesses across the region, particularly in Perth & Kinross and Angus.
- It is acknowledged that there is scope for improvement in Developing the Young Workforce's (DYW) schools engagement with parents, pupils and teachers across the region.
- An ageing workforce and projected decrease of 5,000 in the working age population by 2026.
- Up-skilling and re-skilling workers in response to changing roles and job requirements, particularly in relation to the application of ICT and digital skills.
- Supporting people into entry-level jobs, while at the same time supporting those already in entry-level jobs into more skilled positions.
- Up to 230,000 Scottish jobs could be at risk from automation but our strong expertise in robotics, informatics and data provides potential for new jobs. While only 5% of roles could be fully automated today, it is estimated that around 60% of jobs involve tasks that could be automated.
- Significant loss of European funding post-Brexit and uncertainties over replacement funding streams.

We will:

- Simplify and streamline the skills system to reduce unnecessary duplication, improve agility to respond quickly to shocks and opportunities, and make it more accessible and inclusive to customers.
- Deliver the Tay Cities Regional Skills Investment Plan²⁵ to create more Fair Work and address key business and sector recruitment, skills and retention issues.
- Support regional implementation of new skills initiatives²⁶ within the food, drink and agriculture sectors.
- Establish a new Aviation Academy, via Perth College UHI, to provide specialist training and skills in the high-value aviation engineering sector and support for new and growing businesses.
- Develop and implement a Skills Development and Training package to support the Biotech and MedTech priorities by developing technical training facilities and Life Sciences workforce development at Dundee & Angus College to increase the supply of skilled laboratory staff.
- Explore the development of a regional shared apprenticeship model targeting other key sectors, building on the success of the award-winning Shared Apprenticeship programme running in Angus and Dundee.
- Build on the work of Developing the Young Workforce (DYW) to improve links between businesses and schools to inspire future generations, provide careers advice and better prepare pupils for work.

²⁵ Tay Cities Region Skills Investment Plan (August 2019)

²⁶ Skills Investment Plan for Scotland's Food & Drink Sector (2nd Edition Dec2016)

- Explore the potential for more joined-up activity to increase the use of public sector procurement contracts to lever improved investment in workforce skills and associated community benefits.
- Explore opportunities that our expertise in robotics, informatics and data provides in terms of the potential for new jobs and increased productivity in other key sectors.
- Further analyse the barriers faced by those out of work to improve our understanding of where our employability activity should be focused.
- Target our employability support on helping those facing the most significant barriers to employment and progression, such as health and disabilities (including mental health); substance misuse; geographic location; lack of relevant qualifications or skills; debt and financial vulnerability.
- Establish the Tay Cities Engineering Partnership to support skills development across the sector and ensure that businesses can engage fully with the National Manufacturing Institute for Scotland.
- Continue to support and promote the take-up of Living Wage employer accreditation across the Tay Cities Region.
- Ensure Scottish Enterprise support is linked to the creation of better quality jobs and fair work practices, including payment of the real living wage, workplace environment, skills utilisation and job security.

Delivery Arrangements

The key to success will come from translating strategy into delivery, in other words ‘making it happen’. Three key elements in achieving this will come from strong leadership and governance; positive collaboration and partnership working; and effective leverage and alignment of available funding.

The next steps following publication of this strategy will include the development of an Action Plan providing further detail on the delivery of specific projects and a performance framework by which to evaluate progress and impact.

Leadership and Governance

New governance arrangements to oversee and support delivery of the Tay Cities Regional Economic Strategy were agreed at the Tay Cities Management Board of 25 April 2019. These recommendations were submitted to the Tay Cities Joint Committee for approval in June 2019. The proposed arrangements are illustrated in the diagram below.

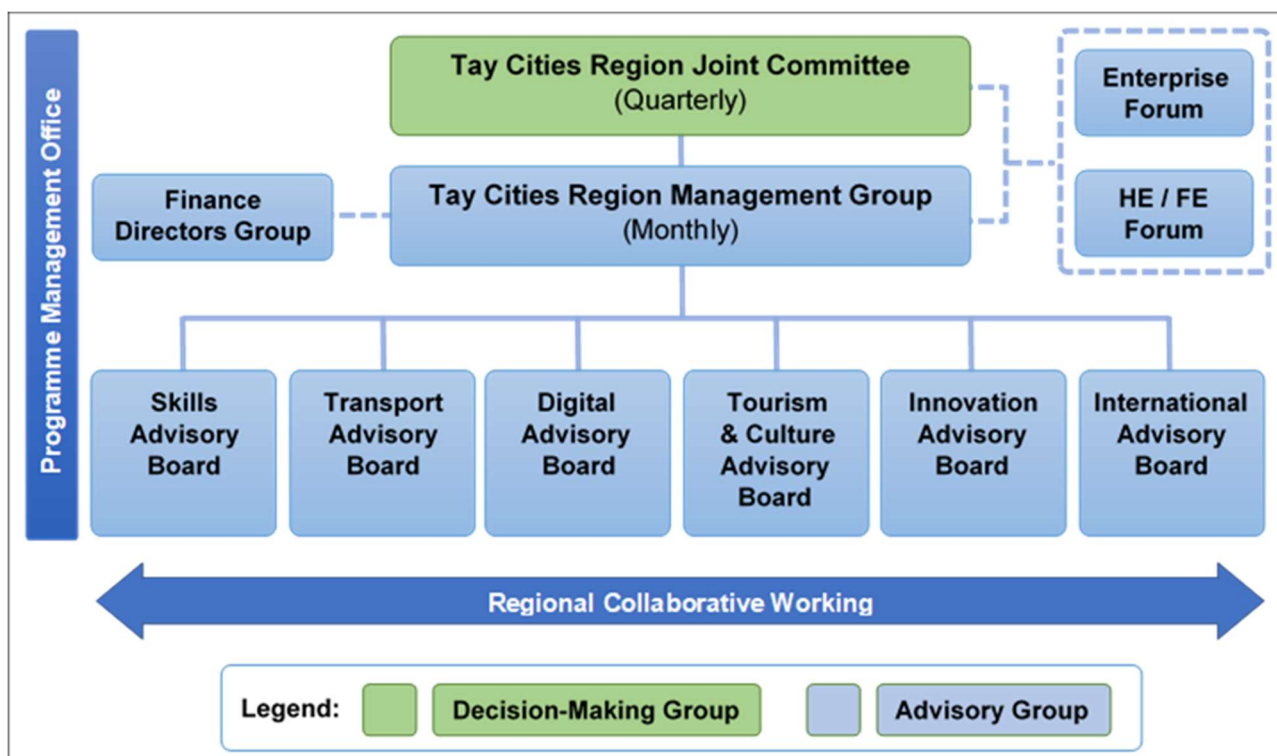
Initially established in December 2017, the **Tay Cities Joint Committee** meets quarterly and provides the decision-making forum for the regional economic partnership. The Joint Committee comprises senior representation from all key stakeholders, including: Angus Council, Dundee City Council, Fife Council, Perth & Kinross Council, Scottish Enterprise, Skills Development Scotland (SDS), Tay Cities Higher / Further Education Forum, and the Tay Cities Enterprise Executive representing the private sector.

The **Tay Cities Management Group** meets monthly and comprises executive officer representation from the four constituent local authorities (Angus, Dundee City, Fife and Perth & Kinross councils).

The Joint Committee and Management Group are supported by a **Programme Management Office (PMO)** consisting of staff employed by the Lead Authority or seconded to the Lead Authority. The PMO undertakes operational functions on behalf of the Joint Committee.

Reporting directly to the Management Group, there are five themed **Advisory Boards**, each chaired by a member of the Management Board. These Advisory Boards have initially been established to support projects and developments in relation to skills, transport, tourism & culture, digital connectivity, innovation, and internationalisation.

Diagram7: Tay Cities Region: Proposed Governance Arrangements (May 2019)



Collaborative Working

The Tay Cities Regional Economic Strategy reflects a new approach to collaborative working on economic development, strategic planning and transport planning that is underpinned by a city region governance model. New regional governance arrangements will exemplify the expectations set out in the Tay Cities Deal Heads of Terms Agreement and Scotland's Enterprise and Skills Review.

In October 2018, the senior officers of the 4 councils and Tactran reviewed potential opportunities for regional collaboration to accelerate regional growth. Early priorities included:

- Development of a refreshed regional economic strategy;
- Streamlining of Business Gateway and business support and internationalisation arrangements;
- Work on a regional tourism strategy and collaboration on events;
- Development of a regional skills and employability investment plan;
- Integration of strategic regional transport planning;
- Development of a regional industrial investment programme;
- Joint working on the development of digital infrastructure across the region; and,
- Further development of regional spatial planning arrangements.

Since October 2018, further areas of regional collaboration have emerged. These include developing a regional industrial/manufacturing strategy and joint work around digital infrastructure.

Since the Tay Cities Deal Heads of Terms were agreed in November 2018, project leads have been appointed to take forward the Outline Business Cases and Programmes. Theme Advisors have also been appointed. Some of these overlap with the regional collaboration priorities described above, such as Employability and Skills, Tourism and Transport.

The current priority for all regional partners is now to agree a final City Region Deal with the UK and Scottish Governments by the end of 2019. An extensive programme of work is underway across the programme prioritised in the Heads of Terms Agreement to deliver this.

Progress has been made in taking forward the early priorities for the new collaborative operational model. Further development of these proposals is now required in parallel with the work to develop a Cities Region Deal. This presents an opportunity to look at how best leadership and governance of regional collaboration work can be aligned and integrated with ongoing development of the Tay Cities Region Deal and delivery of wider economic development priorities.

Funding

Tay Cities Deal

In November 2018 the Scottish and UK Government's announced £300 million of investment as part of the Tay Cities Deal (TCD), with a further £50 million announced in January 2019 from the Scottish Government, to be spent on allocated projects over a 10 to 15 year period. Part of that investment includes up to £10 million in Sustainable High Value Manufacturing from the Tay Cities Deal allocation (including a £2 million allocation to the establishment of the Tay Cities Engineering Partnership), plus an additional £10 million for an Industrial Investment Programme from the additional Scottish Government 'committed' allocation in the Tay Cities Region.

Following on from agreement of the Tay Cities Deal Heads of Terms in November 2018, the regional partners will now lead work to move to full Deal, working with the Scottish and UK Governments to develop a Delivery Plan that details the implementation, monitoring and evaluation of all projects and programmes receiving funding through the Tay Cities Deal. The Delivery Plan will also set out the full partnership, governance and assurance arrangements as well as implementation and financial plans with relevant milestones.

Regional partners will be required to demonstrate the value for money case for each programme and/or project before funding is made available. As such, all the commitments in this document are subject to the approval of final business cases from the relevant Government, or from both Governments in the case of jointly funded projects.

The Scottish Government has also developed an Inclusive Growth outcomes monitoring framework (published in June 2018) that incorporates indicators to measure progress towards the five high level inclusive growth outcomes (Productivity, Participation, Population, People and Place). The expectation is that all City Region Deal evaluation and monitoring reports should subsequently be aligned with this framework.

New Scottish National Investment Bank (SNIB) and Building Scotland Fund (BSF)

As part of the 2017 to 2018 Programme for Government, the First Minister announced plans to establish a new Scottish National Investment Bank (SNIB). Businesses in Scotland often find it difficult to borrow money over a longer-term period (10 to 15 years), known as patient finance. A key focus of the Bank will therefore be to provide the financing that businesses need through every stage of their investment lifecycle. By aligning its aims and objectives with Scotland's Economic Strategy, the Bank has the potential to transform and grow Scotland's economy by supporting ambitious companies and important infrastructure projects. The Scottish Government has committed to investing £2billion over 10 years to capitalise the Scottish National Investment Bank, which will be operational in 2020. As a precursor to establishment of the bank, the Scottish Government Draft Budget for 2018 to 2019 announced the introduction of the Building Scotland Fund (BSF) to provide a total investment of £150m over the financial years 2018-2021.

Advancing Manufacturing Challenge Fund (AMCF)

As part of Scotland's Economic Action, the Scottish Government have announced proposals target up to £18 million of European Regional Development funding to establish an Advanced Manufacturing Challenge Fund aimed at ensuring all parts of Scotland benefit from developments in advanced manufacturing. The fund is currently scheduled to be launched in late spring / early summer 2019.

European Structural and Investment Funds (ESIF) and UK Shared Prosperity Fund

European Structural and Investment Funds (ESIF) exist to support economic development by tackling disadvantage. The UK is in receipt of two main funds, which seek to do this in slightly different ways. The European Regional Development Fund (ERDF) focuses on place, promoting balanced development in the different regions of the EU. The European Social Fund (ESF), meanwhile, focuses on people - supporting employment-related projects and investing in human capital.

EU Structural Fund allocations to Scotland for the period 2014-20 amounted to €894.6 (of which €193m was allocated to the Highlands & Islands and €701.6m to the Rest of Scotland).

The UK's proposed exit from the European Union will, however, bring access to this funding to an end.

The UK government has vowed to keep in place current arrangements until they expire in 2020, with the European Social Fund (ESF) now expected to run to 2022. All UK political parties also committed to a 'successor fund' at the 2017 general election, with the Conservative party focused on the creation of a UK Shared Prosperity Fund (UKSPF), 'specifically designed to reduce inequalities between communities across our four nations' and to "help deliver sustainable, inclusive growth based on our modern industrial strategy'.

The scale, allocation criteria and subsequent distribution of replacement funding to England Scotland, Wales and Northern Ireland is yet to be agreed. It is assumed, however, that the allocation of funding within the devolved nations will be a devolved matter. While the reluctance of the devolved nations to accept a reduced share of any replacement UKSPF funding has been noted, the use of preferred statistical indicators for GVA and unemployment would make it difficult to arrive at an allocation between the four countries that is close to the present division of EU funding.

Scottish Rural Development Programme (SRDP) 2014-2020

The Scottish Rural Development Programme (SRDP) 2014-2020 funds economic, environmental and social measures for the benefit of rural Scotland. It is part of the EU Common Agricultural Policy (CAP) and is funded by the European Commission and the Scottish Government. The SRDP is made up of a number of different schemes that provide grants and support with the key purpose of helping achieve sustainable economic growth in Scotland's rural areas.

UK Government Apprenticeship Levy

The UK Government Apprenticeship Levy has been used in Scotland to support workforce development in terms of upskilling of existing employees, as well as to resource the expansion of the Apprenticeship Family into areas such as Foundation Apprenticeships and Graduate Apprenticeships to support Scottish Government targets of 30,000 starts for Modern Apprenticeships and 5,000 starts for Foundation and Graduate Apprenticeships in Scotland by 2020.

Scottish Government Town Centres Fund (2019-20)

On 1st March 2019 the Scottish Government, in partnership with CoSLA, announced the establishment of a £50m Town Centre Fund for 2019-20 aimed at supporting transformative investments which drive local economic activities and re-purpose town centres to become more diverse, successful and sustainable.

Each of the 32 Scottish councils received an allocation of the fund based on an equal weighting of the number of towns (defined as having a population of $\geq 1,000$ people) within the local authority areas and the local authority population. Local authorities will decide how the funding will be used within the context of Town Centre Action Plan themes. Within the Tay Cities Region, the four constituent local authorities received the following funding: Angus Council £1.08m; Dundee City Council £735k; Fife Council £4.335m; Perth & Kinross Council £1.983m.

UK Stronger Towns Fund (2019-2026)

On the 4th March 2019 the UK Government announced proposals for a new £1.6bn Stronger Towns Fund aimed at targeting support to towns in England that have not shared in the proceeds of growth in the same way as more prosperous parts of the country. On the 27th July, new Prime Minister Boris Johnston that the Stronger Towns Fund would be merged with the 'Future High Streets Fund' (£675m) and additional new monies to create the £6.3bn 'Towns Fund' aimed at initially supporting 100 towns in England. The Prime Minister also affirmed a commitment that the UK Government will discuss with the Scottish Government how similar support can be potentially be provided to towns in Scotland.



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