

REPORT TO GARIOCH AREA COMMITTEE - 17 SEPTEMBER 2019

ECONOMIC ACTIVITY IN GARIOCH – APRIL 2018 TO MARCH 2019

1 Recommendations

The Committee is recommended to note the contents, consider and comment on this report.

2 Background / Discussion

- 2.1 This is an annual report to the Area Committee reporting on economic development related actions specifically in this Area. On 16 March 2017 Infrastructure Services Committee (ISC) approved Action Areas for Economic Development covering the years 2017-2021. This Action Plan outlines how the Council will deliver the Regional Economic Strategy, “A 20-year vision for the Well-being of the Place and Our People” which the Council adopted on 16 December 2015 (Item 15). The work of Economic Development is guided by the Action Plan and progress on the Action Plan was reported to ISC on 16 May 2019 (Item 18).
- 2.2 At a strategic level Aberdeenshire Council continues to be an enthusiastic partner in delivering the Regional Economic Strategy and the City Region Deal (CRD) with Aberdeen City and other partners. Aberdeenshire Council also supports the work of Opportunity North East (ONE) with finance and staff. The Council Leader attends the ONE Board, the Chief Executive attends the Regional Advisory Board, and the ONE Digital Board and the Head of Economic Development & Protective Services attends the ONE Food, Drink & Agriculture Board.
- 2.3 Appendix 1 gives a brief overview of activity covering the 12 month period April 2018 to March 2019, carried out by the Council in the Garioch Area although the first section gives a summary of strategic work covering the north east.
- 2.4 In economic terms, Garioch is closely linked to Aberdeen and is influenced by similar factors, the most notable being the performance of the oil and gas sector. Inverurie and Westhill have developed as attractive alternative locations to Aberdeen for commercial and industrial development. Agriculture remains a key sector as is food processing, and Garioch contains the important Thainstone livestock auction centre. The livestock sector is highly important to Garioch.
- 2.5 The key concerns in the last financial year remain the continuing impact of the the low price of a barrel of oil. In addition to this we have the uncertainty surrounding the impacts of leaving the European Union and how this will affect the land based industries.
- 2.6 The economy of the Region remains strong with Gross Value Added (GVA) of £18.6 billion in 2017, accounting for 13.1% of total Scottish GVA compared to a 9.1% population share; 21% of Scotland’s export value; 13% of business

research and development investment; and 14% of registered enterprises. Aberdeenshire average household income was £36,220, in 2018, which is 29% higher than the Scottish average of £28,186. However, we do have areas of multiple deprivation, along with areas with low wage economies and low opportunities for people.

- 2.7 Unemployment figures indicate that the Garioch economy performs better than other Aberdeenshire areas and Aberdeenshire has a lower unemployment rate when compared to Scotland as a whole. The Aberdeenshire unemployment rate continues to be among the lowest of all the mainland Local Authority areas in Scotland. As at March 2019 the percentage on Job Seekers Allowance and Universal Credit for Unemployed was 1.6% for Aberdeenshire with the rate for Scotland being 3.1%. For Garioch the percentage was 1.1% representing 365 individuals.
- 2.8 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report and their comments are incorporated within the report and are satisfied that the report complies with the Scheme of Governance and relevant legislation.

3 Scheme of Governance

- 3.1 The Committee is able to consider this item in terms of Section B.1.2 of the List of Committee Powers in Part 2A of the Scheme of Governance as it relates to Economic Development in the Garioch Area.

4 Implications and Risk

- 4.1 An equality impact assessment is not required because this report will not directly change any Council policy or resource allocation and so does not have a differential impact on any of the protected characteristics.
- 4.2 There are no staffing and financial implications directly arising from this report.
- 4.3 The following Risks have been identified as relevant to this matter on a Corporate Level: Budget Pressures; Working with other organisations (e.g. supply chains, outsourcing and partnership working). No Risks have been identified as relevant to this matter on a Strategic Level
- 4.4 The recommendations in this report do not require a Town Centre First Assessment. The report is for updating the committee on a multiple aspects of economic development in Garioch. Town Centre First Assessments will have been provided with any relevant committee report relating to that activity.

Stephen Archer

Director of Infrastructure Services

Report prepared by Douglas Rennie, Business Development Executive
Date 31st August 2019

ECONOMIC ACTIVITY IN GARIOCH AREA FOR 2018/19

1. Leadership and Partnership Working

- 1.1 Work to deliver the Regional Economic Strategy with north east partners includes the City Region Deal (CRD) work streams of Digital and Infrastructure; setting up of the Invest Aberdeen Region Hub; review and liaison on the Aberdeen Events Strategy, and collaboration to co-host the Aberdeen City Region stand at Offshore Europe (2017). City Region Deal work carried out by Aberdeenshire Council also includes a Strategic Transport Appraisal. Opportunity North East (ONE) are leading on the CRD Food Hub concept and the Strategic Business Case for this Hub is now being prepared.
- 1.2 Aberdeenshire Council supports ONE by participation and financial support for key projects in particular the Food, Drink and Agriculture Boards work to support the NE Food and Drink Network, the Food and Drink Growth Programme and the Food and Drink Awards. Both ONE and the Council support VisitAberdeenshire in their work to offer advocacy, business engagement events, market and product development support and annual tourism awards to the industry.

2. Business Support and Growth

- 2.1 The number of new **business start-ups** in Aberdeenshire, assisted by Business Gateway, during the year 2018/2019 was 604 (Garioch area 146).
- 2.2 In addition, 20 businesses, in Aberdeenshire (2 from Garioch), received support through **the Survive and Thrive** programme that is provided by Business Gateway(BG). The Survive and Thrive programme is aimed at helping businesses which are struggling as result of the economic downturn.
- 2.3 Of the 50 businesses accepted into **BG growth programmes** 18 were located in the Garioch area. A further two businesses in the Garioch Area were taken on by Scottish Enterprise to be account managed i.e. have high growth potential.
- 2.4 There continues to be a demand for **the Support for Aberdeenshire Business** Scheme, and in particular from the Tourism and Engineering sectors. Out of a total of £122,031 in grants and £25,100 in loans awarded across Aberdeenshire in 2018-19, Garioch businesses were awarded £16,770 in grants. Of the 22 businesses assisted 4 came from the Garioch Area. The scheme helped to create 38 jobs, safeguard a further 3.5 jobs and levered in other funds totalling £605,040. In addition, a further 7 businesses in Garioch received support via the **First Employee Grant** scheme.
- 2.5 **Positive Procurement Programme** – PPP is a training programme designed to assist local businesses win public sector contracts. In 2018-19 five workshops and a “Meet the Buyer” event were delivered for local businesses in partnership with Aberdeen City Council and the joint Commercial and Procurement Shared Service (CPSS). The CPSS also carried out three Procurement Surgery sessions in May, August and December. Total number of attendees for these events was approximately 182.

3. Industry Support and Growth

3.1 **Food & Drink - The North East Scotland Food & Drink Awards** were delivered in partnership with Opportunity North East and held on 21 March 2019. They celebrate excellence and innovation while rewarding success in the food and drink sector. Aberdeenshire Council provided £17,180 in support as well as a time commitment from staff. 44 businesses entered (27 from Aberdeenshire) a total of 69 new products in the competition.

3.2 Aberdeenshire Council contributed £8,725 towards the **North East Scotland Food & Drink Network**; the programme consisted 3 Network Events and 3 Dining Events between April 2018 and March 2019. Businesses were also invited to other key events.

Building the Network is a way to create connections across the supply chain, accelerate business to business commerce and encourage best-practice learning that allows businesses to grow. This underpins all our other activities in business growth, market development, improving skills, strengthening the supply chain and fostering innovation. The Network is especially important for the new and smaller/medium size businesses who lack contacts and require local outlets for their early stages of growth.

3.3 The **Taste of Grampian** annual food and drink festival took place for the 17th time on Saturday 2 June 2018 at Thainstone, Inverurie. Economic Development provided £10,500 of support for the event, which attracted around 12,000 visitors. The show had a total of 192 exhibitors, which allows food and drink producers and crafters to show and sell their products. The event helps to generate a greater awareness of local products and the producers still report it is their best one-day show in terms of sales. Out of the 68 who were selling 16% reported sales 'higher than anticipated', 31% had sales 'exactly as anticipated' and 53% had sales 'lower than anticipated'. Average sales were lower than last year, partly due to the lower attendance figure as it was an extremely hot day.

3.4 Aberdeenshire Council contributed £18,700 towards the 2018 **Business Growth Programme**, delivered in partnership with Opportunity North East. The programme has been designed specifically for owners and managers of small food and drink businesses as well as aspirational staff from larger companies. It is a modular programme which allows delegates to continue to run their business while they participate. In addition to group workshops, business speakers, practical exercises and visits, each delegate will be supported by an experienced business mentor, to help build their growth plan and get the maximum benefit from their participation. The programme started with 12 businesses in March 2018 and ran till July 2018.

3.5 Aberdeenshire Council works in partnership with **VisitAberdeenshire** to deliver support to individual tourism businesses. This is achieved through VisitAberdeenshire Executives visiting businesses to identify any gaps in knowledge, skills etc. and to assist by direct advice or signposting to sources

of funding, relevant agencies or organisations. The business can also be informed about the relevant activities and support that VisitAberdeenshire can offer such as, free marketing activities (including website listings), social media promotion, partnership attendance at trade shows and exhibitions including the VisitScotland Expo. VisitAberdeenshire can support local tourism groups by giving advice on marketing, funding and explaining the role of the different agencies.

The main markets for VisitAberdeenshire are Germany, Norway and the rest of the UK, particularly London, north east England and central and north Scotland. The refresh of Aberdeen City and Shire Tourism Strategy was completed following engagement and agreement with the industry and will shape future Visit Aberdeenshire activity.

The **Aberdeen City and Shire Film Office**, managed by Aberdeenshire Council, works closely with Visit Scotland and Visit Aberdeenshire to maximise visitors to film locations. With an increasing number of films being shot in Aberdeenshire, press visits led by location managers from various film production companies, have raised the area's profile.

A **Tourism Industry Barometer** has been launched, a survey of local tourism business that is issued quarterly, to establish feedback from the sector that provides information on customer behaviour and the performance of the sector.

A new **Tourism Business Game Changer Programme** was introduced this year that aims to assist businesses in, the sector, to take advantage of the ongoing investment in major infrastructure by identifying new markets and refining their product offer. The opening of the Aberdeen Western Peripheral route is making it easier for visitors to explore Aberdeenshire and businesses are already reporting increasing visitor numbers due to this development.

There were 12 participants in the first cohort that were assisted with developing ambitious growth plans. The target of the Aberdeen and Aberdeenshire Tourism Strategy is to grow visitor spend by £1 billion by 2023.

- 3.6 The **Energy Sector** remains a vital component of the Aberdeenshire economy, despite the impact global events have had on the industry. There were some significant City Region Deal developments announced; TechX (part of The Oil & Gas Technology Centre) launched the second year of the Oil & Gas Technology Centre's TechX Pioneers programme. The unique accelerator and incubator programme backed by more than 120 industry partners and mentors, will support a select group of start-up technology developers to take their solutions to the oil and gas market faster. The University of Aberdeen and the Oil & Gas Technology Centre will create a new multi-million-pound Decommissioning Centre of Excellence, based at OceanLab in Newburgh, to tackle current and future challenges with world-class research and development in partnership with industry. The National Decommissioning Centre in Newburgh, opened in January 2019.
- 3.7 Aberdeenshire Council officers remain active in their support of the sector. Through Invest Aberdeen, Aberdeenshire Council was part of the Scottish delegation which exhibited at the Offshore Technology Conference in Houston

in May 2018. Other exhibitions where we had a presence included Subsea Expo, Europe's largest subsea exhibition, in Aberdeen in February 2019 and All Energy in May 2018. Each exhibition provided a platform from which to promote Aberdeenshire as a place to work, live and invest. Aberdeenshire Council officers maintain a close working relationship with Department for International Trade and Scottish Development International, to ensure the profile of the area and its companies in overseas markets remains high. Officers are in regular contact with industry trade bodies Subsea UK, Decom North Sea, Scottish Renewables and Renewables UK.

- 3.8 Aberdeenshire Council continues to provide support to **the local dairy farming sector**. This year a deputation from the North East Milk Producers Association (including producers from Garioch) visited Orkney to learn about the Orkney Cheese business model, a partnership comprising local dairy farmers, Orkney Council and Lactalis (Marketing Company).
- 3.9 **Shared Modern Apprenticeship scheme** – Aberdeenshire Council supported a new career pathway for young people to get into agriculture in partnership with Scotland's Rural College, ONE, Skills Development Scotland, Ringlink and mains of Loirston Trust. There are 25 place available on the first year of the scheme.
- 3.10 Aberdeenshire Council continues to provide support to Aberdeenshire Farmers and Community Markets Association (AFCMA), this includes the Garioch **Inverurie and Westhill Farmers Markets**. The ANM Group were also assisted in establishing mutually beneficial links with Kemnay Academy.

4. **Community Support and Growth**

- 4.1 The Council's **Rural Partnership Fund** assists local Rural Partnerships to provide support to community and social enterprise developments in their areas and to be active participants in Community Planning. Economic Development staff administers and monitors these funds. The Garioch Partnership (TGP) was awarded £32,616 from Economic Development and £3,000 Area Manager funds for 2018-2019. TGP have continued to support the work of more established groups such as Fly Cup Catering who have been investigating extending the range of services they offer. TGP have also been assisting local constituted groups convert to Scottish Charitable Incorporated Organisations (SCIO's).

Community Action Plans (CAP) continue to be a focus for the rural partnership. TGP are working with with Kellands and Insch to complete their Community Action Plans. There is also interest from Premnay & Auchleven, Cluny Midmar & Monymusk and Kemnay. These plans will be progressed through 2019.

- 4.2 **The Social Enterprise Support Fund** was launched in August 2017. The scheme has been promoted through rural partnerships and through council media channels. The take up in 2018 has been very positive and has helped a number of social enterprises develop new opportunities in Aberdeenshire. The successful applicants in the Garioch are for 2018/19 were:

Fly Cup Catering, Inverurie £11,525
Because Everyone Counts, Inverurie £21,086

- 4.3 The **South Aberdeenshire LEADER** programme was launched in late 2015. Approximately £2.8m has been allocated to the South Aberdeenshire Local Action Group from the European Agricultural Fund for Rural Development and Scottish Government. A number of competitive application rounds have been held and the following project grants have been approved:

Ury Riverside Park	£112,957
Community Resilience Workshops	£8,820

- 4.4 The **Employment Support Team (EST)** continued to run weekly Job Clubs in both Ellon and Inverurie where focussed one-to-one key worker, people-centred support, is operated. Clients are assisted with the creation of email, Universal Job accounts, help with online job-searches, CV's, applications, covering letters and mock interviews.

Our key worker continues partnership work with Inverurie and Ellon Community Learning & Development staff to support groups of pupils from the associated academies with basic employability preparation and this has extended to include both Old Meldrum and Inverurie Academy's where EST is working with senior pupils who are disengaged from the curriculum.

EST has assisted 50 clients into employment during the past year and, as with other partners, EST are seeing a high number of clients presenting with some form of mild/moderate health issue. This makes engagement harder and makes the process to help the person, to reach a place where seeking employment actually becomes a realistic prospect, much longer.

EST continues to foster good working partnerships and ran a successful skills and employment event, in Inverurie, with a mix of 30 employers and providers in attendance.

5. Investment and Regeneration

- 5.1 **Invest Aberdeen** was formally established as a partnership between Aberdeenshire Council and Aberdeen City Council in April 2018. Recruitment to the Invest Aberdeen team concluded in the spring of 2018. Aberdeenshire Council appointed an Inward Investment Executive and a Marketing and Communications Officer who work directly and solely on Invest Aberdeen activity. They work across services with colleagues in Economic Development who support investment activity on a more ad-hoc basis. A number of steps have been achieved in the first year of operation including launch events for the initiative, website launch, extensive stakeholder engagement, promotion of key sector opportunities, familiarisation visits with key government agency staff, development of capital investment opportunities, active management and handling of investment enquiries, generating investment and regional growth leads, integration of an online Customer Relationship Management (CRM) system and promotion growth through specialist publications. Officers are planning an annual briefing session with Elected Members from each Council to be held each autumn to update them on progress and get their input to future priorities.

5.2 The Inverurie **Business Improvement District (BID)**, is now well established. This year Aberdeenshire Council supported the BID to introduce an extended Christmas Festival. The main aim was to bring extra footfall to the Town Centre of Inverurie by way of promoting all our Christmas events and marketing the Town as a place to visit and shop. Numerous events took place during December including and a temporary Ice Rink that attracted 1800 skaters over a 9 day period. However, the largest event was for the Christmas Lights Switch-on that attracted a crowd estimated at over 4000.

5.3 **Broadband**

The Digital Scotland Superfast Broadband (DSSB), Rest of Scotland (RoS), programme is nearing a conclusion. Aberdeenshire Council contributed £16 million to the RoS programme – the money was all spent in Aberdeenshire increasing fibre penetration. The project effectively started in 2012 with physical delivery commencing in 2014. Some of the key outputs are as follows:

25% of all the new fibre optic cable laid in the RoS area was laid in Aberdeenshire

12.2% of new street cabinets were delivered in Aberdeenshire

The programme has now delivered the opportunity to upgrade connections to over 84,000 premises in Aberdeenshire

Over 1000 rural addresses in Aberdeenshire now have a Fibre to the Premises connection (7.3% of the RoS total)

Despite all this, Aberdeenshire still has an overhang of around 10% of premises which can't access superfast broadband – these will be addressed in the R100 (Reaching 100% programme) which should start delivering solutions in 2020.

5.4 **Property Activity**

Insch- Site under offer at Muiryheadless Industrial Estate to provide serviced plots for owner occupiers or tenants. The Planning application was submitted in January 2019 and if approved the site purchase will be completed and works can start.

Insch- The final site at phase one Muiryheadless Industrial Estate is under offer to a local business who intend to construct a purpose built industrial facility serving the oil and gas industry.

Inverurie- A site at Thainstone has been identified for the possible development of starter units for lease to small businesses. This is tied in to the Depot Strategy.

Inverurie- Costs are being obtained for the refurbishment of an existing office building at Souterford Avenue which will then be placed on the open market for lease.

