

## REPORT TO INFRASTRUCTURE SERVICES COMMITTEE – 8 JUNE 2022

### FOOD & DRINK ACTIVITY BUDGET 2022-23

#### 1 Executive Summary/Recommendations

**1.1 This Report seeks approval for a grant of up to £51,000 by Aberdeenshire Council, towards total project costs, detailed in Section 3.1, for Food and Drink Activity of £373,000, undertaken by Opportunity North East (ONE).**

#### 1.2 The Committee is recommended to:

**1.2.1 Endorse the work undertaken by ONE to support the food and drink sectors in Aberdeenshire in 2021-22;**

**1.2.2 Approve a contribution of up to £51,000 by Aberdeenshire Council, towards total project costs for Food and Drink Activity of £373,000, undertaken by Opportunity North East (ONE);**

**1.2.3 Instruct the Head of Planning & Economy to report on ONE's spend and activity to support the Food & Drink sector to this committee at six and twelve monthly intervals.**

#### 2 Decision-Making Route

2.1 ONE was established in 2015 as a private sector led body, focused on ensuring a sustainable economic future for north-east Scotland. ONE works with partners to co-create, develop and deliver transformational projects and programmes in the region's key sector of food, drink agriculture and fishing; life sciences; tourism; digital and energy. Since 2016, Aberdeenshire Council has provided grant funding to ONE, towards its support of the food and drink sector. Aberdeenshire Council's previous Leader was a member of the ONE Board. At the time of writing this Report, Aberdeenshire Council has still to appoint its new representative on the ONE Board.

2.2 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.

2.3 Food, Drink, Agriculture and Fishing is one of the key themes of ONE and these are key industries supported by Aberdeenshire Council. The Industry Support Executive (Rural & Maritime) sits on the ONE Food, Drink & Agriculture Board. Work on this sector has included programmes covering Business Growth, Leadership Development Programme, Mentoring, Seafood Future Leader, and Start Up as well as the established North East Scotland Food and Drink Awards

and the North East Scotland Food Network. Two new projects were piloted; a Provence Festival with the objective of creating a festival which draws on the strengths of North East Scotland, differentiates itself clearly from other festivals and areas, matches leading trends in visitor interests, and integrates sustainability throughout; and a new Product Development Accelerator with wider innovation and academic support. Both will be developed further in 2022-23. ONE also delivered the North East Economic Recovery and Skills Fund. Underpinning all support is a drive towards sustainability and net zero.

- 2.4 The Council's Industry Support Executive (Food and Drink) has been seconded to ONE since 2016 and this secondment has been extended until 6 July 2022. Discussions are underway to extend this secondment for a further three years. 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 business expenses split between ONE and Aberdeenshire Council. 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 north east companies to national and international markets.
- 2.5 Food and drink is the UK's largest manufacturing sector, and the industry has long been important to the region. There are 22,000 people employed in the industry in north east Scotland and the region accounts for more than 20% of Scotland's food and drink output. The area leads on the production of Scotland's quality primary produce from land and sea and is home to some of the country's most iconic brands.
- 2.6 The industry ambition is to grow north east Scotland's food, drink, agriculture and seafood sector turnover by 5% per annum, double output and exports by 2030, and increase productivity by 25% by 2025. These goals reflect the Scotland Food & Drink Ambition 2030 target to double industry turnover in Scotland. Aligning with this is the ONE Food, Drink & Agriculture Operating Plan 2022-23 (**Appendix 1**) which was agreed by the ONE Food, Drink & Agriculture Board on 31 March 2022. A combination of accelerated business growth, UK and international market development, innovation to harness new technology and digital integration in the primary food supply chains, and ambitious infrastructure projects will help achieve the regional goals.
- 2.7 Key developments underway to support the sector include the SeedPod project; once opened, it will become the focal point to create and deliver the region's leading position in technology innovation and adoption; the Seafood Transformation Project which targets changes in the region's largest processing sector to increase its productivity through advanced manufacturing and processing facilities, leadership and skills investment and access to new national and international markets.

### **3 Discussion**

- 3.1 The proposed expenditure to develop and support the food and drink industry in 2022-23 is as follows:

	<b>2022/23 Aberdeenshire Council Contribution</b>	<b>Total Project Cost</b>
NES Food and Drink Network	7,000	46,000
NES Food and Drink Awards	17,000	69,000
Business Growth Alumni	2,500	20,000
Leadership Programme	5,000	50,000
New Starts Accelerator	2,000	50,000
New Product Development/Innovation Programme	7,500	70,000
Provenance Festival	5,000	28,000
Agri Digitech Demo Farms	5,000	40,000
<b>Total</b>	<b>51,000</b>	<b>373,000</b>

#### 4 Council Priorities, Implications and Risk

- 4.1 This Report helps deliver the Strategic Priority “Economy and Enterprise” within the Pillar “Our Economy” underpinned by key principles; right people, right places, right time; responsible finances; digital infrastructure and economy, by providing support to the Food & Drink Sector in partnership with ONE.
- 4.2 The table below shows whether risks and implications apply if the recommendations are agreed.

<b>Subject</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
Financial	X		
Staffing		X	
Equalities and Fairer Duty Scotland		X	
Children and Young People’s Rights and Wellbeing		X	
Climate Change and Sustainability		X	
Health and Wellbeing		X	
Town Centre First		X	

- 4.3 The Council’s Industry Support Executive (Food and Drink) has been seconded to ONE since 2016 and this secondment has been extended until 6 July 2022. Discussions are underway to extend this secondment for a further three years. 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 business expenses split between ONE and Aberdeenshire Council. The post holder’s salary, expenses and the grant which is sought are allowed for in the appropriate budget.
- 4.4 Whilst businesses from Moray and Aberdeen City Council areas participate in ONE food and drink activities, any funding provided by Aberdeenshire Council supports only Aberdeenshire based businesses e.g. the cost for an

Aberdeenshire based business to participate in a ONE programme is subsidised.

4.5 The screening section as part of Stage One of the Integrated Impact Assessment process, has not identified the requirement for any further detailed assessments to be undertaken, as the approval of the Aberdeenshire Council contribution will have have no impact on any of the various themes.

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

ACORP001 Budget Pressures;

ACORP004 Business and organisational transformation;

ACORP005 Working with other organisations;

ACORP006 Reputation Management.

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

ISR001 Aberdeenshire is a location of choice that has a diverse economic base of innovative companies with a skilled workforce and return to full employment;

## **5 Scheme of Governance**

5.1 The Head of Finance and Monitoring Officers within Business Services have been consulted in the preparation of this Report and their comments are incorporated within the Report. They are satisfied that the Report follows Aberdeenshire Council's [Scheme of Governance](#) and relevant legislation.

5.2 The Committee can consider and take a decision on this item in terms of Section F2.4 of the List of Committee Powers in Part 2A in Part 2A of the Scheme of Governance as it relates to support for Economic Development and Protective Services.

**Alan Wood**  
**Director of Environment and Infrastructure Services**

**Report prepared by Alistair Reid, Team Manager Business & Industry**  
**Date 3 May 2022**

## **List of Appendices**

Appendix 1 - ONE Food, Drink & Agriculture Operating Plan 2022-23

## **ONE Food, Drink & Agriculture 2022/23 Operating Plan Briefing Note**

### **Introduction**

Opportunity North East (ONE) is the private sector catalyst for economic diversification and just transition to a low-carbon economy across north east Scotland. ONE works with industry and partners to lead, develop and deliver transformational projects to accelerate growth and increase productivity in the key sectors of digital tech; food, drink, agriculture and fishing; life sciences; tourism; and enhance the entrepreneurial environment.

In food, drink and agriculture, the industry ambition is to grow the sector by 5% per annum by leading in low-carbon food production, advanced digital automated manufacturing, and premium market development.

### **Strategic Context**

North east Scotland is nationally important for food and drink production: home to industry-leading businesses with an annual turnover of £2.2 billion and supporting more than 22,000 jobs. The sector's sustainable growth is critical to the region's long-term economic diversification, new high-skill employment and a managed transition to a low-carbon economy.

Labour shortages, rising costs, the climate emergency, shifts in consumer behaviour and the cost of living crisis pose challenges. Businesses are pursuing opportunities to develop on-trend products for premium markets and develop new routes to market. The region has a strong foundation in sustainable production. Exemplar businesses embrace digital transformation and advanced manufacturing automation to drive productivity and environmental performance.

### **Priorities**

The ONE Food, Drink & Agriculture and main board have approved the 2022/23 sector operating plan and budget. The sector priorities, under which programmes are delivered, for 2022/23 are as follows.

#### Transformational Projects

Develop and deliver a small number of projects that shift the sector's economic potential and capitalise on net-zero carbon leadership; SeedPod; Seafood Transformation Project; Provenance Festival; Sustainability NE.

#### Entrepreneurship

Lead and deliver growth and leadership programmes that focus on food and drink entrepreneurs' capability, insight, ambition and ability to manage risk, from start-ups to established businesses.

#### Digital Transformation

Build on existing ONE-led advanced manufacturing, agritech and process change programmes to increase the competitive advantage of businesses and supply chains.

#### Maximising Market Opportunities

Build on the ONE-led insights into new product development programme to help businesses identify and develop new products. Provide market interpretation and support with e-commerce and other

new routes to market. Maximise UK opportunities through partnerships, provide sales support for new exporters and support the development of sustainability-based marketing messages.

Skills and People

Develop a talent strategy for the sector to address its people and skills needs. Draw on the experience of the ONE-led leadership and Graduates into Business programmes and the Hospitality Apprenticeship North East model developed with leading hotels in the region.

2022/23 will include evaluation of the impact of ONE activity across all sectors.

**What will success look like by 2025/26?**

<p>A cluster of high growth businesses of all sizes. Transformation in productivity, embedding digital, NE leading. NE businesses leading the transition to net zero in supply chains and production. Resilient and flexible businesses driven by market insights, focusing on premium products and markets, international in outlook. Highly automated seafood sector, expanding, competitive.</p>	<p>SeedPod attracting partners and providing inspiration. NE a recognised food and drink visitor destination. Perception of the NE industry as progressive, attractive. Attracting new people and young people to the industry with career skills and training pathways, in company apprenticeships, FE and HE.</p>
---	---

**High level outcomes for 2022/23**

The ONE FD&A Op Plan will be delivered through a range of 1 to 1, 1 to few and 1 to many programmes, working with over 130 food and drink production businesses. Some key high level outcomes are as follows.

- 30 businesses completed accelerator programmes
- 30 NEERSF investments supported
- 18 on CEO leadership gamechanger and emerging leaders programmes,
- 3 leadership learning journeys delivered
- 16 businesses through process change accelerators and seafood automation demo reaching 30 businesses
- DigiTech Demo Farms delivered 8 events
- 45 businesses on Ecommerce programmes
- 12 businesses completed pilot SE England premium outlet sales development programme
- Provenance Festival and fringe attracting 40 businesses
- 30 businesses with sustainability plans, 100 on sustainability/net zero webinars and training, 3 low carbon tech trials underway
- 17 member Graduate into Business cohort programme delivered, second food and drink GiB programme underway
- People and skills strategy in place with business led Food and Drink Apprenticeship NE scoped

**Delivery**

ONE can only operate as a match funder. Partnerships are critical to delivery, principally with Aberdeenshire Council, SF&D, SE, SDI, SDS, NMIS, SRUC, VA, Scottish and UK Government and most importantly industry. Delivery will be through a 9 member team including one Aberdeenshire Council secondee, one joint post with Scotland Food and Drink and two co-funded with the national

food and drink recovery plan. Strategy is set and monitored through the ONE FD&A Board consisting of NE food and drink business owners and managers and representatives of Aberdeenshire Council, RGU, and Aberdeen University (Rowett Institute).