

# **Evaluation of the 'Experiencing Scotland - supplying a quality food and drink offer' project**

**Report to Scottish Enterprise, September 2016**

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## Executive Summary

This is the report of an evaluation and economic impact assessment of the project: *'Experiencing Scotland - supplying a quality food and drink offer'* (hereafter ES). It has been undertaken on behalf of Scottish Enterprise (SE) by Stewart Brown Associates Limited during April to June 2016.

The objectives set by SE for this study include assessments of: (i) achievements against project objectives and targets; (ii) extent to which the original market failure rationale has been justified and addressed; (iii) actual (to date) and anticipated economic impact arising from the project; (iv) any other benefits, tangible or intangible, that were gained by participants; (v) value for money (vfm) achieved by SE's investment; (vi) efficacy of what has been delivered by the project; (vii) what more, if anything, could have been done to help participants realise benefits; and (viii) any learning for future developments.

## Summary findings

The ES project involved the following:

- c.190 participants attending workshop
- 34 businesses receiving 1-2-1 support
- 6 major ("signature") event organisers receiving 121 support
- c.33 case studies developed with the co-operation of businesses
- a quarterly e-zine published.

The ES project engaged with most of the large food service companies originally targeted and was successful in engaging with other large and medium sized leisure contractors in the sector.

Feedback from business beneficiaries plus the views of stakeholders give an overall positive endorsement of the project and its achievements, albeit often in qualitative terms. Business survey results<sup>1</sup> reveal:

- a well-regarded project, with respondents reporting a high level of satisfaction with the activities and outputs for workshops and 1-2-1 support
- a strong sense that as a result of participation in the project, the majority of respondents are better informed and more interested and capable of exploiting Scottish produce in their offer to visitors, and with
- a majority of respondents forecasting the purchase of more Scottish produce in future.

In a survey of firms in receipt of 1-2-1 support:

- c.94% of businesses were satisfied or very satisfied with the overall value for the 1-2-1 business support
- 70% businesses agreed or strongly agreed to being better informed about opportunities associated with using Scottish food & drink
- 59% businesses agreed or strongly agreed to be better able to source and purchase Scottish food & drink supplies
- 63% reported a significant positive impact on how the company sources and purchases Scottish food and drink
- 71% businesses agreed or strongly agreed to being better placed to work in partnership with Scottish food & drink suppliers
- 65% business agreed or strongly agreed to being able to innovate in partnership with Scottish food & drink suppliers

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<sup>1</sup> Full details of the business survey results should be reviewed when drawing conclusions from percentages given in this summary as in many cases the number of respondents is small.

In a survey of workshop participants:

- 85% reported being better informed about opportunities associated with using Scottish food & drink
- 62% reported being better able to source and purchase Scottish food & drink
- 77% reported being better placed to work in partnership with Scottish food & drink suppliers
- 66% reported being better able to innovate in partnership with Scottish food & drink suppliers
- 76% reported being better able to improve the marketing of their Scottish food & drink offer
- 41% reported a significant positive impact on how the company sources and purchases Scottish food and drink
- 71% reported being better placed to develop staff skills.

Following participation in the ES project, 20 firms have reported forming new business relationships: overall these have involved c.67 suppliers.

Consultations with stakeholders point to:

- overall an excellent project - relevant and well delivered
- maintained a strong strategic alignment throughout - enabling SE to make a substantial contribution to both Year of Food and Drink 2015 and Homecoming Scotland 2014, in line with Scottish Government priorities and in partnership with EventScotland and Scotland Food and Drink
- particularly important connections with large organisations with multiple food and drink outlets.

The original rationale for intervention was based on an “information failure” in the market and on a perceived deficit in business capability to take advantage of time-sensitive opportunities linked to major events in Scotland in 2014 and 2015. Evidence from business beneficiaries indicates that support provided by the ES project has helped firms to address these issues.

On economic impact, the net additional GVA for the ES project, including the multiplier, aggregated over seven years to 2018/19 lies between £961k and £1,105k.

On the assessment of value for money, based on cumulative impact over seven years, the GVA impact ratio (net additional GVA including multiplier per £ of spend) is in the range 5.19 to 6.03. This points to an intervention delivering moderate to good value.

## **1. Introduction**

This is the report of an evaluation and economic impact assessment of the project: *'Experiencing Scotland - supplying a quality food and drink offer'* (hereafter ES). It has been undertaken on behalf of Scottish Enterprise (SE) by Stewart Brown Associates Limited during April to June 2016.

The scope of this study covers the delivery of the ES project over the period December 2012 to February 2016.

### **1.1 Study objectives**

The eight objectives set by SE for this study include assessments of: (i) achievements against project objectives and targets; (ii) extent to which the original market failure rationale has been justified and addressed; (iii) actual (to date) and anticipated economic impact arising from the project; (iv) any other benefits, tangible or intangible, that were gained by participants; (v) value for money (vfm) achieved by SE's investment; (vi) efficacy of what has been delivered by the project; (vii) what more, if anything, could have been done to help participants realise benefits; and (viii) any learning for future developments.

### **1.2 Research methods - overview**

Four main research methods have been deployed: (i) desk-based assessment of background documents and monitoring records; (ii) online survey of project beneficiaries; (iii) telephone interviews with beneficiaries; and (iv) face-to-face or telephone consultations with stakeholders and SE's project delivery contractors.

Questionnaires used in the survey of beneficiaries were customised for the two main elements in project delivery: for workshop participants and for 1-2-1 advice/support recipients. Designed with SE's guidelines in mind, these research tools were submitted in draft for client approval before use. Minor amendments to the questionnaire for workshop participants were made in the light of feedback from an early respondent.

The population of project beneficiaries breaks down into two distinct parts: those participating in a workshop and those in receipt of 1-2-1 advice/support. There is no discernible overlap between the two groups. All organisations falling within each group were invited to contribute to the study. For workshop participants, the focus was on gaining a response from each distinct organisation represented rather than each attendee.

### **1.3 Report structure**

This report is in two parts: (i) description of the ES project and summary of the key findings, conclusions and recommendations of the study; and (ii) annexes which detail the evidence on which the summary is based.

The annexes address: (A) analysis of background and monitoring documents covering inputs, activities and outputs; (B) survey of beneficiaries, including method and results; (C) approach to economic impact and vfm assessment; (D) a list of consultees; and (E) copies of survey questionnaires. A working document (spreadsheet) used in calculating net additional economic impact has been submitted separately to SE for information.

## **2. About the ES project**

In this section, the ES project is described and assessed in terms of: (i) rationale and strategic 'fit'; (ii) objectives; (iii) inputs; and (iv) nature of deliverables.

### **2.1 Rationale**

The 2012 Approval Paper (AP) refers to a market failure previously evidenced during the earlier ES project. At least in part, the AP relates the failure to a lack of information or knowledge about sources of Scottish produce available for use by tourism businesses and about how to access and exploit them.

Another justification for intervention relates to enhancing the capability of tourism businesses to realise what are seen as major opportunities associated with offering high quality food and drink from Scotland to visitors/customers. The AP also notes that many firms in the food service sector have "an insufficient connection to Scottish food and drink producers": there is a specific aim to enhance the capability of the food service sector to respond to these opportunities.

There are also specific time-based reasons for this support. There is a clear motivation to contribute to Scotland's reputation as the 'Land of Food and Drink' both pre- and post-2014 when Scotland hosted major international events such as Homecoming Scotland, the Commonwealth Games and the Ryder Cup.

### Assessment

Survey evidence provides the most direct, useful source when assessing the extent to which the project has addressed information and capability deficits that form a large part of the rationale for intervention. Findings are summarised in Table 1. They indicate a positive benefit for the majority of respondents.

*Table 1: Capability changes following workshop or 1-2-1 support (Source: beneficiary survey)*

Please indicate your level of agreement or disagreement with the following statements. After the workshop or 1-2-1 support, the organisation/company was:

Statement	Respondent type	1 Disagree strongly	2 Disagree	3 Neither agree nor disagree	4 Agree	5 Agree strongly	6. Not applicable	Response Count
Better informed about opportunities associated with using Scottish food and drink	Workshop attendees	0 0%	0 0%	2 10%	7 33%	11 52%	1 5%	21
	1-2-1 support	0 0%	0 0%	5 31%	6 38%	5 31%	n/a	16
Better able to source and purchase Scottish food and drink products	Workshop attendees	0 0%	0 0%	6 29%	8 38%	5 24%	2 10%	21
	1-2-1 support	0 0%	0 0%	6 38%	8 50%	2 13%	n/a	16
Better placed to work in partnership with Scottish food and drink suppliers	Workshop attendees	0 0%	0 0%	4 19%	10 48%	6 29%	1 5%	21
	1-2-1 support	0 0%	0 0%	4 25%	9 56%	3 19%	n/a	16

*We also asked about use of, and views on, the ES project website, as a key part of the project's approach to information provision. Table 2 summarises responses. Organisations in receipt of 1-2-1 support were more likely than those attending workshops to endorse the value of the website. However, arguably, the overall endorsement is only moderately positive.*

With respondents indicating that outcomes attributable to the ES project include enhanced awareness and knowledge of market issues, the project has addressed successfully what was originally seen as a 'market failure', at least for these firms and at least for a period of time. This view is reinforced by evidence introduced later in the report regarding ways that beneficiaries now source Scottish produce and work with Scottish food and drink suppliers (see Section 3, and also Annex B for full survey responses).

Table 2: Use of and views on Experiencing Scotland website (Source: beneficiary survey)

Please indicate your level of agreement or disagreement with the following statements.

Statement	Respondent type	1 Disagree strongly	2 Disagree	3 Neither agree not disagree	4 Agree	5 Agree strongly	Don't know/ Not applicable	Response Count
I visit Experiencing Scotland's website at least once a month	Workshop attendees	2 10%	12 57%	0 0%	4 19%	1 5%	2 10%	21
	1-2-1 support	2 13%	10 63%	3 19%	0 0%	0 0%	1 6%	16
The Experiencing Scotland website provides useful information about the sector	Workshop attendees	0 0%	0 0%	7 33%	7 33%	3 14%	4 19%	21
	1-2-1 support	0 0%	2 13%	5 31%	6 38%	2 13%	1 6%	16
The Experiencing Scotland website provides information that is useful to our business activities	Workshop attendees	0 0%	1 5%	7 33%	6 29%	3 14%	4 19%	21
	1-2-1 support	0 0%	2 13%	3 19%	7 44%	3 19%	1 6%	16

However, it is not possible (unsurprisingly) to claim that the project has been successful in eliminating this feature of the market. Whilst it has engaged certain large organisations which themselves have a substantial share of the 'visitor market' in Scotland: (i) the ES project has 'penetrated' only a small sub-set of potential beneficiaries (e.g. Visit Scotland reports over 1,000 businesses participating in its Taste Our Best accreditation scheme which "recognises and celebrates businesses who provide locally sourced, quality food and drink"; indicating a potentially relevant<sup>2</sup> population in excess of 1,000 businesses); and (ii) market intelligence, in the broadest sense, of relevance to companies is likely to change over time.

Finally on rationale, the beneficiaries of the ES project are highly varied in character: as well as public and third sector organisations, the commercial companies involved vary widely in size (e.g. 1-2-1 support recipients vary from SMEs to major PLCs). Clearly, within this spectrum of organisations there is likely to be a wide range of in-house resources to access and act on market information, and to address any capability/capacity deficits. Whilst it is typically more difficult to justify public sector support for companies that are not SMEs, it is through encouraging change in the buying practices of larger firms (on the demand-side) that commercial benefits for domestic Scottish food and drink producers can be realised. Successful shifts by larger firms towards offering high quality Scottish produce may also act as exemplars which influence others.

## 2.2 Strategic fit

The 2012 AP states that the ES project has a strategic 'fit' with the prevailing SE Business Plan's area of: (i) 'Globally Competitive Companies' ('primary fit'); (ii) sector support for Food and Drink (primary fit); and (iii) Tourism (secondary fit). In making the strategic case, the AP also argues for the 'fit' with: (i) the 'Food & Drink Industry Strategy – Fresh Thinking'; (ii) SE's Sector Delivery Plans - for exploiting growth markets for premium, health and provenance; (iii) the activities of Scotland Food and Drink as the industry leadership body; (iv) the "Food & Drink Strategic Masterplan 2012-2014 - Games and Other Major Event Related Activity (Action 5.2 - Ensure wider catering offering reflects Scotland's premium produce)"; and finally with (v) the Tourism Scotland 2020 strategy.

<sup>2</sup> This market size estimate for interventions in support of firms interested in using Scottish food and drink products needs to be used with care in the present context: a large proportion of the c. 1,000 firms may fall outside what SE considers relevant e.g. firms lacking substantial growth prospects.

Additionally, the AP refers to VisitScotland's 'Scottish Food Champions' initiative<sup>3</sup> which recognises businesses offering quality and fresh seasonal produce, as well as promoting provenance. The Paper argues that the ES project has "enormous potential to add value and complement the work of VisitScotland by providing individual businesses and groups with access to business support tools to assist them".

### Assessment

The ES project has retained a strong policy/strategy 'fit' from inception, and certainly up to and including 2015. This is exemplified by relevant contributions to the Scottish Government's 'themed years' (Homecoming 2014; Year of Food and Drink 2015). SE responded positively to an EventScotland request to collaborate in supporting businesses to take advantage of opportunities presented by the themed years. This was seen, justifiably, at the time and since as a "demonstration of strong partnership working"<sup>4</sup>.

Another indication of alignment with strategic priorities is the joint working between SE and the industry body Scotland Food and Drink throughout the ES project, including the latter having staff participate in workshops and examples of cross-referral of businesses between the ES project and the industry body.

Stakeholder input to this evaluation notes the "strategic alignment" of ES with VisitScotland's Scottish Food Champions and Taste Our Best schemes. The current Taste Our Best accreditation is described as follows: "... recognises and celebrates businesses who provide locally sourced, quality food and drink."<sup>5</sup>. There were quarterly meetings between SE and VisitScotland which covered both ES and Taste Our Best projects. This grouping also had input to the development of the Scottish Governments Food & Drink Business Pledge.

On a practical level, and despite positive partnership working, certain consultees have argued that the project would have benefitted from some stakeholder bodies being more pro-active in referring businesses to the ES initiative.

Looking forward, from stakeholder consultations it appears that the link between tourism and the Scottish food and drink offer to visitors remains a strategic priority. This contention should be confirmed, or otherwise, in the process to establish a new Scottish food and drink sector strategy for 2017 onwards. This strategy should provide the broad context in which decisions in areas such as those addressed by the ES project<sup>6</sup> can be considered.

### 2.3 Objectives

According to the AP, ES aims variously:

- (i) to support tourism businesses share the high quality food and drink Scotland offers - and by this means, add value to their visitor experience and bottom line;
- (ii) to deliver initiatives which enable firms to capitalise on a significant growth opportunity;
- (iii) to encourage businesses "to source produce locally to deliver economic benefits to communities and environmental benefits through reduction of food miles"; and
- (iv) to contribute to Scotland's reputation as the Land of Food and Drink and help businesses capitalise on growth opportunities associated with major events.

The project set out to make a positive impact on the Scottish economy through:

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<sup>3</sup> The **Scottish Food Champions** scheme was launched in 2012 (<http://visitscotland.briefyourmarket.com/newsletters/visitscotland-eupdate---may-2012/scottish-food-champions.aspx>). The scheme is a joint venture between the Scottish Government and VisitScotland and covers hotels, B&Bs, food outlets and visitor attractions and aims to assess 2,500 businesses: its target was to get at least 1,000 signed up to the scheme by 2015.

<sup>4</sup> On a point of detail, in one sense partnership working can lead to engaging with project beneficiaries not central to SE's original target group i.e. essentially causing 'leakage' of benefit. The substantial number of event organisers becoming engaged with the ES project is a case in point. It is assumed here that if indeed any leakage of this sort has occurred it has been an acceptable effect of what SE has deemed to be valuable partnership working. The economic impact has not been discounted for 'leakage' as all impact attributable to the ES project has remained within Scotland.

<sup>5</sup> [http://www.visitscotland.org/business\\_support/quality\\_assurance/taste\\_our\\_best.aspx](http://www.visitscotland.org/business_support/quality_assurance/taste_our_best.aspx)

<sup>6</sup> The ES project will end in December 2016.



- (i) strengthening the tourism and food and drink sectors, making them more profitable and sustainable;
- (ii) building on the legacy of Scotland’s Year of Food and Drink and contributing to the Food and Drink Action Plan for 2014 by “fully capitalising on the connection between tourism and quality, Scottish food and drink provision”;
- (iii) encouraging the proportion of Scottish sourced product across the value chain to increase and by this means retain value added within Scotland;
- (iv) enabling venues to secure premium prices and by this means increase value added; and
- (v) increasing turnover and GVA by helping suppliers to access premium markets in visitor attractions/venues, and by acting as a catalyst for the development of the food service sector.

The project also aimed to further the collaboration between Scottish tourism businesses and Scottish food and drink companies i.e. to strengthen cross-sectoral links. The AP identifies that communicating the “business case for offering premium and provenance is critical to strengthening linkages between food and tourism sectors and stimulating demand for Scottish food and drink across the food service sector”.

In addition to the lists of broader aims above, the explicit project objectives in the AP are given as:

- (i) to address the information failures evidenced in the ES project pre-October 2012;
- (ii) to contribute to food and drink industry strategy targets for growth in provenance and premium markets; and
- (iii) to contribute to sustainable tourism economic growth “by meeting and exceeding visitor expectations for quality, authentic experiences”.

Moreover, the original AP refers specifically to a number of “SMART objectives”. These include a mix of activity/output, outcome and impact targets viz.:

- to increase the quality of the food experience for visitors to Scotland
  - 40 businesses of scale commit and work with a specialist - by implication, via 1-2-1 advice/support
  - 60 SME businesses from key destinations/product groups complete an ES workshop
- to enable food and drink companies to access premium food tourism markets and thereby increase turnover and GVA
  - 40 trading relationships evidenced between Scottish food and drink SMEs and tourism food retail and food service sectors
  - 5-10 buyer prospects referred to Scotland Food and Drink’s Access to Markets team.

We have also been supplied with information on project targets for the full project period from December 2012 to the planned end of the project in December 2016. These targets are set out in Table 3.

*Table 3: Summary of ES project targets (Sources: 2012 Approval paper and SE project manager)*

1-2-1 support	Light touch reviews	1-2-many support (workshops)	Contract caterers	New trading relationships	Referrals to Scotland Food and Drink
70	No target	180 (+ 40 in collaboration with EventScotland)	7 companies named in AP	40	5-10

The 2012 AP also set a GVA impact target of £2.074m of net additional GVA.<sup>7</sup>

### Assessment<sup>8</sup>

The implied ‘theory of change’ associated with the ES intervention can be summed up from a tourism sector perspective as follows: if tourism businesses operating in Scotland further develop and enhance their food and drink offering to customers through greater use of local (Scottish), fresh and seasonal produce this will add value to their visitors’ experience and consequently to the sustainable success of their business.

From a food and drink (i.e. supply-side) perspective, the complementary ‘theory of change’ can be expressed as follows: if tourism businesses in Scotland see business benefits from using more local (Scottish) produce, this will stimulate greater demand for Scottish food and drink products and consequently contribute to the sustainable success of Scotland’s food and drink businesses.

### 2.4 Inputs

This section reviews the financial and other inputs to the project, as planned and actuals to date. It draws on several sources of information and documentation provided to the study. Table 4 gives the financial inputs for the ES project in scope for this study.

Table 4: Budget summary (Sources: 2012 Approval Paper and other project documents)

		TOTAL
		Dec '12 to Dec '16
<b>SE Budget</b>		<b>£250,000</b>
	Source: Oct. 2012 AP	
+ change request (March 2013)	£9,600	<b>£259,600</b>

### Change Request - collaboration with EventScotland

In March 2013, a project ‘Change Request’ was accepted. This was prompted by an approach from the team in EventScotland for the Year of Homecoming Scotland 2014. It resulted in this joint action in 2013-14: (i) 1-2-1 support for the organisers of six specific events (EventScotland “signature events”); and (ii) engagement with 40 event organisers at two ES workshops - run as part of the existing programme<sup>9</sup>.

### Allocation of budget to activities

Table 5 provides a breakdown of the project budget. Close to half the budget each year is allocated to 1-2-1 business support. Around £24,000 (c. 20%) of the total is allocated to business communication activities, exceeding the c.17% for the workshop programme.

Table 5: Budget allocation to project activities - 2013-15 (Source: project documents)

Nature of Expenditure	Nov 2012- Mar 2013		2013-14		2014-15		Cumulative totals (period in scope only)
	£	%	£	%	£	%	
B2B communication	£4,000	21%	£13,000	23%	£7,000	21%	<b>£24,000</b>

<sup>7</sup> The origin of this GVA target is as follows. A target of £2.074m of net additional GVA for ES pre-December 2012 had been forecast previously on the basis of achieving a 6% sales increases from participating businesses. The Paper states: “Outputs captured and reviewed throughout phase one indicate an average increase in sales turnover of 10%. This equates to an increase through Scottish positioning of £44,476 per business per annum.” The Paper goes on to note that ES was “on track to fully realise the GVA target”. Given this achievement and the similarity of the plans set out in the 2012 AP, a similar GVA target was set.

<sup>8</sup> An assessment of how ES project objectives have been expressed falls outside the scope of this evaluation.

<sup>9</sup> i.e. no addition to the number of ES workshops.

1-2-1 business support	£9,000	47%	£29,250	51%	£15,750	47%	<b>£54,000</b>
1-2-many workshops and "follow up facilitation"	£3,000	16%	£9,000	16%	£6,000	18%	<b>£18,000</b>
Business marketing/ cross-sector collaboration support	£3,000	16%	£6,500	11%	£4,500	14%	<b>£14,000</b>
<b>Spend profile for time period in scope for the current evaluation:</b>	<b>£19,000</b>		<b>£57,750</b>		<b>£33,250</b>		<b>£110,000</b>

The financial support to businesses in terms of State Aid was approved under *de minimis*.

### Revenue from businesses

A charge was levied on organisations wishing to access the ES project. Recipients of 1-2-1 support are charged £500 plus VAT, with two exceptions viz. (i) from the start of the ES project, small firms benefit from a reduced rate of £250 where there is a strong business case for the support; and (ii) from March 2016 the contribution rate was lowered for firms in a few specific areas to see if this would help with recruitment.<sup>10</sup> There was a charge of £50 for individual businesses to attend the workshops or a charge of £500 was made to a co-host of a workshop who then had the option to re-charge businesses for their attendance. It is understood that participation in the ES project by some businesses was financed by the Local Authority for the area in which they are based.

The AP forecasts £15,000 of revenue to SE during the period October 2012 to December 2015. Based on data from SE, the total income actually received between January 2013 and March 2016 is £33,968 (see Table 6). The annual income peak was in 2013-14 followed by a notable drop-off thereafter.

Table 6: Revenue to Scottish Enterprise (Source: monitoring records)

Jan 2013 - March 2013	£1,000
April 2013 - March 2014	£20,530
April 2014 - March 2015	£6,836
April 2015 - March 2016	£5,602
<b>TOTAL:</b>	<b>£33,968</b>

However, the revenue total in Table 6 is understood to include the sum of £9,600 which was charged to EventScotland for the additional activities set out in the 2013 Change Paper. Therefore, the income figure net of the EventScotland contribution is £24,386 over a period of 39 months: the forecast business contributions for the 24 months from December 2012 (only) was £15,000.

### Other inputs

The other key input to the project has been the time and expertise of SE's project delivery contractors. Their input included 'evangelising' tasks to generate interest in the project; other communication (e-zine production<sup>11</sup>) and website management tasks; development of case studies with business co-operation; design, marketing and delivery of 0.5 day workshops; provision of 1-2-1 advice/support involving 2-3 days' consultancy per company; and provision of 'light touch reviews'. It is understood that the input of 1-2-1 advice/support from a contractor to an individual organisation was delivered over an extended period of time, typically between 3 and 6 months.

<sup>10</sup> We understand the reduced charge operates in areas including Dundee (due to the current investment in the city around the V&A) and Aberdeen (due to the current economic situation).

<sup>11</sup> Shared with SE's Event Ready Producers project.

Input to some workshops was also provided by a representative of Scotland Food and Drink and/or VisitScotland. Co-hosts of workshops including but not limited to EventScotland provided in-kind or some financial support. A producer group/food and drink business was often involved to offer a perspective on working with tourism businesses.

Finally, staff time was assigned to the project by SE in order to undertake project management tasks. It also assigned a nominated Senior Responsible Officer (SRO) to the project.

### *Assessment*

Information supplied to this study at Inception reports a gross expenditure on the ES project from December 2012 to March 2016 of £186,991. We have chosen to use a net spend figure of £162,623 (rounded to £162,600) in our assessment of value for money (see Section 4) i.e. the gross (actual) spend net of revenue from the beneficiaries of the ES project. This net sum includes the investment by SE plus the additional £9,600 of public funds contributed by EventScotland.

### *2.5 Intended beneficiaries*

The 2012 AP provides information on the intended beneficiaries viz.: tourism businesses in destination towns and cities; providers of business tourism and golf; producers/suppliers in the food and drink sector located anywhere in Scotland; and the food service sub-sector. Promotional literature for the ES project identifies the following types of businesses that are eligible specifically to receive 1-2-1 advice/support: visitor attractions (attracting >75,000 visitors per annum); resorts, hotel groups and hotels (>50 rooms); conference/corporate event venues; sporting venues; national parks; independent and group restaurants.

The project Change Request in March 2013 which established the collaboration with EventScotland resulted in a shift in the range of intended project beneficiaries to include event organisers being supported by EventScotland. It included access to 1-2-1 advice/support for the organisers of “signature events” (in EventScotland terminology) and workshop participation by a wider set of organisers of “funded events”.

### *Assessment*

It appears that a collaboration in the ES project with EventScotland initiated in 2013 caused a significant change in the profile of the population of beneficiaries, especially those engaging with the workshops, from tourism businesses towards a sub-set that can be classed as event organisers. This is regarded by SE as a “strategic decision” based on changes in the external environment and one that would capitalise on the investment available from ES project – “it was a positive decision to help galvanise and consolidate activity between two partners in a very busy event environment which offered potential for suppliers”. It is worth recalling that SE and its partners were looking forward to a critical time for events and tourism in Scotland – “Scotland had an international platform”.

Of the population of c.190 organisations attending an ES workshop, c. 90 fall into the category of ‘event organiser’ as would be recognised by EventScotland. As event organisers were obliged to participate in the ES project as a condition of financial support from VisitScotland, the latter’s incentive makes it difficult to equate actual project take-up with business demand.

In the implementation of the ES project, what has been termed ‘local’ suppliers in some project documentation in practice has been treated as ‘within Scotland’ suppliers.

## **3. Achievements**

In this section, the results of the analysis of monitoring records and of survey results are used to assess the achievements of the ES project relative to its original objectives and targets.

As background, according to information from SE, gross expenditure on the ES project to 31 March 2016 has been £186,991 i.e. before subtracting revenue from third parties. Therefore, there is a substantial underspend of c.25% to date relative to the original SE budget of £250k and available to spend before the end of the ES project scheduled at present for December 2016. (Of course, it is the project team’s role to exercise judgement on value for money associated with spending decisions - in principle, an underspend is not always a ‘bad thing’.)

### 3.1 Review of monitoring records

Based on the 2012 AP plus information from the SE project manager, activities and outputs proposed for the project from December 2012 to December 2016 are summarised in Table 7. This also sets out our point-by-point assessment of achievements against targets, based largely on monitoring records.

For information, so called 'light touch reviews' were offered to tourism businesses supported by ES pre-December 2012 with the purpose of reviewing progress in providing a quality food and drink offer: the intention was to "... ensure that no momentum from previous support in phase one is lost in the lead up to 2014".

The 1-2-many (workshop) support was originally focused on tourism companies within asset groups prioritised in Scottish Tourism Alliance's action planning (e.g. key destinations, golf and business tourism). This support was also made available to large companies with a number of food and drink buyers in-house e.g. hotel chains and organisations with multiple sites with devolved purchasing arrangements.

The delivery of a programme of business-to-business communications included case studies to demonstrate business innovation and growth achieved through quality and provenance. These were disseminated through a Quarterly Update (e-zine) via partners, intermediaries and direct to businesses. (The Quarterly Update was shared with SE's Event Ready Producers project and aimed at a database of c.650 companies.)

Collaboration between food and drink businesses and contract caterers in the food service area was a specific aim. In the 2012 AP, named caterers and food service companies were to be offered 1-2-1 support for up to two of their tourism sites in key destinations and a group-level sourcing review. This element had been introduced building on lessons learned in ES pre-December 2012. Engagement with seven named companies was specified..

In addition to the achievements set out in Table 6, it is evident from feedback captured during monitoring that the project has had other, qualitative achievements including changes in business practices and innovations following participation in the ES project. (For more details see Annex A.)

Table 7: Summary of activity/output targets and achievements

ES activities and outputs	Overall targets	Achievements Dec 2012 to Feb 2016 (mainly from monitoring records)
Number of workshops	not specified	20
Number of workshop participants	220 - variously from tourism SMEs, large firms such as hotel chains and event organisers	c. 190 distinct organisations - of which c. 113 (60%) are event/festival organisers i.e. c. 86% of overall target achieved
Number of businesses receiving of 1-2-1 support	70	34
Number of event organisers receiving 1-2-1 support	6 'signature event' organisers	6
Targeted contract caterers for 1-2-1 support	7 named companies	in total 9 contract caters/medium to large 'leisure contractors' engaged
New trading relations between f&d and tourism companies	40	20 ES participants reported as having new relationships (with c. 67 suppliers)
Referrals to Scotland Food & Drink's Access to Markets team	5-10	15 referrals: all other business participants routinely referred to Scotland Food and Drink as source of business information

ES activities and outputs	Overall targets	Achievements Dec 2012 to Feb 2016 (mainly from monitoring records)
Light Touch reviews - incl. with recipients of 1-2-1 support pre-December 2012	none set	30% of eligible firms accepted the offer of a review (Source: contractor)
Case studies	none set	c. 33 developed with the co-operation of businesses
Communications	Quarterly Update e-zine	issued quarterly (Project activity report states that the database for distribution is now 639 (shared with the Event Ready Producers project))
	project website	website operational throughout

### 3.2 Views of the beneficiaries

Full details of beneficiary survey responses, including of levels of satisfaction with the ES project, the value of its deliverables and effects on business practice and performance, are in Annex B. Findings include:

- *levels of satisfaction with project deliverables*: high levels of satisfaction (and no dissatisfaction) with the content of the workshops and the 1-2-1 support - with a majority endorsing both as value for money
- *changes in capability*: the majority of workshop participants and 1-2-1 support recipients endorsed the ES project as having enhanced various aspects of business capability
- *valuing of the project website*: overall, survey respondents point to quite limited use of the website and moderate endorsement of the utility of its content
- *valuing the Quarterly Update*: overall, on balance, responses are positive but the most common response to all queries was 'neither agree or disagree' i.e. the endorsement is moderate
- *on sourcing Scottish produce*: asked if the workshop had a significant positive impact on how the company sources and purchases Scottish food and drink, seven (c.41%) of the 17 respondents who answered this question said 'Yes'. (Notably, seven indicated that the question was not applicable to them.) To the same question to 1-2-1 support recipients, 10 respondents (63%) said 'Yes'
- *on changes to number of Scottish food and drink suppliers*: only two of seven workshop respondents who reported a positive impact on the way they sourced and purchased Scottish produce were able to report an increase in the number of suppliers, by 50% and 100% respectively. On the same issue for 1-2-1 support recipients, five of 16 respondents reported an increase: this amounted to an increase of 24% in the number of Scottish suppliers in the year after receiving support
- *on forecast spend on Scottish produce*: only two workshop participants forecast an increase spend over the next five years. Ten responses (57%) from 1-2-1 support recipients forecast an increase in this spend.<sup>12</sup>

### 4. Economic impact and value for money assessments

Our approach to the calculation of net additional economic impact is set out in Annex C. The results of the calculation are given in Tables 8 and 9 below. The value for money (vfm) assessment is given in Table 10.

The 2012 AP argues that as the delivery model and timeline proposed was similar to that of the ES project pre-December 2012, a net additional GVA contribution of £2.074m could be anticipated. As shown in Table 8,

<sup>12</sup> All those surveyed were asked to forecast market conditions over the next five years. The predominant views lie in the spectrum from moderately improve to moderately decline. Interestingly, the overall view of market conditions over the next five years is slightly more positive than the views held for the past five years, notwithstanding the opportunities linked by SE and its partners to the major events in Scotland in 2014-15.

this target has not been met yet by project activities up to February 2016. The net additional GVA including the multiplier, aggregated over seven years to 2018/19 lies between £961k and £1,105k.

In terms of employment (see Table 9), the net additional employment including the multiplier, ranges from c. 42 to c. 50 (full-time equivalents) - based on aggregated annual ftes over the period 2012/13 to 2018/19 (seven years).

#### 4.1 Value for money

The value for money of the intervention is expressed as the GVA to cost ratio and cost per job, as shown in the table below. The impact ratio of GVA per £ of spend lies in the range 5.19 to 6.03 and the cost per job ranges between £3.7k and £4.4k.

Table 8: Summary of business and GVA impact calculations

TURNOVER & GVA FOR ES WORKSHOPS: (for sample)		
<b>Workshops:</b> additional TURNOVER	<b>£50,127</b>	- over period 2012/13 to 2018/19 (seven years) - aggregated annual values - expressed in constant prices (2012-13 reference year) - sample size of 25 from population of 190
<b>Workshops:</b> net additional TURNOVER	<b>£35,089</b>	- 30% discount for product market displacement applied
<b>Workshops:</b> net additional GVA (direct)	<b>£19,299</b>	- using 0.55 in conversion from turnover to GVA - expressed at PV
<b>Workshops:</b> net additional GVA (direct, indirect and induced)	<b>£25,263</b>	- Type II GVA multiplier of 1.5
TURNOVER & GVA FOR ES 1-2-1 SUPPORT: (for sample)		
<b>1-2-1 Support:</b> additional TURNOVER	<b>£1,503,140</b>	- over period 2012/13 to 2018/19 (seven years) - aggregated annual values - expressed in constant prices (2012-13 reference year) - sample size of 20 from population of 34
<b>1-2-1 Support:</b> net additional TURNOVER	<b>£1,052,198</b>	- product market displacement estimated at 30%
<b>1-2-1 Support:</b> net additional GVA (direct)	<b>£578,709</b>	- using 0.55 in conversion from turnover to GVA - expressed at PV
<b>1-2-1 Support:</b> net additional GVA (direct, indirect and induced)	<b>£771,444</b>	- Type II GVA multiplier of 1.5
GVA FOR POPULATION (workshops plus 1-2-1 support): - total net additional GVA (direct, indirect and induced) at constant prices (reference year 2012-13)		
<b>GVA - for population - Range</b>	<b>£950,996</b>	- expressed at PV - range based on extrapolation from sample to population of 1-2-1 support recipients plus impact value of sample only for workshops (see Annex C)
	<b>£1,105,285</b>	
<b>Net Present Value of the ES project - Range</b>	<b>£767,837</b>	- total GVA less expenditure by SE, net of revenue from Event Scotland and from beneficiaries - expressed at constant prices (2012-13 reference year)
	<b>£922,126</b>	

Table 9: Estimates of employment impact (full time equivalents)

EMPLOYMENT IMPACT: (Full Time equivalents - for sample)		
Workshops: additional direct - for sample	1.1	- aggregated annual ftes over period 2012/13 to 2018/19 (seven years)
Workshops: net additional direct - for sample	1.1	- no labour market displacement
Workshops: net additional direct, indirect and induced	1.4	- Type II employment multiplier of 1.3 applied
1-2-1 Support: additional direct	30.9	
1-2-1 Support: net additional direct - for sample	30.9	- no labour market displacement
1-2-1 Support: net additional direct, indirect and induced - for sample	40	- type II employment multiplier of 1.3
EMPLOYMENT IMPACT: (full time equivalents - for population)		
1-2-1 Support - net additional direct, indirect and induced - range	40.2	- aggregated annual ftes over period 2012/13 to 2018/19 (seven years)
	48.2	
ES project (workshop + 1-2-1 support impacts) - range	41.6	- aggregated annual ftes over period 2012/13 to 2018/19 (seven years) - net additional employment - direct, indirect and induced - includes workshop-related employment change for the sample only - includes 1-2-1 support-related employment change for the population i.e. scaled up from sample to the population of 1-2-1 support recipients
	49.6	

Table 10: Vfm assessment

Parameter	Impact value	Project costs	Ratio	
Net additional GVA at PV/cost of intervention	£950,996	£183,159	5.19	i.e. GVA per £ of spend (range)
	£1,105,285		6.03	
Net additional FTEs (aggregate of annual values)/ cost of intervention	41.6		£4,403	i.e. cost per job (range)
	49.6		£3,693	

## 5. Learning for development

It is worth re-stating that both in the feedback contained in monitoring records and in the survey responses, there is a high level of approval for all that has been delivered throughout the ES project.

However, it is notable that a substantial number of project participants indicated that the survey questions, at least in part, were not applicable to them. This suggests that project deliverables may not have been targeted with the accuracy required to achieve the original desired goal/s of SE. For example, it appears that respondents may only have attended a workshop due to a condition placed on financial support from EventScotland. In our judgement, use of the workshops in the collaboration with EventScotland appears to have led to ES project resources being used to support attendees who were not the original target beneficiaries.



A number of matters are relevant here based on how the project operated:

- the level of resource devoted to marketing and recruitment should be revisited in any future ES project
- there would be merit in gaining firmer commitment from the outset from other parts of SE and from SE's partners over making business referrals to any future ES-type project
- the online presence of the project should be re-assessed - to examine the scope for more 'dynamic' website content and for the use of social media and webinars; and to consider how best to develop the 'brand' or attach to an existing brand (e.g. Scotland Food and Drink).

In terms of project content, comments from stakeholders suggest that marketing - and "telling the story" of the Scottish food and beverages being offered - remains an area of capability to be enhanced further. Finally, one stakeholder expressed the concern that some business owners were unaware of the standards adopted by exemplar firms: 'learning journeys' may be useful in raising awareness.

### **5.1 Adding value**

Workshop attendees made a number of suggestions with regard to further support to the sector. These are all listed below for completeness, whilst acknowledging that not all the issues raised fall with SE's remit (e.g. VAT policy):

- develop ways to make it easier for people to find out about opportunities for working together – and indeed about when and where workshops are being run
- more placement of editorial content regarding Scottish food and drink in a wider range of sector and specialist publications e.g. cycling and golf
- assist event organisers by developing a single point of contact to facilitate placing orders for multiple goods
- work with organisations to develop a personal touch with customers e.g. by explaining the story behind the food
- lobby to reduce VAT on cooked food.

Organisations in receipt of 1-2-1 business support also suggested:

- local councils should be encouraged to use independent food businesses where possible
- a two-hour to half-day training session for frontline staff to build their appreciation of the value and the 'up-sell' potential of Scottish food and drink
- continue to facilitate connections between food and drink suppliers and tourism businesses
- more support for the sector from VisitScotland
- learn from the Soil Association's 'We serve organic' scheme e.g. a 'We serve Scottish food and drink' scheme
- develop a cycle for the Year of Scotland food and drink, so that momentum is built up
- continue to have Scottish Food and Drink engaged in the intervention.

## **6. Conclusions and recommendations**

This section addresses each of the eight objectives for the study in turn, including recommendations.

In an assessment of what has been achieved by the ES project based, it is relevant to re-state that even the more intensive elements of the intervention, namely the 1-2-1 support, consisted (only) of two days' consultancy. In what follows, the achievements of the project should be viewed with this in mind.

### *1. Achievements against project objectives and targets*

As indicated in Table 7, the project had a mixed performance in terms of achieving activity/output targets. It fell considerably short of the forecast GVA impact (see below). However, feedback from beneficiaries plus the views of stakeholders give an overall positive endorsement of the project and its achievements, albeit often in qualitative terms.

Consultations with stakeholders provide the following overview of the ES project:

- overall an excellent project - relevant and well delivered, with complimentary comments made about the contributions from those delivering workshops and the 1-2-1 support
- maintained a strong strategic alignment throughout - enabling SE to make a substantial contribution to both Year of Food and Drink 2015 and Homecoming Scotland 2014, in line with Scottish Government priorities and in partnership with EventScotland and Scotland Food and Drink
- the project made particularly important connections with large organisations with multiple food and drink outlets..

The business survey results revealed:

- a well-regarded project - respondents reported a high level of satisfaction with the activities and outputs for workshops and 1-2-1 support
- a strong sense that as a result of participation in the ES project, the majority of respondents are better informed and more interested and capable of exploiting Scottish produce in their offer to visitors
- the majority of respondents are forecasting the purchase of more Scottish produce in future.

In addition to these positives, the ES project engaged with most of the large food service companies originally targeted and was successful in engaging with other large and medium sized leisure contractors in the sector. It appears that its target for ES workshops to engage with tourism SMEs was altered to some extent when the strategic decision was taken for greater emphasis to be placed on engaging with event organisers in light of the business opportunities associated with events in 2014-15. (It is at least possible that the take up of the ES project by event organisers - for many of them a condition of financial support from EventScotland - may mask indications of demand for ES type support from other types of tourism business, or at least makes judging demand less certain.)

Recruitment to the project appears to have been challenging at times as were the attempts to follow up with prior participants through 'light touch' reviews.

### *2. Rationale for intervention*

The rationale for intervention was based on a "market failure", on a perceived deficit in business capability and associated with a time-sensitive opportunity linked to major events. The first, an information failure, was described in terms of Scottish tourism business lacking information/knowledge about sources of, and how to access, Scottish produce. Also, businesses were judged to be unable to realise opportunities associated with offering high quality food and drink from Scotland to visitors/customers. The time-sensitive opportunity related to a series of major international events, including Homecoming Scotland, the Commonwealth Games and the Ryder Cup.

We found evidence that the support provided by project has helped firms to address these issues. Our findings also appear to show that demand for the project's services was time-sensitive, with demand for support declining in 2015-16.

### *3. Efficacy of the different activities/outputs*

Overall, the workshops and 1-2-1 support elements of the project are viewed positively by survey respondents; they express a high level of satisfaction with what was delivered. Views on the website and Quarterly Update whilst on balance positive are endorsed more moderately.

#### 4. Economic impact

The results of the economic impact assessment are summarised in Section 4. The low number of responses to the beneficiary survey overall and the inability/unwillingness of respondents to share quantitative business performance data together have had an adverse effect on the quality (statistical robustness) and usefulness of these impact findings.

The net additional GVA for the ES project, including the multiplier, aggregated over seven years to 2018/19 lies between £961k and £1,105k.

The Approval Paper dated October 2012 argues that a net additional GVA contribution of £2.074m can be anticipated. This has not yet been realised.

#### 5. Other business and economic benefits

Monitoring data indicate that to date 20 organisations have formed c.67 new relationships. However, the value of these to the parties and to the economy cannot be assessed from monitoring records. In addition to business-to-business relationships, we found new relationships were formed between tourism organisations and industry bodies/networks and local food initiatives, e.g. the Brewers Association of Scotland; Fife Food Network (two relationships formed) and Food from Fife; Food from Argyll (two); Perthshire Farmers and Producers; and Taste of Angus.

All businesses engaging with ES via its 1-2-1 support were routinely referred to Scotland Food and Drink's 'Supplier Showcase', 'Seasonality Calendar' and 'Insights' information source. Scottish Food and Drink membership and its 'Meet the Buyer' scheme were signposted to "businesses of scale". Over the project to February 2016, the latter two opportunities have been offered to 15 businesses compared to a target of 5-10 referrals.

#### 6. Value for money assessment

The assessment of vfm based on two ratios (GVA per £ of spend and cost per job) is given in Section 4, the results based on cumulative impacts over seven years. The GVA impact ratio is in the range 5.19 to 6.03, reflecting the Confidence Interval associated with the survey data (see Annex C). The cost per job is in the range £3.7k to £4.4k.

Comparison with SE's own vfm benchmarks<sup>13</sup> indicates the ES project was moderate to good value.

#### 7. Other candidate activities/outputs to add further value

It is notable that although part of the same intervention, there appears to be no linkage between the delivery of workshops and 1-2-1 advice/support e.g. no relationship through progression from the less to the more intensive form of support at the level of an individual business. Design of a more integrated project may have delivered more value: the two main elements could potentially have been more than the sum of the parts.

Other candidate sources of further value may be:

- giving closer attention to project marketing/promotion and recruitment
- closer partnership working to promote business referrals - 'strategic alignment' does not necessarily lead to operational collaboration
- ensuring more 'dynamic' website content to maintain traffic to the site; consider branding options - as a single project website or utilising an established brand known to the relevant sector

<sup>13</sup> For comparative purposes, the chart below gives benchmarks for vfm ratios taken from SE's 2014 Impact Appraisal and Evaluation Guidance (<http://www.evaluationonline.org.uk/evaluations/Search.do?ui=basic&action=show&id=547>). The Guidance states: "these should not be overstated as what is important is not the exact figure but the order of magnitude".

	<b>Tourism</b>	<b>Food and Drink</b>	<b>Enterprise support</b>
Cumulative Net GVA Impact Ratio at Year 3:	2	1	3
Cumulative Net GVA Impact Ratio at Year 5:	3	3	5
Cumulative Net GVA Impact Ratio at Year 10:	5	8	8
Cumulative Cost per Net Job at Year 3:	£26,000	£43,000	£18,000
Cumulative Cost per Net Job at Year 5:	£16,000	£18,000	£10,000
Cumulative Cost per Net Job at Year 10:	£11,000	£7,000	£7,000

- examining how best to use social media in promoting the project and the learning it generates
- consider how to raise awareness amongst businesses of peers that exhibit exemplar performance.

One consultee expressed the view that the overall food experience of visitors in Scotland has improved since ES was instigated. However, this consultee also argues that quality of service is still an issue to address. Furthermore, there is more to be done to support firms to “tell the story” of the food and drink they offer.

In terms of evaluation, SE should consider asking firms prior to support being provided to commit to providing turnover and employment data for evaluation purposes i.e. to make this a condition of receiving support. Projects such as ES, with relatively small populations, require almost 100% response rates if evaluation data are to be robust.

### **6.1 Recommendations**

Based on the evidence presented above, the following recommendations are offered:

- consider replacing the ES project with a successor that is part of a suite of support, subject to evidence of business need and demand - because of (i) the diversity of participants in the project to date; (ii) the various sub-sectors/niches in the relevant markets, and (iii) the required synergy between the tourism and food and drink sectors (within supply chains), there is merit in devising in collaboration with relevant partners any future initiative within an ‘intervention framework’ (in the sense typically used by SE), rather than through standalone projects
  - the upcoming development of a new food and drink strategy for Scotland may provide the opportunity for a wholesale re-assessment of business support in this area
  - not all tourism firms providing food and beverages are ‘businesses of scale’. Therefore, there would be merit in engaging Business Gateway in providing tailored local support to smaller tourism businesses – including in urban areas, where tourism may not account for as large a share of employment and output as it does in rural and coastal areas
- assess potential for a more innovative, digital approach (and online presence) to the engagement of sector stakeholders and businesses on the demand and supply sides of these markets in Scotland
- the positive views of stakeholders on the degree of collaboration and strategic alignment should not be allowed to overlook the practical challenges (both within SE and between stakeholder bodies) around establishing an effective, joined-up approach to referring businesses to relevant, useful interventions
  - there would be merit in looking at how to incentivise third-party organisations to make effective referrals: from our experience, business support programmes can be reluctant to share clients with other programmes (not least as they may not wish to share success in achieving outcomes).

## **Annexes**

The following annexes are presented in a separate document.

*Annex A: Inputs, activities, outputs and outcomes - evidence from monitoring records*

*Annex B: Report on surveys of workshop attendees and recipients of 1-2-1 business support*

*Annex C: Economic impact and value for money assessment*

*Annex D: List of consultees*

*Annex E: Copy of survey questionnaires*