

REPORT TO INFRASTRUCTURE SERVICES COMMITTEE – 12 MARCH 2020

FOOD AND DRINK ACTIVITY BUDGET

1 Reason for Report / Summary

- 1.1 To review the work undertaken to support the food and drink sector in Aberdeenshire and approve a contribution by Aberdeenshire Council, towards total project costs for Food and Drink Activity undertaken by Opportunity North East (ONE).

2 Recommendations

The Committee is recommended to:

- 2.1 **Endorse the work undertaken to support the food and drink sector in Aberdeenshire.**
- 2.2 **Approve a contribution of up to £47,000 by Aberdeenshire Council, towards total project costs for Food and Drink Activity of £213,000, undertaken by Opportunity North East (ONE)**

3 Purpose and Decision Making Route

- 3.1 ONE was established in 2015 as a private sector led body, focused on ensuring a sustainable economic future for north-east Scotland. ONE aims to broaden and strengthen the region's economy by investing in and accelerating the delivery of projects of scale and impact through five Sector Boards: 1) ONE Oil, Gas & Energy; 2) ONE Food, Drink & Agriculture (includes fisheries); 3) ONE Life Sciences; 4) Tourism – ONE support is via Visit Aberdeenshire; 5) ONE Digital & Entrepreneurship.
- 3.2 ONE's focus is on investment and action to stimulate economic growth, safeguard jobs and create new employment opportunities over the medium to long term. It provides co-funding and resources to develop and bring forward high-impact projects that support the growth of these key sectors in partnership with the public and private sectors.
- 3.3 Food, Drink, Agriculture and Fisheries is one of the key themes of ONE and is also one of Aberdeenshire Council's key industries which we support. The Head of Economic Development and Protective Services is a member of the ONE Food and Drink and Agricultural Board. Work on this sector, which Aberdeenshire Council contributes to, has included research into investment opportunities for the two Business Growth Programmes to support companies meet their ambitions and a Food and Tourism Project. Grampian Food Forum has now been fully integrated into the work of the ONE Food and Drink and Agricultural Board and the Forum work is now promoted as the 'North East Scotland Food and Drink Network Events'.

- 3.4 The Aberdeenshire Council post of Industry Support Executive (Food and Drink) has been seconded to ONE since 2016 and this secondment has been extended for a further three years ending 6 July 2022. This post remains central to the support of the food and drink sector. Aberdeenshire Council remains responsible for the post holder's salary and on costs, with ONE covering business expenses. Scotland Food and Drink has jointly funded a post with ONE to promote the wider national opportunities and benefits of being part of Scotland Food and Drink and to bring more NE companies to national and international markets.
- 3.5 The food and drink sector has long been important to the region. The Office of National Statistics Business Survey, published in 2017 reported 22,000 individuals are employed across the sector, contributing approaching £730 million in GVA. From 2008 to 2015, the regional growth outpaced the rest of Scotland in terms of turnover growth (+38.8% north east, +13.2% rest of Scotland) and GVA (+6.6% north east, +3.7% rest of Scotland). However, in the last three years for which ONS data is available (2013, 2014, 2015), turnover has plateaued in both the north east and rest of Scotland, and the north east has seen a sharp decline in GVA (-14.8%) while rest of Scotland GVA has grown (+4.7%).
- 3.6 Excluding the whisky production, the north east contributes an estimated 20% of Scotland's food and drink industry output. The area accounts for approaching 25% of Scotland's primary agricultural output and 50% of its fish landings.
- 3.7 Only 33% of north east businesses sell online and 69% of micro enterprises' turnover originates locally.

4 Discussion

- 4.1 The proposed expenditure to develop and support the food and drink industry in 2020-21 is as follows:

	2012/21 Aberdeenshire Council Contribution	Total Project Cost
NES Food and Drink Network	9,000	24,000
NES Food and Drink Awards	17,180	77,100
Business Growth Alumni	7,910	64,000
Business Growth 2021	7,910	64,000
New Starts Accelerator	5,000	40,900
Total	47,000	270,000

- 4.2 The activity undertaken by ONE in 2020-21 to support the food & drink sector via the North East Scotland Food and Drink Network, Food and Drink Awards and Business Growth Programme, will be along similar lines to previous years. Reviews of activity are undertaken throughout the year and improvements introduced as appropriate. The Business Growth Alumni Programme selects the most promising participants from the three previous Business Growth Programs and focusses on implementing personal and business action plans. A New Starts Accelerator Pilot is planned which will support businesses with significant potential.
- 4.3 Other than the Aberdeenshire Council contribution, the total project costs will be met by matching contributions from ONE, ticket sales and sponsorship for the North East Scotland Food and Drink Network and North East Scotland Food and Drink Awards and contributions from participating companies in the Business Growth and leadership Programmes.
- 4.4 The Aberdeenshire Council contribution will be met from Business & Industry and Regional Economic Strategy budgets.
- 4.5 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report, their comments are incorporated within the report and they are satisfied that the report complies with the Scheme of Governance and relevant legislation.

5 Council Priorities, Implications and Risk

- 5.1 The report helps deliver against Council Priority 1 – support a strong, sustainable, diverse and successful economy.
- 5.2 The report helps deliver against the Regional Economic Strategy and The Aberdeenshire Council Economic Development Action Plan 2017-2021.
- 5.3 The table below shows whether risks and implications apply if the recommendations are agreed.

Subject	Yes	No	N/A
Financial	x		
Staffing	x		
Equalities		x	
Fairer Scotland Duty		x	
Town Centre First		x	
Sustainability		x	
Children and Young People's Rights and Wellbeing		x	

- 5.4 An equality impact assessment is not required because the recommended actions don't have a differential impact on people with protected characteristics.
- 5.5 The Aberdeenshire Council post of Industry Support Executive (Food and Drink) has been seconded to ONE since 2016 and this secondment has been extended for a further three years ending 6 July 2022. This post remains central to the support of the food and drink sector. Aberdeenshire Council remains responsible for the post holder's salary and on costs, with ONE covering business expenses.
- 5.6 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, partnership working and commercialisation)
 - Reputation management

The following risks have been identified as relevant to this matter on a [Strategic Level](#):

- Balancing the Books
- Economic Development

6 Scheme of Governance

- 6.1 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report and are satisfied that the report complies with the Scheme of Governance and relevant legislation.
- 6.2 The Committee is able to consider this item in terms of Section F1.1b of the List of Committee Powers in Part 2A of the Scheme of Governance as this relates to policy issues and resource matters relating to Economic Development.

Stephen Archer
Director of Infrastructure Services

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