

Item: 11

Development and Infrastructure Committee: 5 February 2019.

Abattoir Challenge Fund.

Report by Executive Director of Development and Infrastructure.

1. Purpose of Report

To consider disestablishing the Abattoir Challenge Fund.

2. Recommendations

The Committee is invited to note:

2.1.

That, in December 2017, the Council launched the Abattoir Challenge Fund with a budget of up to £50,000.

2.2.

That, in October 2018, the Abattoir Challenge Fund was re-launched with the remaining balance of £48,519.

2.3.

That no requests for assistance from the re-launched Abattoir Challenge Fund were received by the closing date of 30 November 2018.

It is recommended:

2.4.

That the Abattoir Challenge Fund be disestablished with immediate effect, with the remaining commitment of £48,519 on the Economic Development Grants budget discharged in full.

3. Background

3.1.

In September 2017, an Abattoir Challenge Fund of up to £50,000, was established for the purpose of encouraging the private sector to become directly involved in developing a solution to the provision of abattoir services in Orkney. The Fund was duly launched in December 2017.

3.2.

In March 2018, the Development and Infrastructure Committee awarded a grant from the Abattoir Challenge Fund to a private business in order to further develop their proposal to establish a new abattoir in Orkney.

3.3.

In June, having commissioned a feasibility study, the successful applicant concluded that they did not wish to pursue the project any further. Eligible expenditure of £1,481 was claimed from the grant provision.

3.4.

Following a subsequent Committee process, the Abattoir Challenge Fund was re-launched in October 2018 with the remaining balance of £48,519, in a renewed attempt to attract an appropriate proposal. In addition to local media coverage, the launch was again notified to the Scottish Government and various industry groups nationally. The re-launch was further published in members' newsletters by at least two industry groups, the Scottish Association of Meat Wholesalers and the National Sheep Association (Scotland and UK). However, no applications were received by the closing date of 30 November 2018.

4. Fund Review

4.1.

Considerable interest had been expressed informally by individual local small producers who highlighted their concerns, supported by a petition lodged with the Scottish Government, but no business-led solution has resulted.

4.2.

It is apparent from previous studies conducted locally and from reports published elsewhere that the capital costs associated with establishing even a small abattoir are considerable. Fixed costs and operational costs would also be substantial and very unlikely to be met in full by slaughter fee income.

4.3.

It would seem, given the regulatory requirements applicable to abattoir facilities and abattoir operators, and the associated challenges and costs recently quantified, that despite being previously thought possible, the Abattoir Challenge Fund has demonstrated that there is no viable abattoir solution emerging from within the Orkney business or farming communities, or indeed nationally. The recommendation is therefore to formally disestablish the fund.

5. Corporate Governance

This report relates to governance and procedural issues and therefore does not directly support and contribute to improved outcomes for communities as outlined in the Council Plan and the Local Outcomes Improvement Plan.

6. Financial Implications

6.1.

The original Abattoir Challenge Fund budget was recognised as a commitment against the Economic Development Grants budget for 2017 to 2018.

6.2.

The recommendations to this report are that the remaining commitment of £48,519 be discharged. On the basis that this service function exceptionally operates a policy of over-commitments, and this report relates to a prior year commitment, this change will have no impact on the current year service budget.

7. Legal Aspects

There are no legal implications arising directly from the recommendation of this report.

8. Contact Officers

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