

## REPORT TO KINCARDINE AND MEARN'S AREA COMMITTEE –24<sup>th</sup> SEPTEMBER 2019

### ECONOMIC ACTIVITY IN KINCARDINE AND MEARN'S APRIL 2018 TO MARCH 2019

#### 1 Recommendations

The Committee is recommended to:

1.1 Consider and provide comments to the Service on the contents of this report.

#### 2 Background / Discussion

- 2.1 This is an annual report to the Area Committee reporting on economic development related actions specifically in Kincardine and Mearns area. On 16 March 2017 Infrastructure Services Committee (ISC) approved new 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 new 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 Direct support is provided to businesses, community groups and industry by the Council through a range of activities including the Support for Aberdeenshire Business scheme, the Social Enterprise Support Fund, LEADER funding, industry sector teams, European policy, property services, planning activity, and assistance to gain funds from national programmes.
- 2.4 Aberdeenshire Council is responsible for the Business Gateway contract, the Employment Support Team and related employability activity. The Council also helps administer the European LEADER and European Maritime Fisheries Fund and works with other services on regeneration and town centre activity.
- 2.5 **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 Kincardine and Mearns Area although the first section gives a summary of strategic work covering the north east.
- 2.6 In economic terms, Kincardine & Mearns is closely linked to Aberdeen, particularly in the north of the area and is similarly influenced by the oil and gas sector. In the south, there is a more traditional rural economy based on the prime farmland of the

Mearns, and a number of attractive former fishing and agricultural villages. Although the oil price has improved, factors such as cuts in public spending and welfare and high business rates continue to affect confidence, despite low interest rates (Base Rate – 0.75%). Other concerns include the impact of the above factors on town centres and the wish for greater tourism activity and related tourism infrastructure. The United Kingdom leaving the European Union is likely to have a significant impact on the area, but this is difficult to quantify at present.

- 2.7 The unemployment rate (benefits claimants) in Kincardine and Mearns stood at 1.1% at March 2019, a slight decrease over the rate of 1.3% at March 2018. This compares with Aberdeenshire's rate of 1.6%. The highest rate in the area was 1.5% in Mearns and the lowest 0.7% in North Kincardineshire, with Stonehaven and Lower Deeside at 1.2%.
- 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 a matter which impacts the Kincardine and Mearns 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

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**Director of Infrastructure Services**

Report prepared by Heather Macrae, Business Development Executive  
Date 2<sup>nd</sup> September 2019

## Appendix 1

### ECONOMIC ACTIVITY IN KINCARDINE AND MEARN'S 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. Opportunity North East (ONE) are leading on the CRD Food Hub.
- 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 Business Support and Growth – Support for Aberdeenshire Business Scheme

The Support for Aberdeenshire Business (SAB) Scheme provides general advice and access to a range of business grants and loans. The grants and loans are awarded subject to the Scheme's criteria, which places emphasis on supporting businesses selling products or services outside the North East and stimulating job creation.

From April 2018 to March 2019 grants totalling £3,978 were awarded to 2 businesses in Kincardine and Mearns. This helped create 2 jobs as well as sustaining existing employment. This investment helped lever in an estimated £3,978 to the proposal from other sources.

##### 2.2 Business Support and Growth – Business Gateway

Business Gateway is a business support programme offering a wide range of practical advice, workshops and support to new and growing businesses. Elevator is contracted to deliver this programme in Aberdeen and Aberdeenshire with Aberdeenshire Council managing the contract on behalf of both Councils.

In Kincardine and Mearns 110 business start-ups were assisted, of which 11 were classed as Early Stage Growth, meaning they will employ staff.

Growth businesses are projected to increase turnover by more than £200,000 over the next three years. These are the businesses that have the most potential for exporting and taking on new employees, often creating highly skilled and well paid positions. Kincardine and Mearns had 5 growth companies in 2018/19. 2 businesses were also accepted into direct relationship management (DRM) by Scottish Enterprise.

##### 2.3 Business Support and Growth-Business Boost

Business Boost is funded through the European Regional Development Fund (ERDF) and helps existing businesses to realise their growth plans. Advisor support, external consultants and targeted workshops are used to give a boost to the businesses on the scheme, allowing them to increase sales and increase capacity. The objective is to support local businesses with the added advantage of increased employment opportunities and higher exports. In Kincardine and Mearns 14 businesses were supported through Business Boost.

## **2.4 Business Support and Growth-First Employee Grant Scheme**

The First Employee Grant Scheme aims to stimulate employment further and offers advice and a grant of £1,000 to businesses taking on a first employee. For 2018/2019 an award was made to 1 business in Kincardine and Mearns.

## **2.5 Business Support and Growth- Survive and Thrive**

The Survive and Thrive programme is an additional local programme delivered by Business Gateway, which provides additional advisory support to businesses needing to address challenges in the current economic climate. One business was referred for support from this programme over the year from Kincardine and Mearns

## **2.6 The annual Elevator Awards event was held on June 28<sup>th</sup> 2018. The event was organised by Elevator. The awards celebrate and encourage business achievements and entrepreneurship in North East Scotland.**

Aberdeenshire Hypnotherapy, Stonehaven was a finalist in the Spirit of Enterprise category.

## **2.7 Business Support and Growth-Positive Procurement Programme**

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 Service (CPS). The CPS also carried out three Procurement Surgery sessions in May, August and December. The total number of attendees for these events was approximately 182.

## **3. Industry Support and Growth – Agriculture**

### **3.1 Shared Modern Apprenticeship Scheme**

Aberdeenshire Council provided sponsorship for the Shared Modern Apprenticeship Scheme pilot project. This is a new career pathway for young people into agriculture in partnership with Scotland’s Rural College (SRUC), Opportunity North East (ONE), Laurencekirk based Ringlink Scotland Ltd, Skills Development Scotland (SDS) and Mains of Loirston Trust.

### **3.2 Financial support was provided for the North East Milk Producers Association deputation (including milk producers from Kincardine and Mearns) to visit Orkney in August 2018 to learn about the Orkney Cheese business model, a partnership comprising local dairy farmers, Orkney Islands Council and Lactalis (marketing company). Also facilitated was Environmental Health Officer advice for dairy farmers considering installing milk vending machines.**

### **3.3 The Council has sponsored the Good Farming Practice Awards since 2005. The 2018 winner was Dendoldrum Farm, Inverbervie, a large dairy unit run by the Colquhoun family.**

### **3.4 The Council sponsored the Young Farmers Ambassadors Reunion event in October 2018 which attracted over 150 delegates and included tours to attractions in Kincardine and Mearns.**

### **3.5 The Council continues to provide support to Aberdeenshire Farmers and Community Markets Association. Stonehaven is one of the strongest markets in Aberdeenshire.**

#### 4.1 **Industry Support and Growth – Fisheries**

The Council again took a stand at the Skipper Expo in May 2018 to promote NESFLAG and Council's support for the fisheries sector. Kincardine and Mearns hosts several successful NESFLAG funded projects.

#### 5. **Industry Support and Growth-Food and Drink**

##### 5.1 **The Taste of Grampian** annual food and drink festival took place for the 18th time on Saturday 2 June 2018 at Thainstone, Inverurie.

Economic Development provided £10,500 of support for the event, which attracted over 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 the previous year, partly due to lower numbers attending as it was an extremely hot day.

Out of 63 exhibitors, 37% stated that they anticipate an increase in sales following the event, 82% felt they had increased awareness of their business/products/outlet and 32% reported making contact with a potential new retail buyer.

##### 5.2 **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 for the event as well as a time commitment from staff. 44 businesses entered a total of 69 new products in the competition of which 5 of these businesses were from Kincardine and Mearns. There were 12 (27%) businesses entering for the first time (6 from Aberdeenshire). There was a good standard of entries in the Food and Drink Tourism, Innovation and Export categories, the latter being introduced for the first time and receiving 8 entries.

244 food and drink industry representatives attended the awards presentation dinner, which provides opportunities for networking with a wide range of business from across the food and drink supply chain and serves as a platform to showcase the best food and drink from the North East. Alan Leslie, Buying Director with Aldi chaired the judging panel. He was joined by Nikki Castley of the Cress Company, Lauren Henderson of Lomond Fine Foods and Seamus Campbell of Serco Northlink Ferries.

The Best Foodservice category was won by Macphie Ltd.

##### 5.3 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 particularly important for new and

smaller/medium size businesses who lack contacts and require local outlets for their early stages of growth.

Food and Drink Networking Events have been an important communication channel for many years and have been used to impart topical or specialist information, help people to identify customers and suppliers, to share resources and to learn how others have tackled problems and opportunities.

The Dining Events, as well as creating networking opportunities, aim to bring the foodservice sector and local food producers together to increase use of local produce and to increase the quality of local foodservice offering. It specifically supports Food and Drink Tourism objectives.

In a follow up to a Technology Event held in October, selected larger scale businesses were invited to explore further transformational technology at a visit to Macphie. As well as a tour of facilities and a question and answer session with the Operations Director, this group were used to input to plans for the proposed Manufacturing 4.0 Academy. Delegate businesses from Kincardine and Mearns were Macphie and Six Degrees North.

- 5.4** Aberdeenshire Council contributed £18,700 towards the **Business Growth Programme**, for the 2018 cohort, delivered in partnership with Opportunity North East. The programme was designed specifically for owners and managers of small food and drink businesses as well as aspirational staff from larger companies.

The modular programme allowed delegates to continue to run their business while they participated. In addition to group workshops, business speakers, practical exercises and visits, each delegate was offered an experienced business mentor, to support further implementation of their growth plan to get the maximum benefit from their participation. To date 6 companies have been matched with a Mentor, with interest expressed by 2 others. One company has also benefited from an Executive coaching "Expert Help" pilot.

The programme started with 12 businesses in March 2018 and ran till July 2018. Six Degrees North Ltd, Laurencekirk and Devenick Dairy, Banchory Devenick participated from Kincardine and Mearns.

In tandem with ONE the companies have been introduced and are actively engaged with the wider local and national growth support network such as SE, Aberdeenshire Council, Business Gateway, Scotland Food and Drink (SF&D), Scottish Development International (SDI), Interface and many others to support the achievement of their ambitious goals.

## **6. Industry Support and Growth – Tourism**

- 6.1** Tourism is an important sector of the Aberdeenshire economy. The Council has direct input to tourism through the provision of leisure facilities, visitor attractions, path networks, business support funding events and operating museums.

The Council contributes to the funding of VisitAberdeenshire and also works closely with Visit Scotland. Both organisations collaborate to bring visitors to the area and they concentrate on marketing the area, representing the area at tourism events out with the north east and bringing tour operators and tourism journalists to the north east.

- 6.2** Aberdeenshire Council and VisitAberdeenshire also work in partnership to deliver support to individual tourism businesses in Kincardine and Mearns. This is achieved through VisitAberdeenshire Executives visiting businesses to identify any gaps in knowledge and skills and 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 Visit Scotland Expo.
- 6.3** VisitAberdeenshire work to develop the cruise market and have held workshops aimed at businesses to ensure that they are “cruise ready” and placed to take advantage of opportunities offered.
- 6.4** The opening of the Aberdeen Western Peripheral route is making the area more accessible to visitors. Businesses have reported that visitor numbers have risen.
- 6.5** VisitAberdeenshire work with VisitBritain and VisitScotland, thus ensuring that marketing and service development is complementary. Over the year VisitAberdeenshire staff attended 14 trade shows and were joined by 35 local businesses at these events.
- 6.6** An application was made to the Rural Tourism Infrastructure Fund for funding to assist with improvements to the car park and toilet facilities at St Cyrus National Nature Reserve. There was a high level of demand for this funding and the application was unsuccessful.

## **7. Industry Support and Growth – Energy**

- 7.1** 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 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 and will tackle current and future challenges with world class research and development in partnership with the oil and gas industry in the UK and internationally.

**7.2** 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.

**7.3** Aberdeenshire remains home to a number of the country's vital energy assets, including St Fergus Gas Terminal, Peterhead Power Station, Peterhead Port which is the North-east's leading deep sea harbour and Westhill, which remains at the centre of the world's subsea engineering sector. Kincardine Offshore Windfarm, using floating technology, began generating power.

## **8. Community Support and Growth – Community Economic Development**

**8.1** 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 two year agreement ends on 31 March 2020.

For 2018-19 Kincardineshire Development Partnership was awarded £32,616 from Economic Development and £3,000 Area Manager funds. This is the first year of the 5% reduction in the Rural Partnership budget.

Kincardineshire Development Partnership developed and delivered a low cost, creative community empowerment process named Community Cash. These continue to be popular as an effective means of reaching groups of all sizes. Community Action Plans (CAP) continue to be a focus for the rural partnership, but none were completed during the year. Kincardine Development Partnership are focusing on the backlog and working with Stonehaven, Drumoak and Johnshaven to complete their Community Action Plans. There is also interest from Portlethen which will be progressed through 2019.

**8.2 Asset Transfers Requests (ATR).** During the year three asset transfers were completed and a further two formal applications were ongoing.

**8.3 Development Trusts and Social Enterprises.** The Social Enterprise Support Fund (SESF) 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:

Starsparks Stonehaven £4,140

Inspire Partnership Through Life, Stonehaven £26,000

Newtonhill Community Hall Association, Newtonhill £15,000

Kincardineshire Development Partnership £7,350

## 9. Community Support and Growth – Employability

- 9.1** The Employment Support Team (EST) offer support and assistance to clients with multiple barriers to work to reach employment and training. Key Workers cover Aberdeenshire with one-to-one support which includes building personal confidence and offering practical assistance and training.
- 9.2** The Employment Support Team (EST) have delivered 5 employability sessions in Stonehaven covering different topics each week. This also involved Employment CONNECT partners AVA for volunteering opportunities and Pillar for mental health and wellbeing.
- 9.3** As with other partners we are seeing a high number of clients presenting with some form of mild to moderate health issues which by their very nature make engagement harder and a much longer process to help the person reach a place where seeking employment actually becomes a realistic prospect. EST are looking at delivering these sessions across Aberdeenshire.
- 9.4** EST continues its approach of working with young people in schools and good practice is evolving in Kincardine and Mearns where work is happening in the rural primary schools with both parents and their children attending workshops. A lot of this partnership work has evolved through links with key personnel, such as Head Teachers, who can see the benefits of linking with employability workers and using their particular skills set.  
For example, an EST Key Worker attended parents' evenings in Inverbervie, allowing EST access to people requiring our help, but in a safe environment not usually associated with seeking help, thus reducing any possible stigma. This proved a great success and is resulting in promotional material going out throughout the primary school network to engage with parents who may be in need of our support.
- 9.5** EST continues to run 4 Job Clubs in Kincardine and Mearns. These are in Stonehaven, Portlethen, Inverbervie and Laurencekirk. During the year these have assisted 45 people into employment.

## 10. Community Support and Growth- European Programmes

European Union funding programmes continue to be delivered throughout Aberdeenshire. A number of competitive application rounds have been held and the following projects approved:

		Total Costs	EU
Grant			
Furniture Lodge	LEADER	£46,516.49	£46,516.49
Stonehaven Men's Shed	LEADER	£64,910.30	£37,410.30
Stonehaven Sea Safari	EMFF	£114,247.18	£52,443.09
Stonehaven Tolbooth Museum	EMFF	£59,750.00	£44,813.00
Stonehaven Court Building	LEADER	£32,778.06	£27,778.06

Further information on projects funded in Aberdeenshire is available at [www.local-development.eu](http://www.local-development.eu) Guarantees to underwrite commitments in the event of a "no-deal" Brexit have been received from Scottish Government.

## 11. Investment and Regeneration – Estates Team, Property

- 11.1 **Laurencekirk-** Proposed subdivision, refurbishment and letting of former Journeycall unit to provide 4 smaller units more suited to market demand.
- 11.2 **Cairnrobin-** Site under offer to developer for major extension to Business Park. Jointly with Aberdeen City Council.
- 11.3 **Stonehaven-** Site to be identified for development of new starter units for small businesses.

## 12. Investment and Regeneration-Digital Connectivity

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.

## 13. Investment and Regeneration –Inward Investment

**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 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.