

Agenda Item	11
Report No	CIA/15/17

HIGHLAND COUNCIL

Committee: City of Inverness Area Committee

Date: 19 June 2017

Report Title: Developing Economic Links with Augsburg, Bavaria

Report By: Report by the Director of Development and Infrastructure and the Inverness City Area Manager

1 Purpose/Executive Summary

1.1

This report updates Members on progress with the development of economic links with Inverness' twin city, Augsburg. The report gives details of the various initiatives currently under discussion, aimed at ensuring that the current social and cultural links with Augsburg are complemented by economic development opportunities.

2

Recommendations

2.1 Members are asked to:

- note the contents of this report;
- support the continued development of economic links with Augsburg;
- approve the commitment of a maximum of £10,000 from the Inverness Common Good Fund to support economic development related twinning opportunities. This financial support will require to be matched by funding from partners as detailed in Section 5 of this report, subject to ensuring compliance with Council Procurement Processes. Funds would be drawn from the City Promotions Budget; and
- note that a progress report on the objectives set out below will be made to the City of Inverness Area Committee no later than June 2018.

3 Background

- 3.1 The City of Inverness Area Committee agreed at its meeting of 3 December 2015 to continue twinning links between Inverness and Augsburg. However, it was also agreed that efforts should be made to enhance the strong cultural and social links developed over the last 60 years, by examining the opportunity to develop economic links with Augsburg.
- 3.2 Initial discussions were held in Augsburg with a variety of academic and business interests aimed at examining the potential for developing economic links. This visit was part of the Civic visit, led by the Provost of Inverness to Augsburg for the commemoration ceremony marking the 60th anniversary of the twinning link between the two cities. The outcome of these discussions is detailed more fully in a report presented to the City of Inverness Area Committee on 1 September 2016 however the initial response was encouraging.
- 3.3 Three representatives from the Augsburg Klinikum, one of the largest medical centres in Germany, visited Inverness between 28 - 30 October 2016. The purpose of the visit was for them to meet with representatives of the Inverness medical and life sciences community, as well as economic development personnel, and to explore the potential for developing economic links between the two twin cities.
- 3.4 Representatives from the University of the Highlands and Islands and from NHS Highland met the party from Augsburg in the Centre for Health Sciences at Raigmore Hospital. There was a very positive response to the opportunity to investigate collaboration across various areas of research where there is a common interest in developing solutions. These included Diabetes, Lyme Disease, Health Care education and cardiology.
- 3.5 Commercial and academic opportunities around the digital delivery of health care were also considered. MIME Technologies, an Inverness based provider of healthcare solutions to support patients in remote and rural locations delivered a presentation, as did the Centre for Rural Health (The University of Aberdeen in Inverness). The potential for developing nurse training programmes, along the lines of the University of Stirling/UHI programme was also seen as an area for future development.
- 3.6 Professor Crichton Lang, UHI Vice Principal, outlined the development of their School of Health Care and Life Sciences. He stressed the important role that the School could have upon the economic social and cultural development of the area, and how collaboration, both nationally and internationally would play an important role in achieving the goals of the University itself.
- 3.7 The UHI School of Health and Life Sciences is an Inverness and Highland City Region Deal supported initiative aimed at addressing issues with the innovation and commercialisation of health and care products. The commercialisation of new products and services as a result of this initiative is expected to lead to the creation of high value jobs in the area, as well as encouraging additional investment, from private and public sector sources.
- 3.8 The group also had the opportunity to visit the Inverness Campus where they learned about the opportunity the facility presented for the development of a healthcare/Life Sciences cluster in the area.
- 3.9 As a result of these initial contacts the University of the Highlands and Islands has now signed a Memorandum of Understanding with the Klinikum Augsburg/University of

Augsburg. This complements their existing Memorandum of Understanding signed with the Hochschule (Augsburg's Technical University) in 2016. It commits both parties to working together to develop academic and educational collaborations, as well as assisting them to examine the potential for the development and implementation of specific activities.

4 Next Steps; Outline Strategy – Objectives

- 4.1 There is potential for the development of closer economic links with Augsburg based on the development of medical and research healthcare related collaborations. However, it is very much 'early days' for this and time will be needed to develop relationships.
- 4.2 Inverness Chamber of Commerce has recognised the potential for businesses in the Highlands from the development of trading opportunities with Augsburg. They recently organised a trade mission to the city with a range of businesses attending. A number of Highland businesses from a range of sectors such as Tourism, Food and Drink, Life Sciences and Renewable Energy, joined the mission, along with representatives from HIE and UHI. This initiative was arranged by the Chamber of Commerce in consultation with the Scottish Government, and initial responses, from those businesses who participated have been positive.
- 4.3 Furthermore, the Scottish Cities Alliance (SCA), of which the Council is a member, is currently examining the potential for utilising twinning relationships as a basis for developing economic opportunities. The potential within the Bavarian economy is huge and the SCA is also looking at attendance at Expo Real, an annual inward investment exhibition and conference held in Munich in October.
- 4.4 As a result of these initial meetings, both in Augsburg and in Inverness a number of themes have emerged that can be taken forward, these can be summarised as follows:
 - development of the relationship with the Klinikum Augsburg and the opportunity for collaboration around healthcare related activities, specifically centred around UHI Healthcare and Life Sciences Centre;
 - investigating the potential for identifying opportunities for Highland based companies to develop links with businesses in Bavaria by building on the initial contact made through the Chamber of Commerce; and
 - attraction of foreign direct investment from Bavaria into the Highlands. The Scottish Government and the Bavarian Regional Government have concluded a joint declaration (**Appendix 1**), committing both parties to working together to encourage enhanced economic co-operation. The Highlands are well placed to play a leading role in this initiative given the preliminary work already undertaken.

5 Conclusions

- 5.1 In order for progress to be made with this potential economic development opportunity, further work is needed around the key sectors/themes outlined in this paper. It will be vital to maintain and build upon the relationships already made with colleagues and institutions based in Augsburg.
- 5.2 A financial contribution towards the costs of additional consultancy work will be required from the Council as well as from HIE and UHI. The initial contract with DS Consulting has proved to be a successful appointment, and they remain best placed to undertake this additional work. Their extensive knowledge of the German economy has enabled us to understand the German way of 'doing business', and of how meeting to discuss potential

collaborations, is a positive way to build relationships. It is also encouraging that there is apparent willingness in Bavaria to build upon relations with Scotland.

- 5.3 DS Consulting from their base in Munich brought together the most relevant people involved in the development of the medical school facility at the Klinikum Augsburg. They facilitated the trade mission for Inverness Chamber of Commerce, and assisted the Scottish Cities Alliance when they attended a fact finding visit to Expo Real in October 2016. They possess an in depth knowledge and experience of the German market that leaves them very well placed to continue to act as advisers to the project and to assist us to establish tangible economic links between Inverness and Augsburg. They have also been active on an international level, with the Government of Bavaria engaging them on their recent visit to Edinburgh. This trade mission was led by the Deputy Minister-President of Bavaria, Ilse Aigner, and brought a group of Bavarian business people to Edinburgh where they met with Scottish business people as well as with the First Minister Nicola Sturgeon.
- 5.4 Initial discussions with DS Consulting have been undertaken to understand what support might be required and how it might be delivered. Each partner organisation has differing requirements. UHI would like to progress their relationship with the Klinikum Augsburg, HIE would wish to focus upon the attraction of Healthcare, Life Sciences, Energy related inward investment opportunities. The Council's role has been as facilitator, bringing potential collaborators together to add value and grow the City/Region economy. There is also a potential role for the Council to work closely with the Inverness Chamber of Commerce to enhance trade opportunities between Augsburg and Inverness.
- 5.5 In order to ensure a coordinated approach, and to confirm that all the parties wish to continued their involvement in the development of economic links with Augsburg, it is proposed to convene a meeting of all the interested parties, Highland Council, HIE, UHI and Inverness Chamber of Commerce to agree what next steps need to be taken.

6 Implications

- 6.1 Resource – Additional resources will be required to engage further specialist consultancy advice for the continued development of Economic links with Inverness' twin city of Augsburg. It is anticipated to be in the region of £20,000 over the next financial year and will be found from a combination of Highland Council funds, the Development and Infrastructure Services' Economic Initiatives Budget, the Inverness Common Good Fund (City Promotions Budget), as well as from partner resources both public and private.
- 6.2 Legal - There are no legal implications arising from this activity.
- 6.3 Community (Equality, Poverty and Rural) – There are no specific community implications arising from this. While the twinning relationship is predominantly between The City of Inverness and its twin city Augsburg, there is every possibility of benefits accruing in rural areas of the Highlands as a result of this activity.
- 6.4 Climate Change/Carbon Clever - No Climate Change/Carbon Clever issues arising from this report
- 6.5 Risk – There are no risk implications arising from this report.
- 6.6 Gaelic - There are no issues relating to Gaelic arising from this report

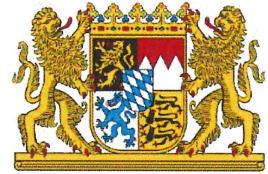
Designation: Director of Development and Infrastructure
Inverness City Area Manager

Date: 23 May 2017

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Background Papers: City of Inverness Committee Reports 3 December 2015 and 1 September 2016.

Joint declaration of intent between Scotland and Bavarian Government



**Joint declaration and statement of intent
between
The Scottish Government
and
the Bavarian Ministry of Economic Affairs and Media,
Energy and Technology**

Scotland and Bavaria are committed to partnership between, and mutual prosperity for, our peoples. With reference to the declaration between Scotland and Bavaria from 30th June 2003 and in the context of centuries of trade and cultural ties, including multiple twinning arrangements between our towns and cities, the Scottish Government and the Bavarian Ministry of Economic Affairs and Media, Energy and Technology wish to foster closer economic co-operation.

For the purpose of advancing mutual understanding and prosperity; and to drive new momentum to existing collaborations between Scotland and Bavaria the Sides intend, amongst general co-operation, in particular:

- to support and encourage business-led relations, including those facilitated through our respective Chambers of Commerce;
- to explore and encourage exchanges and co-development between our respective enterprise and innovation support partners;
- to seek to support collaboration between Scottish and Bavarian research institutions; and
- to explore opportunities to further trade links, including through industry missions and mutual investment opportunities.

Both Sides intend to direct their administrations to nurture a close and co-ordinated dialogue, in partnership with their respective partners, concur in priorities and explore opportunities to realise the outcomes of this declaration and statement of intent.

Signed in Edinburgh, 24th March 2017

For the Scottish Government

Nicola Sturgeon MSP
First Minister of Scotland

For the Bavarian Ministry of Economic
Affairs and Media, Energy and Technology

Ilse Aigner MBP
Bavarian State Minister of Economic Affairs
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