

ABERDEEN CITY COUNCIL

COMMITTEE	Enterprise, Planning & Infrastructure
DATE	31 st May 2010
DIRECTOR	Gordon McIntosh
TITLE OF REPORT	Offshore Europe (OE) 2009 & 2011
REPORT NUMBER:	EPI/10/102

1. PURPOSE OF REPORT

The report will outline feedback from the 2009 event and detail the proposed direction for Aberdeen City Council's involvement in OE11. It will outline the cost implications of participating in the exhibition and the activities to be undertaken in support of the event. Part funding has been budgeted for within the overall Economic Promotion budget for 2010-11. A commitment to ongoing funding for 2011-12 will be required from Committee subject to the budget process.

2. RECOMMENDATION(S)

That members

- note the content of the report.
- support the Council's involvement in the exhibition in 2011 and as such commit to the necessary funding being maintained in the budget for 2010-2011 and 2011-2012 subject to the budget process.
- support the proposed direction for the promotion of Aberdeen City and Shire at Offshore Europe 2011.

3. FINANCIAL IMPLICATIONS

Total cost for participation is £300,000.00 however previous experience demonstrates that following partner contributions, company income and sponsorship contributions that the Council's costs will be £110,000 spread over two years. The costs for Offshore Europe are budgeted for on an annual basis with half the funding in the 2010-2011 budget and the remaining half to be included in the 2011-2012 budget.

4. SERVICE & COMMUNITY IMPACT

This report supports the vision of ACSEF for Aberdeen City and Shire to be recognised by 2025 as one of the most robust and resilient economies in Europe with a reputation for opportunity, enterprise and inventiveness that would attract and retain world class talent of all ages.

To this end Aberdeen City Council will work in partnership to:

1. Anchor the oil and gas industry
2. Attract and develop skilled people
3. Maximise our intellectual capital—people and expertise
4. Make Aberdeen City and Shire the location of choice for company headquarters

In addition participation in this event assist us to deliver on a number of the indicators within the single outcome agreement.

5. OTHER IMPLICATIONS

People: Existing resources from within Enterprise, Planning & Infrastructure undertake the activities associated with the delivery of Aberdeen City Council's presence at the exhibition.

Finance: Total cost for the council's presence at OE as identified within the existing Enterprise Service budget is £300,000.

Health & Safety: There will inevitably be some risks associated with attendance at an exhibition and organisation of a promotional event. All measures relevant to the destination / venue are taken to reduce any risks and professional contractors are employed to build and dress the exhibition stand in line with current building standards, raised structure and Health & Safety practices.

Risk Management: A high profile presence at OE11 facilitates the optimisation of opportunities arising from the Council's existing international links and trade development activities. Failure to do so may result in the Council failing to identify and capitalise on new market opportunities for businesses in Aberdeen City and Shire.

Financial risks associated with the exhibition are shared with stand partners and exhibiting SME'S.

The Economic Promotion Team apply standard project management processes and monitor the project for the 18 months prior to the event to ensure the critical path of activity is strictly adhered to.

Social: The exhibition provides the city with a unique promotional and educational resource on industry trends, energy issues and development of the careers and technology which are intrinsically linked to the region now and in the future.

Economic: This project is critical in asserting and building upon Aberdeen's status as a Global Energy Hub, and is therefore critical to the future health of the local economy. Trade development activities and promotion of the city ensure economic growth and increased employment opportunities, consequently improving the economic sustainability of the city and a strengthening of the industry sectors associated with this event.

6. REPORT

OE (Offshore Europe) is the largest oil and gas conference and exhibition outside North America. It will be held in Aberdeen at the Exhibition and Conference Centre from 6th-8th September 2011.

It is staged biennially in Aberdeen, the centre of the European Oil Industry and is the most prestigious business conference and exhibition held in the city.

The type of businesses attending the exhibition includes offshore oil and gas exploration and production companies, major drilling contractors, major engineering contractors, supply and service companies, government and academia.

The exhibition showcases the advances being made in offshore technology, management, production and services.

In 2009 the event broke all attendance records attracting an attendance of 49,000, up 20% on 2007 figures.

The exhibition grew by 11% with an entire new hall and 13 international pavilions. 1500 exhibiting companies represented countries from around the world including 330 companies exhibiting for the first time.

The 4 day event generates an estimated £27 million for the local economy.

Taking a stand at Offshore Europe presents the Council with an excellent opportunity to:

- demonstrate its commitment to the energy industry
- showcase Aberdeen City and Shire business capabilities
- showcase the area as a world class business location and a desirable place to invest, work and live
- make business to business introductions
- signpost visitors to local companies throughout the exhibition
- host VIPs & international delegations
- showcase Council services to local, national and international business

Internationalisation and product and market diversification are key elements of the city's diversification strategy and the event plays an important role in developing this strategy.

In 2009, as at previous shows, Aberdeen City Council partnered with

Aberdeenshire Council to exhibit. The stand provided a high profile promotion of Aberdeen city, Aberdeenshire and their respective local authorities. In addition, 19 companies, 2 partners and 1 sponsor exhibited from the stand.

Feedback from exhibitors on the Aberdeen City and Shire stand reported that a significant number of genuine business opportunities were identified and all said that the event rated very good or excellent in meeting their participation objectives. It was also highlighted that the level and quality of business contacts met across the course of the week were better than in recent similar exhibitions.

Exhibitors reported that the provision of the council's service associated with the exhibition, the quality of the stand and related facilities and overall value for money in relation to OE were also rated as excellent.

Comments received included:

“Well run and well organised.”

“Aberdeen City and Shire exhibition stand is an excellent facility to promote our company to the worldwide attendance.”

“A huge thank-you to those who made Aberdeen City and Shire’s presence so successful. A hugely prosperous show set in a terrific environment.”

In addition to the exhibition presence and working with our ACSEF partners, a range of region wide initiatives were implemented before and during OE to ensure that the city and its visitors got the most out of the event.

Four key project groups were established to assist in the development and delivery of the event and its supporting activities. These groups were responsible for Transportation & Infrastructure, Accommodation, City Welcome and VIP’s & International Trade Delegations.

Initiatives included:

A civic reception for local, national and international energy representatives and a business breakfast, hosted by Aberdeen & Grampian Chamber of Commerce and held at AECC.

Promotional banners across Union Street displaying key industry sector messages relating to the city supported by business sponsor logos. Lamppost banners promoting Offshore Europe were also erected throughout the city.

Taxi companies having an “Ambassadors” briefing which detailed the importance of the event and as they are often the face of the city for visiting delegates, the importance of providing a warm welcome. Visitors’ maps (Z-cards) were also made available in all city taxis and other key city outlets including hotels and restaurants. Each visitor also received an official welcome to the city from the Lord Provost, with letters being left in every city hotel room, along with relevant tourist information.

Transportation and infrastructure across the city was a priority and additional parking facilities were made available away from the exhibition site in an attempt to minimise the volume of cars travelling to the event arena. Unfortunately the contingency parking arrangements established for OE fell victim to the adverse weather presenting parking problems in and around the event site, in Aberdeen Science and Technology Park and in surrounding residential and commercial property areas.

The exhibition organisers significantly increasing their provision of buses to shuttle delegates from strategic locations across the city to the exhibition, again in an attempt to reduce the amount of vehicular traffic in and around Bridge of Don.

A number of areas for review arose following OE09 including car parking, park and ride and city welcome. It is intended that we address and develop these for OE11 and for the benefit of the exhibition in the long term.

With Committee approval we propose to continue managing the workload with the 4 well established work groups each with its own core responsibilities but will increase the level of cross group communications and partnership working.

Initial group meetings in relation to OE11 have commenced, specifically in relation to transportation and infrastructure to allow good time to plan and action issues previously identified.

Joint branding and sharing the financial burden of Aberdeen City and Shire's presence at the exhibition with several partners continues to receive positive feedback and ongoing support. The Aberdeen City and Shire brand is widely recognised amongst the local business community and receives positive associations through private company adoption and promotion.

Aberdeenshire Council will again be invited to contribute to the cost of staging the joint presence at the exhibition. Income from sponsors and companies who lease space on the stand will also offset the overall cost.

The cost of the same prime position at Offshore Europe 2011 is £119,000. The exhibition organisers have indicated their desire to revisit the layout of the exhibition and maximise the floor space available on the site. Should exhibition halls change then Aberdeen City Council and Aberdeenshire Council will be advised in due course and offered the opportunity to review the stands position.

The cost of the design and construction of a similar exhibition stand to that previously used is estimated at current market costs to total £130,000. The use of technology solutions and innovative use of lighting will be considered to enhance the stands position.

In addition, costs will be incurred in providing utilities on the stand, promotional material, and graphics and in implementing a programme of promotions/events for inward visitors. Based on costs incurred at Offshore Europe 2009, these are

estimated to be in the region of £7,000. Again these monies have been identified within the existing Economic Promotion budget.

As such, the total cost for Offshore Europe will be in the region of £300,000.

These costs will be offset by an estimated income of £110,000. This income is dependent on whether cost to partners and stand companies are increased. This will be determined by space, construction and ancillary costs in the current economic climate. The overall cost to Aberdeen City Council cannot be determined until the final stand design is approved, however from past experience it can be estimated that it will be in the region of £110,000 spread over two years.

Committee should also note that the City of Aberdeen has been awarded the Walker Cup in 2011 to be staged at Royal Aberdeen from 9th-11th September 2011. Aberdeen City Council welcomes the decision by the OE Partnership and exhibition organisers to reduce the number of operating days of OE11 to allow the city to accommodate both events successfully.

Opportunities for joint working and cost sharing/saving between both events will be sought and a working group has been established to support the Walker Cup. Reed Exhibitions have kindly agreed to participate on the group to ensure open communication and site management within the Bridge of Don area.

Again this group has already met in advance of a visit by the Royal & Ancient at the end of 2009 and will now meet on a regular basis to ensure the successful staging of such a prestigious sporting event.

7. REPORT AUTHOR DETAILS

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8. BACKGROUND PAPERS