



Aberdeen &
Grampian
Chamber of
Commerce



Annual report 2020

Contents

Section	Page
President's report	3-4
Directors' report	5-9
2020 in numbers	10-13
Financial statements	14-15



President's report

Main activities and achievements

Following a strong set of results in the previous three years, the Chamber entered 2020 with positive momentum and plans in place to invest in member services. Performance in January and February was in line with expectation. And then in March a global crisis, unlike anything any of us have ever had to deal with before, was upon us and has dominated every aspect of our business and personal lives since. It was certainly not what I expected in my second year as president.

Chambers of Commerce operate a unique not-for-distributed-profit financial model. Our core services are entirely commercially funded. Effectively we are a private sector economic development and business support organisation working alongside government at all levels, enterprise agencies and other partners to deliver placemaking and business support but with no direct public sector funding.

In normal times, our portfolio of commercial services enables us to create the income to fund the work we do on behalf of members and the wider community. However, 2020 was anything but normal.

Our income generating events and training schedules were decimated. Although we attempted to adjust the delivery modes to reflect the CV19 restrictions, it has meant we have had to provide free webinars and accept cancellations or at best postponements to pre-booked classroom training. Our key strength of person-to-person connection was lost but we quickly pivoted to deliver what we could by whatever means possible.

Many members due to renew their annual subscriptions throughout the year either resigned due to financial concerns or we were unable to contact them.

Export activity, especially in oilfield services, was significantly behind normal volumes and given the uncertainty of the situation, the pipeline of work for our research offer nosedived.

Ironically, demand for our advice services and policy work was never higher and so the decision was taken that we needed to remain visible and active in supporting businesses, albeit at a time when most of our income streams were cut off or severely limited.

We were able to do this as a result of strong cost control and the injection of a number of non-repeatable grants and other income, details of which can be found in the Directors' Report.

Throughout 2020, our incredible team has been at the front line of providing support to businesses struggling to survive, adapt and to make the best decisions for themselves and their people, under the extraordinary circumstances presented by CV19. We engaged with thousands of companies across the region and our direct line into government at all levels led to some of the support schemes, policy announcements and subsequent revisions to reflect what our members and communities were telling us. Russell Borthwick and Shane Taylor, supported by the rest of the team, worked tirelessly to ensure that the North-east business community was



represented at the highest levels in local, Scottish and UK governments and the impact of that representation should not be under-estimated. Truly the voice of business in action.

Work also continued in support of the long term regional economic strategy as detailed in the Directors' Report.

The team did its best to respond to calls from members for some semblance of 'business as usual'. This was achieved by running online events, interactive training, continuing to publish our news service and Business Bulletin magazine and supporting regional companies with export and import activities. The Northern Star Awards attracted a record number of entries, reflecting that even through these most challenging of times, there are still good news stories out there. Businesses innovating, adapting and doing incredible things in the midst of economic mayhem.

All of which meant that, despite the many difficulties, the team delivered on our promise to members of providing a range of practical services to support businesses today, while creating the economic conditions that will underpin the future success of the region.

Our people

In January we welcomed Scott Currie who joined as membership network manager.

Nicole Chidester joined our events team in February and sadly left in September due to the business situation. We also said farewell to Jill Simpson in June, at the conclusion of her fixed term contract to help drive our events strategy forward.

Sandra Morrison joined as senior administrator in February and then stepped in to one of the new DYW employer school coordinator roles at the end of the year as part of a significant 2021 expansion of the contract in support of the Youth Guarantee.



The Business Bulletin

Lewis Walker joined us as communications assistant in April and is one of the new generation of staff yet to have been in the office at all!

September saw Lorraine Neish appointed to the BCC certification group - a highly prized post reflecting her knowledge and how she is rated among her peer group in the network. In preparation for the EU exit, Geraldine Shand, Phyllis Robertson and Vicky Watt joined the Chamber Customs team in October giving them three months to complete the intensive training programme.

And in December, Katie Sim went on maternity leave following the birth of her baby boy and we said farewell to Jo McDermid and Angus Robb who left due to relocation and a desire to return to education, respectively.

At the delayed AGM in September, we were delighted that Deborah O'Neil and Derren McRae were re-appointed to the Board for further terms and to welcome Bob Keiller and Ray Riddoch as new members, replacing Jennifer Young and John Brebner who left after many years of giving tremendous support to the Chamber.

Our Policy Council, elected by members, is representative of a wide range of sectors and business interests from across the whole region, enabling us to understand and focus on the areas of greatest concern and impact at any given time.

Maggie Bochel of Aurora Planning was re-elected for a further three-year term and joining for the first time were: Audrey Sheal of ONE, Dan Smith of Savills, Gavin Currie of Bancon Construction, Sarah Stuart of Ledingham Chalmers

LLP, Ian Phillips of Pale Blue Dot Energy, Karri Tough of BP, Stuart McPhee of Siberia Bar & Hotel, Jim Reid of Jim Reid Vehicle Sales & Service and Murray Whittaker of Whittaker Engineering. Aberdeenshire Council, Aberdeen City Council and NESTRANS were invited to nominate senior representatives to ensure discussions and decision-making is fully aligned across the private, public and not-for-profit sectors.

Our thanks go to Belinda Miller, Bob Keiller, Joanna Fraser, Nat Anderson, Simpson Buglass, Tim Smith and Tom Sanders, who stepped down in 2020, for their support.

While much has been achieved in spite of the challenges faced this year, it is important to remember that we are an SME facing the same pressures as the businesses we support. It is not an overstatement to suggest that the challenge in 2021 may be an existential one for this and all Chambers of Commerce. At the time of writing, there remains huge uncertainty around the pace at which we will exit the restrictions and exactly what the economy and doing business will look like in the future.

However, this Chamber has been around for over 150 years, and if we all work together and do the right things now, it will provide the firm foundations for the next 150.

I believe that we have the plans and governance in place to do this despite the challenges. The North-east business community needs and deserves a strong Chamber. In turn, the Chamber needs the support of a strong and diverse base of organisations in the region to enable it to carry on the great work that it does.

The presentation of this annual report to the 166th AGM of Aberdeen & Grampian Chamber of Commerce sees the end of my two-year term as president. It has gone by incredibly quickly, accelerated in part by the bizarre circumstances arising from a global pandemic. There is much that I would have liked to achieve as president that was halted by the restrictions we all face, and as past president I hope to continue as an active member of the Chamber to help rebuild and recover. When we look back at this time, we will remember the challenges we faced as business leaders, as a society and as individuals but I am confident that we will ultimately reflect on the innovation and opportunities that have arisen in the face of those challenges and on the camaraderie and support of colleagues, who lifted us up and supported us through it.

Thank you again for your support of the Aberdeen & Grampian Chamber of Commerce. Our members are at the heart of everything we do. Part of a cause, not a club. Together we form a powerful and cohesive force enabling us to achieve collectively what we could not individually. That has never been more important than now and long may it continue.

Dr Colette Backwell
president

Directors' report

The directors present their annual report and financial statements for the year ended December 31 2020.

Principal activities

Aberdeen & Grampian Chamber of Commerce is a company registered in Scotland, limited by guarantee and operating on a not-for-distributed profit basis. It began life 165 years ago as the Aberdeen and North of Scotland Trade Protection Society before becoming incorporated as a Chamber of Commerce in 1877. It represents over 1,000 members covering all the region's key business sectors and collectively employing 125,000 staff - around half of the region's total workforce.

Review of business

As you read in the President's Report, the events of 2020 put enormous pressure on our business model and commercial income streams. Despite this and the challenges created by having to largely work remotely, the team produced some great results in difficult circumstances.

Membership numbers ended the year at 1,008 against the 2019 figure of 1,145 reflecting the financial and operational pressures businesses experienced during 2020 and this will continue through 2021. We ended the period with 30 premier partners and we remain hugely grateful to them for their vital support of the policy and economic development work we do.

Over 1,700 delegates attended the 55 events organised by the Chamber during the year, despite the challenges of moving into a virtual world and the fact that the barriers to entry were lowered so much that almost everyone became an event organiser. We partnered with the British Chambers of Commerce and Scottish Chambers of Commerce for a variety of events mainly focussing on the EU Exit and business support during the CV19 pandemic. Unfortunately, some of our largest events including a number of Business Breakfasts and The Ultimate Business Show had to be postponed as they simply cannot work in 2D.

The Chamber is committed to providing a platform for our members to raise their profile and share news. 2,365 items were published on behalf of members across the year.

Notwithstanding the logistical challenges, 10 issues of the Business Bulletin were printed with changes undertaken to the distribution list to increase the number of readers receiving copies direct to their home addresses, mitigating the suspension of bulk drops to office complexes, airport lounges and other high-traffic areas. Not surprisingly, advertising revenue fell below our target for the year but our ability to keep publishing was underpinned by the selling of an increased number of six and 12-month sponsorship packages rather than one-off inserts. Readership of the digital edition increased year on year, from an average of 366 monthly readers in 2019 to over 500 in 2020.

The Chamber's e-newsletters saw a sharp decline in engagement, both as a result of business closures, redundancies and people on our contact lists being furloughed, but also heightened competition as organisations across all sectors increased email activity in a bid to stay connected to their networks.

In better news, the new AGCC website launched in May and we saw our monthly visitors rise from an average of 9,513 per month in 2019 to 11,018 in 2020; and social media followers rose 14% year on year to 14,600. Pay-per-click promotion was again undertaken during 2020, broadening our reach to new audiences and contributing to driving more than 16,500 visitors to the website across the year directly from social media – a 37.5% increase on the year before.

Total media exposure for AGCC in 2020 totalled 1,261 pieces of coverage worth over £1.7m (using 'advertising equivalent value'), up from £780,500 in 2019, and saw us referenced in a wide range of print, broadcast and digital media. Coverage was predominantly focused on providing a voice for our business community relating to CV19 policy however we did see a large spike in November for the launch of the Oil & Gas Survey.

June 2020 also saw the launch of North East Now led by the Chamber and supported by our partners, Aberdeen Journals and Hampton. Designed to inspire consumers to support local, the www.northeastnow.scot website has been visited 4,000 times and the initiative has built just under 3,000 followers on social media.

The Chamber team issued 11,219 export documents ensuring \$727m of goods ranging from oilfield equipment, distillery parts and even tsunami detectors left this region and safely reached over 100 destination markets globally. However, this was 27% lower than 2019 as a result of depressed activity levels.

We continued to provide practical advice and support for businesses that import from or export to the UK, answering hundreds of queries on the impact of the upcoming EU exit and getting their concerns and 'asks' heard by policy makers via BCC.

The HMRC funding available to support training around this subject resulted in the busiest year for international trade courses since 2014 with 179 delegates trained across a range of topics and platforms. In addition, 47 delegates sat and passed the British Chambers of Commerce exams giving them a certificate of competence and enhanced knowledge and capability to ensure goods are kept moving.

To reflect the expected six-fold increase in the number of customs documents required from 2021, we added three new staff to the team specifically to deliver our new ChamberCustoms service.

And we continued to help members find new markets and contracts through our series of (now virtual) trade missions, funded by phase two of the International Trade Project. These focussed on Guyana and Norway, attracting over 120 delegates. We were successful in pitching to the organisers of ONS to participate in their 2020 global conference and secured speakers from Chrysaor, Aker Solutions, Neptune Norge and The Oil & Gas Technology Centre who provided market overviews and highlighted in-country opportunities for Scottish businesses. These activities have also strengthened our relationship with several international Chambers.

The policy team started 2020 with an exciting, proactive agenda. Kicking off with a Policy Council session in which we defined priorities and inputted to the British Chambers

— Directors' report —

skills commission, we then immediately took our refreshed policy plan direct to Westminster for cross-party discussions with North-east MPs and the Secretary of State for Scotland. We were looking forward to progressing this strategic plan throughout the year.

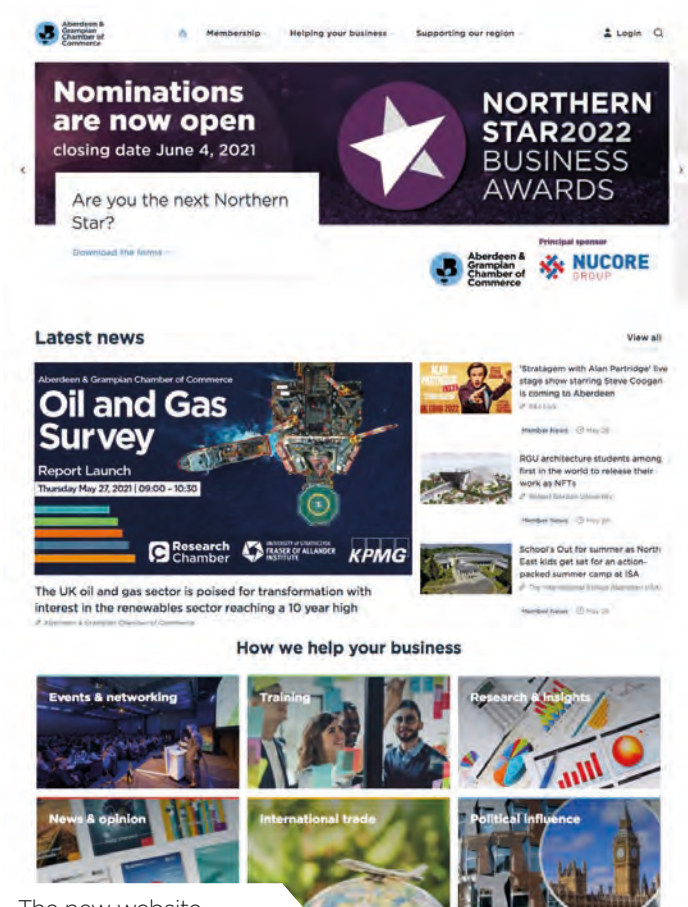
Unfortunately, as the world changed, our members switched into survival mode and we had to react to ensure they had the immediate support they needed. We did this by engaging with many hundreds of businesses and bringing together partners across the region for webinars on sessions linked to government support schemes and loans, and by pulling together resources into a dedicated CV19 hub so the whole North-east business community had a single portal to find the information and funding that was right for them. We engaged with members to source evidence of where further support was needed and working with colleagues within the Scottish and British Chambers of Commerce, we were able to see some tangible victories such as the creation of the Bounceback and CLBILS loan schemes and the early introduction of flexible furlough.

We ensured that our members' concerns reverberated loudly within the halls of Holyrood and Westminster. We co-ordinated sessions with senior ministers such as the Cabinet Secretary for the Economy, Fair Work and Culture and the Minister for Energy for our members; briefing sessions with our regional MPs and MSPs and put North-east business concerns directly to the leaders of every main political party in Scotland, and Ministers from both the UK and Scottish Governments, repeatedly during the course of the pandemic. Despite the reactive nature of the situation, we ensured that targeted interventions like our open letters kept one eye firmly on our strategic priorities such as connectivity and the energy transition.

The Chamber also continued to respond to key consultations such as the call for evidence from the Advisory Group on Economic Recovery convened by the Scottish Government and gave oral evidence to the Scottish Parliament's Economy Committee on the impact of CV19 on North-east businesses.

AGCC was one of the main stakeholders that the Scottish Government engaged with throughout the course of the Aberdeen City local lockdown in August, successfully arguing for targeted funding for businesses closed by the restrictions and a discretionary fund for those impacted in the wider economy. This was the first example of local lockdown funding being distributed at scale in Scotland and the Chamber was at the heart of conversations with all levels of government and highly represented in media coverage discussing the real challenges facing business. The Chamber was a forcible voice in both national and local media on business support and the need to sustainably re-open the economy.

The work of our research team was severely limited by the circumstances of 2020 both in terms of companies looking to commission work and in being able to reach potential respondents. The projects that were undertaken included the ongoing Codeworks evaluation, a piece of work for British Chambers of Commerce, the Q4 2019 Property Monitor for Aberdeen Considine and the Scottish Enterprise/SDI International oil & gas survey. The 32nd edition of our own Oil & Gas Survey with KPMG was delayed from Spring to Autumn and was published in November at a high-profile online event. The media coverage generated over a million



The new website



Supporting local through North East Now



Sharing the voice of North-east business with the Secretary of State



opportunities to see the headlines from the report with a value of over £260k.

Our region continues to be viewed as one of the leaders in the Developing the Young Workforce field in Scotland, and in 2020 this was amplified by the active contribution by all DYW North East team members in the national initiatives and workstreams across the 21 regional groups in response to CV19 as well as the involvement of Mary Holland in the DYW Futures project looking beyond March 2021 at the next four years of DYW regional groups.

The first quarter saw the continued building of strategic partnerships between schools and employers and in March we had 44 influencing and 20 collaborative partnerships signed off, with 350 engagement partnerships also being facilitated (across 2019/2020). All of that changed in March but the team continued to work to deliver a number of projects virtually to schools, including the nationally coordinated Skills Academy, Scottish Big Parents Eve series and DYW Up2U. Regionally we continued to engage with schools and employers on very specific initiatives including the creation and delivery of the regional employability programme and Right Skills Right Jobs in support of Winter school leavers.

Our USP in delivering in-person classroom learning was severely limited this year following a promising start building on the momentum of 2019.

Initially courses had to be cancelled completely with delegates offered places on future dates while other options were considered. Working with our trainers, a Zoom based method of virtual instructor led training - not to be confused with online self-learning modules - was introduced with some success although many delegates stated a preference for face to face delivery and that they would wait until this was possible before taking up their place.

Partnership work with other agencies continued including the delivery of a short session on personal branding via Zoom with the PACE (Partnership Action Continuous Employment Team) and Skills Development Scotland to those who had been made redundant or were at risk of redundancy.

In total, during 2020 we delivered 30 in-person courses with 153 delegates, 18 bespoke in-house courses with 159 delegates, 21 Zoom courses with 113 delegates and 23 licences for eLearning customs declarations.

Our commitment to being at the heart of the activity and projects that will drive the future economic health of the region, continued despite the disruption to normal service. We argued that alongside the need for responsive activities, focus must not be lost on our long term strategies to ensure the North-east is among the first areas off the line as we move into what will be a highly competitive race to recover. The Chamber co-authored a refreshed Regional Economic Strategy paper and action plan.

We worked closely with OGUK on the North Sea Transition Deal and brought together a number of Chambers of Commerce from across the UK to consolidate a clear base of 'place' support across the country for its successful conclusion.

An independent tv production company Picture Zero pitched our "Europe's oil and gas capital, leading the world in energy transition" documentary idea to BBC commissioning editors. The approach was well received and is being considered as



Young people and employers coming together at The Big Parents' Evening in January

— Directors' report —

part of COP26 related programme schedules.

As Chamber chief executive, I sit on the Board of Opportunity North East where key economic diversification projects including the BioHub, SeedPod, Energy Transition Zone, Seafood Transformation, Adventure Tourism and promoting relocation to the region post CV19 were discussed and progressed.

In addition, I also hold board positions with Visit Aberdeenshire and Aberdeen Inspired with the main focus throughout the year focused on supporting the tourism, hospitality and retail businesses that were among the hardest hit by the measures but at the same time ensuring we had one eye beyond the pandemic looking at 'staycation' tourism opportunities and the future of city centres.

AGCC continues to liaise regularly with the Aberdeen independent policy panel to feed member views into the process and we participated in a session hosted by Deloitte with Sir Howard Bernstein and other stakeholders in attendance ahead of the release of their latest report in November.

A new group of Vanguard volunteers was formed and an incredible 507 ideas and concepts were boiled down to six project themes to take forward to the investigation stage in 2021. Progress continued with initiatives from the previous phase and November saw the guest visit of an orange open top Bright Bus from First Group's Edinburgh fleet as we prepare to introduce a tourist service here, now in 2022. Making good things happen here that otherwise would not.

This year also saw the continuation of the Circular North-east programme hosted by the Chamber, with a focus on increasing awareness and capacity around the circular economy in the region as well as helping local businesses access funding and support. Since the start of the programme in 2018 we have attracted £300,000 of project funding to the region, engaged on a one to one basis with over 200 organisations and around 2,000 people have attended events where the circular economy has been discussed as a key contributor to our net zero ambitions.

So, it's fair to say the activity levels of the team were incredibly high but, as detailed in the President's Report, despite this our core revenue was reduced by circa £600,000 v 2019 as a result of the economic conditions. We operate on a not-for-distributed-profit basis meaning that we invest any surpluses generated from our commercial services back into member support and activities geared towards strengthening the regional economy. Therefore, in turn, we operate a high overhead cost base designed to maximise our outputs and impacts, with very little margin.

Due to the one-off actions taken by the Board and executive team, with the support of our staff, we were able to overcome this and post only a very small deficit for the year.

The Chamber submitted compelling bids that resulted in being awarded grants through the Pivotal Enterprise Resilience Fund and a programme of business support activity through a Scottish Government and Scottish Chambers of Commerce scheme. We took limited advantage of the CJRS in May and June and all staff agreed to a 10% reduction in contracted hours and salary for the July-December period. Allied to strong general management of costs and cash, this meant that financial damage was limited in 2020. In summary:



The ONE Bio-Hub



Vanguard – making good things happen in the region



Circular NE - reusing ropes from landfill

- Annual revenue of £2.17m compared to £2.75m in 2019.
- An operating deficit of £25,872 (2019: profit of £85,749).
- Net profit after tax of £18,961 (2019: £185,366).
- Reserves £1.16m, representing 53% of turnover (2019: £1.14m and 41% of turnover).

Looking forward

However, with the likelihood that many of the financial levers available to us are unrepeatable, 2021 promises to be even more challenging unless we see a fast rebound of economic activity.

While conscious of the risks, as we, hopefully, move into what will albeit likely be a gradual recovery phase we need to remain strong and visible in support of our business community. This Chamber has been there for its members for around 150 years and we need to make good decisions now that will ensure we are around for the next 150.

Among the CV19 mayhem, the EU exit almost went unnoticed but will cause significant challenges for companies exporting goods to or importing product from Europe. To support them, working with the British Chambers of Commerce network, we have put in place a new ChamberCustoms service with ten staff having completed the complex and in-depth training to enable them to issue customs declarations.

The business world may be different for many out the other side and organisations will require good market, product, competitor, customer and staff data insights to inform their strategic plans. And so AGCC has put in place an ambitious plan to grow its market research service, expanding it Scotland-wide in collaboration with Glasgow and Edinburgh Chambers of Commerce.

We go into a new year with a refreshed policy plan focused on supporting viable businesses through the end of the pandemic and on re-engaging with policymakers on critical issues like preserving our air connectivity, accelerating the North-east's role in the energy transition and the role of city and town centres in recovery.

A new choice-based membership structure has been created to allow members to build the benefits bundle that suit their current needs, giving them greater flexibility and appropriate levels of support.

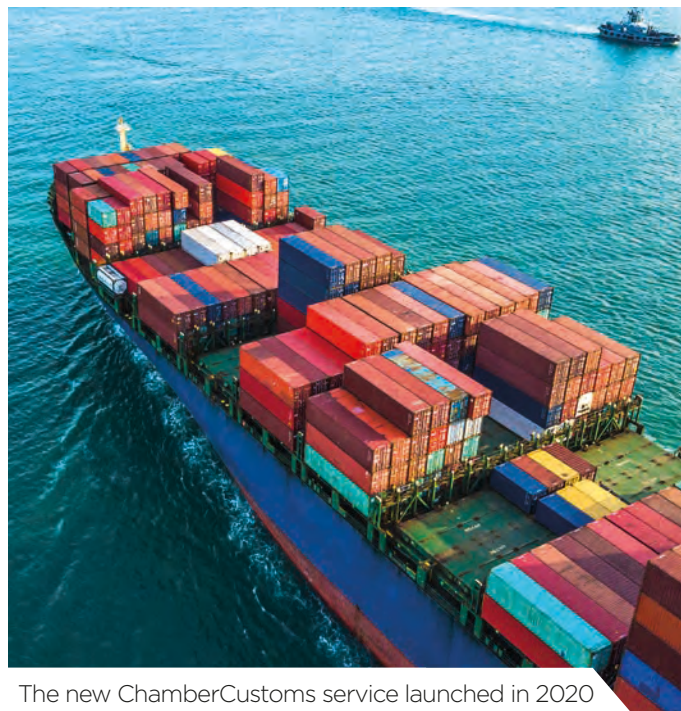
The Scottish Government Young Person Guarantee recommendations will provide the additional funding to recruit and deploy new DYW employer schools coordinators into every secondary school in the region.

And we will continue to take the lead on the economic development projects that will make the biggest positive difference to our business community.

Finally, Chambers of Commerce are and always have been about in-person connection. Bringing people together to learn, share, collaborate, solve problems and do business. It is our aim to safely return to this as soon as is possible and we look forward to seeing you.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the



The new ChamberCustoms service launched in 2020



Looking forward to the return of in-person events

necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board.


Russell Borthwick
 director



2020 in numbers



1,008
members

30
Premier Partners



Over **2,100** delegates
attended **124** Chamber
events and training courses



38 people
38 home offices
Still **one** team



£1.7m

worth of Chamber
media coverage

2,365 members news stories shared
across the network in-print and online



Average of 11,018

monthly visitors to our new
website and growing



10

issues of Business Bulletin

22,000

copies printed

Digital edition read 5,700 times

2020 in numbers



5,858
followers



2,426
followers

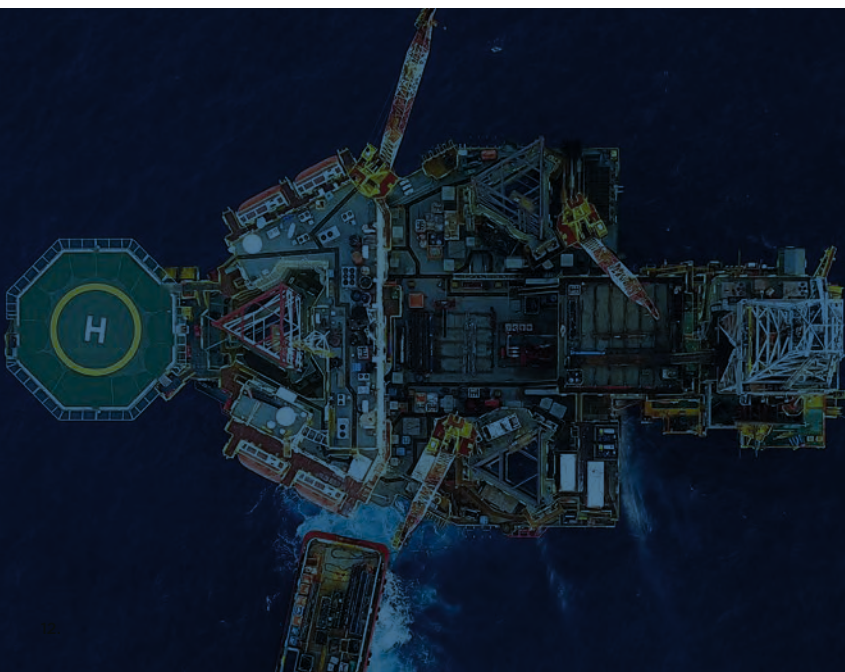


6,310
followers



**NORTHERN
STAR2022
BUSINESS
AWARDS**

**Record-breaking 130+
Northern Star Business
Award entries received**



A million
opportunities to
see the media
coverage of our
32nd Oil & Gas
survey



\$727m
of exports
certified
to over
100
countries



Supported thousands of companies
through our policy work

Ensuring their voices were heard by
our governments

2020 income

£2.17m

Reserves

£1.16m



Financial statements

Year ended 31 December 2020

	2020 £	2019 £
Income	2,168,388	2,751,109
Cost of sales	<u>(386,171)</u>	<u>(821,565)</u>
Gross surplus	1,782,217	1,929,544
Administrative expenses	<u>(1,808,089)</u>	<u>(1,843,795)</u>
Operating surplus	(25,872)	85,749
Interest receivable and similar income	646	1,612
Interest payable and similar expenses	(477)	-
Unrealised gain / (loss) on investment valuation	<u>58,488</u>	<u>120,095</u>
Surplus before taxation	32,785	207,456
Tax on surplus	<u>(13,824)</u>	<u>(22,090)</u>
Surplus for the financial year	<u>18,961</u>	<u>185,366</u>

These summary financial statements have been extracted from the full annual accounts which were approved by the Board on 27 April 2021, however these summary statements have not been separately audited.



Balance sheet as at 31 December 2020

	2020 £	2019 £
Fixed assets		
Tangible assets	65,794	78,149
Investments	1,208,517	919,119
	<hr/> 1,274,311	<hr/> 997,268
Current assets		
Debtors	213,849	283,273
Cash at bank and in hand	869,981	694,229
	<hr/> 1,083,830	<hr/> 977,502
Creditors		
Amounts falling due within one year	(1,162,021)	(811,435)
	<hr/> (78,191)	<hr/> 166,067
Net current assets		
	<hr/> 1,196,120	<hr/> 1,163,335
Total assets less current liabilities		
	<hr/> (37,041)	<hr/> (23,217)
Provision for liabilities		
	<hr/> 1,159,079	<hr/> 1,140,118
Net assets		
	<hr/> <hr/> 1,159,079	<hr/> <hr/> 1,140,118
Reserves		
Income and expenditure account	<hr/> 1,159,079	<hr/> 1,140,118





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