



**REPORT TO: ECONOMIC DEVELOPMENT AND INFRASTRUCTURE
SERVICES COMMITTEE ON 2 MAY 2023**

SUBJECT: ECONOMIC RECOVERY PLAN DELIVERY 2022/23

**BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND
FINANCE)**

1. REASON FOR REPORT

- 1.1 To provide Committee with an overview of economic development activity delivered during the 2022/23 financial year, as set out within the Economic Recovery Plan.
- 1.2 This report is submitted to Committee in terms of Section III (F) (2) of the Council's Scheme of Administration relating to the exercise of functions that promote economic development.

2. RECOMMENDATION

2.1 It is recommended that Committee:-

- (i) **acknowledge the positive impact of the Economic Recovery Plan in minimising the negative effects of the pandemic upon the local economy; and**
- (ii) **agree that this be accepted as the final report covering the delivery of the Economic Recovery Plan.**

3. BACKGROUND

- 3.1 Moray Economic Partnership (MEP) provides leadership and strategic direction for the economic component of the Community Planning Partnership. The economic partnership members are Moray Council, Highlands and Islands Enterprise (HIE), UHI Moray, Skills Development Scotland (SDS), Moray Chamber of Commerce (MCC), Visit Moray Speyside (VMS), Federation of Small Business (FSB) and tsiMORAY. The partners each act as economic development agencies with key individual influences on the local economy. This influence is enhanced through acting in cooperation in the implementation of the [Moray Economic Strategy](#).

- 3.2 To minimise the local economic shock from COVID-19, MEP established an Economic Recovery Plan for the region. The plan set out a range of business support initiatives to stimulate the economy and sustain businesses vulnerable to the effects of the pandemic. The Economic Recovery Plan was developed around the principles of:
- Smart growth: placing business resilience at the heart of the recovery
 - Clean growth: supporting the transition towards net zero
 - Inclusive growth: addressing local inequalities
 - Fair work: providing security and equality of opportunity for all employees
 - Targeting disadvantage: providing targeted support to vulnerable groups
 - Smart procurement: maximising local impact through public spend
- 3.3 This high level economic development action plan was approved by the Economic Growth, Housing and Environmental Sustainability Committee, at its meeting on 6 October 2020 (paragraph 9 of the minute refers). The Economic Recovery Plan outlined a range of actions aimed at facilitating the recovery of the economy, to be delivered across the MEP membership. The following sections of the report provide an overview of the actions delivered to date, with a specific focus on the previous financial year.

4. BUSINESS GRANTS AND START UP SUPPORT

(Activities led by) Business Gateway and HIE

- 4.1 The DigitalBoost programme, funded by Scottish Government and delivered via Business Gateway, has continued to provide specialist digital support to businesses throughout Scotland. There have been 3x 18 hour digital projects completed with Moray businesses since the programme commenced, plus 6x 1 hour digital surgeries. Up to the end of January 2023, there were 133 Moray attendees across the wide range of DigitalBoost webinars. However, the DigitalBoost Development Grant, available during 2021/22, was not available this financial year.
- 4.2 Across the entire Highlands and Islands region, £1m was available through the Young Company Capital Investment Scheme to support emerging businesses. However, this was a short life scheme, and therefore not delivered during 2022/23. A total of 6 businesses in Moray received support via this fund to a total aid value of £91,771.
- 4.3 HIE has delivered a further Young Business Capital Scheme during 2022/23. In Moray, there were a further 2 additional business supported via this HIE discretionary fund to a total aid value of £107,875.
- 4.4 A regional budget of £0.5m was made available for ecommerce funding support through HIE. The vast majority of this fund was spent during 2021/22 with a small amount of underspend available for 2022/23. However, none of this underspend was awarded to Moray organisations. There were 9 Moray businesses that benefited from this funding scheme.

5. SMALL BUSINESS SUPPORT

Business Gateway and HIE

- 5.1 Business growth and resilience has suffered as a result of the pandemic, resulting in fewer business start-ups. This is evidenced in the Scottish Local Authority Economic Development (SLAED) Indicator Framework Report, provided separately, which confirms that the number of Business Start-ups per 10,000 people in Moray has stagnated over the past two years, after having declined at beginning of the pandemic. To attempt to address this a number of actions were included within the Economic Recovery Plan to support small businesses.
- 5.2 The procurement consultancy initiative introduced as part of the Economic Recovery Plan continued to support Moray based businesses. The two year programme ran until 31st December 2022 and provided assistance with Public Contract Scotland (PCS) registration and tender preparation including 1-2-1 support with writing and submitting a tender bid. 6.5 days of procurement support were delivered to local businesses via this programme across its full duration. However, there was no additional uptake on the procurement consultancy during the 2022/23 financial year.
- 5.3 Additionally, a consultancy programme to mitigate the impacts of Brexit was also delivered via Business Gateway (BG). The Brexit consultancy initiative was also introduced as part of the Economic Recovery Plan and ran for the same period until 31st December 2022, providing support with exporting to mitigate the impacts of Brexit. 33.5 days of this specialist support was delivered to local businesses throughout this time.
- 5.4 As also reported in the SLAED Indicator Framework Report, the number of unique customer accounts with BG has rebounded. This demonstrates that while business start-up numbers may remain below pre-pandemic levels, there is growing interest in entrepreneurial activity.
- 5.5 Through its business-as-usual remit, HIE's Moray Team has supported 12 new investments to 3rd party organisations at varying intervention levels to the value of £1.12M, contributing towards total project costs of £6.37m. These projects have:
 - Supported 100 jobs
 - Increasing turnover by a cumulative £34.7m
 - Grown international sales by £16m
- 5.6 In addition to new approvals, HIE in Moray has been spending across 85 investments in total which takes in carry over commitment from previous years' approvals to a total spend of £2.32m.
- 5.7 HIE have also continued to support the two project posts recruited to support the delivery of the Destination Marketing Organisation (DMO) Recovery project. HIE hosted a 2-day DMO Network Event for DMO's across the Highlands and Islands in October 2022. The HIE Moray Team has also supported the delivery of a Strategy Workshop for Visit Moray Speyside with a

focus on development of a new 5 Year Strategy to ensure the sustainability of the organisation post the DMO Recovery project.

- 5.8 The Economic Growth and Regeneration Team administered a Discretionary Business Support Fund with a budget of £400,000, which was allocated from the COVID-19 Economic Recovery Fund. This was set up to provide financial assistance to businesses from Hospitality and Leisure including Retailers that offer Hospitality, Supply Chains, Events and Close Contact sectors that were affected by the December 2021/January 2022 COVID-19 measures. To be eligible for the one-off grant of £6,000, the businesses had to show that they had been unable to get financial support from any of the administrative public bodies since December 2021. 113 businesses applied for the fund and 33 were assessed as eligible and a total of £198,000 in grants was approved. An underspend of £202,000 was re-allocated between the Flexible Food Fund (£162,000) and a Sport and Culture Hardship Fund (£40,000).

6. TOWN CENTRES

Moray Council

- 6.1 As part of the Economic Recovery Action Plan, Moray Council allocated £50,000 to set-up and develop a Pop-up Shop Scheme and £100,000 to offer 50% capital start-up grants to a maximum value of £10,000, following participation in the scheme. Expression of interest forms were submitted by 38 new or existing businesses and 84 enquiries were received from those interested in learning more about the scheme. Three pop-up shops launched in Moray and six businesses took part in the scheme, helping to bring vacant properties back into use and increase footfall in town centres. In May 2022 one of the properties in Buckie secured a tenant and withdrew from the scheme. The Business Gateway premises on Elgin High Street was then repurposed for use as a pop-up shop in October 2022 and three businesses occupied the shop until the scheme ended in January 2023. There was no uptake in the capital start-up grant linked to the Pop-up Shop Scheme. A local social enterprise had been commissioned to assist with promotional activities but this did not proceed due to delays with the scheme. Therefore, part of the budget that had been allocated to this element of the project was unspent, resulting in a final project spend of £12,043.
- 6.2 A programme of Town Centre Improvement Plans are continuing to be developed following community consultation. The Council commitment of £200,000 has been carried over into 2023/24 as a revenue budget was required for the design work to be able to deliver on the capital works. There was insufficient internal staff resource to deliver the projects, though this has now been secured through another fund for the next financial year.
- 6.3 Development Management and Building Standards have continued to enable town centre development through the provision of additional support, including free pre enquiry advice. There is a dedicated point of contact for Elgin town centre with Elgin BID, for coordinating and arranging meetings across services in Environmental Health, Building Standards and Planning to assist with free pre-application advice prior to formal submission. There is a duty

officer available for Planning and Building Standards, where free advice is available for residential enquiries. Development Management also offer guidance to small businesses through the desk duty service in terms of guiding them through the consenting process. Additionally, Development Management have given pre-application advice and support to Moray Growth Deal projects. A Senior Planning Officer has served as the designated contact over the past 12 months.

- 6.4 The overall £1,676,000 Town Centre Capital Fund was allocated to 68 projects. The original expenditure deadline of March 2021 for works to be completed or at least contracts signed was extended to 31 March 2023, due to the current economic climate and the impacts of COVID-19. To date £1,096,148.52 of the fund has been spent and £579,851.48 has been committed; 42 projects have been completed, 6 started and 20 have committed funds with the intention that the works will be completed and the grants spent in full before the end of 2023/2024 ensuring the original outcomes of the fund will be met.
- 6.5 £410,000 of the COVID-19 Economic Recovery Fund was allocated to the Town Centre Capital Business Improvement and Town Centre Capital Business Start-up funds. The aim of these being to provide investment that would drive local economic activities and repurpose town centres to become more diverse, successful and sustainable. Town Centre Capital Business Improvements Grants were made available for inside and outside work to create a COVID safe environment and improve the attractiveness of the business to encourage people to shop local and the create greater footfall. The fund provided grants at an intervention of 75% up to a maximum of £15,000 to reflect that most businesses have little reserves left as a result of the pandemic. In total 38 businesses were awarded grants totalling £346,000. The purpose of the Town Centre Capital Business Start-up Grants was to offer capital start-up grants to applicants to allow start-up businesses access to capital funding which would not otherwise be available. The grants were offered at an intervention rate of 50% up to a maximum of £10,000 for new businesses wishing to set up a permanent base in any town centre in Moray. 6 start-up businesses were awarded £51,830.
- 6.6 The Local Development Plan delivery programme was allocated a budget of £70,000, which supported the development of Town Centre Improvement Plans. In the current year, this has also allowed the commissioning of a Business and Property Needs Study and Woodland and Forest Strategy. Both of which will be reported to the Planning and Regulatory Services Committee later in 2023.

7. HOUSING AND INFRASTRUCTURE

HIE, UHI Moray, and Moray Council

- 7.1 Delivery of the Strategic Housing Investment Plan over the next 2 years will provide 199 affordable homes with at a cost of approximately £20m per year via investment from Scottish Government, Housing Revenue Account (HRA) and Registered Social Landlords (RSL).

- 7.2 High level business cases for the purchase and development of employment land in Speyside/East Moray and Forres were approved by the Asset Management Working Group in November 2021. However, general development costs have since increased substantially due to cost inflation. In Speyside, detailed designs and costings of the preferred site revealed access difficulties and high development costs, rendering the proposals unviable. Officers are working with consultants and local landowners to try and identify a potentially suitable alternative site. While in Forres, the landowner had confirmed willingness to sell land on the Enterprise Park. Work to progress with its purchase and development (of serviced sites plus small business units) was well advanced when the landowner advised the land was instead required for alternative development proposals. Officers had also progressed work on the purchase of privately owned land adjacent to the Enterprise Park to bring forward development of serviced sites plus small business units, on a Joint Venture basis. However, site investigations showed the majority of the site to be unsuitable and very expensive to develop. The Joint Venture partner has withdrawn and the project is now considered unviable. Officers are now investigating alternative sites in the Forres area and the capital allocation has been deferred accordingly.
- 7.3 Development Management have determined a number of planning applications for housing developments timeously which in turn has supported the delivery of housing and infrastructure developments.

8. PROCUREMENT

Moray Council

- 8.1 To support the adoption of a Community Wealth Building (CWB) approach within procurement, at its meeting on 28 October 2020, Council approved the allocation of funding for the employment of a CWB Officer (Paragraph 16 of the minute refers). The CWB Officer has developed a Moray wide CWB Strategy, which is being reported to the June meeting of the committee.
- 8.2 However, at its meeting on 8 March 2023, Council approved the decision to make a budgetary saving by removing the temporary CWB Officer Post and redeploying the post holder into a vacant Business Gateway Officer post. This means that there will no longer be dedicated post to lead on the delivery of a CWB approach (paragraph 14 of the draft minute refers). The actions identified within the strategy will now be delivered via existing resource across the Council.
- 8.3 As also approved by Council on 28 October 2020, and described in Section 4 above, consultancy provision has been made available for small business to support procurement and supplier development through assisting companies in preparing bids (paragraph 14 of the minute refers). There was however minimal interest in this as documented.

9. SOCIAL ENTERPRISE / COMMUNITY SUPPORT

HIE, UHI Moray, and Moray Council

- 9.1 Costs for the Rural Tourism Infrastructure Fund (RTIF) funded Coast to Country project had to be adjusted to offset the rise in construction costs as a result of inflationary pressures. This resulted in final project costs of £802,751 with an increased RTIF award of £375,000 match funded by increased contributions of £60,000 from HIE and £367,751 from the Council. The Coast to Country project is an integral part of a Moray wide strategic staycation programme. It is being delivered in partnership between the Council, Visit Moray Speyside Tourism Business Improvement District, HIE, and various Community Trusts and Associations. The Coast to Country project will enhance tourist infrastructure and facilities across the region, providing an improved visitor experience and mitigating negative impacts upon local communities. All elements of the project are due for completion in Spring 2023.
- 9.2 As an extension of the national 'Scotland Loves Local' campaign led by Scotland's Town Partnership, local authorities were invited to participate in the 'Scotland Loves Local Gift Card' scheme to support local businesses emerging from the impact of COVID-19, protect local jobs, and encourage consumers to think local first. During the first year 119 Moray businesses registered, including a wide range of retail, food and drink, accommodation services and health & beauty businesses. This resulted in 54 gift cards being sold, generating £1,730 for the Moray economy. To support this project, £70,000 from the Economic Recovery Fund was allocated to create a temporary dedicated Development Project Officer post for a period of 12 months, provide promotional budget and administration cost to continue the scheme. Over 200 businesses are now registered for the scheme and 1780 cards worth £87,119 have now been sold and retained within the local economy.
- 9.3 HIE has invested £250,304 in social enterprise organisations during this period, leveraging in external investment of £394,400. This included capital support towards the creation of the Portgordon Community Hub in the former Richmond Arms, which has been acquired by the community with support from HIE's Community Assets Team and Scottish Land Fund. These investments are projected to generate an increased turnover in the social economy of £264,411 and support 8 jobs in the third sector.
- 9.4 Investment has continued this year from the HIE Moray Team to support development officer posts in Dufftown, Portgordon, Lossiemouth, Cullen, Forres, Tomintoul and Glenlivet and Leanchoil Trust with a focus on developing community assets, as well as project posts in tsimORAY supporting the Moray Social Enterprise Network, Development Officer Network, Health & Wellbeing Forum as well as capacity building, governance and funding support.
- 9.5 The Moray Council Economic Growth & Regeneration team provided support to a number of social enterprises and community groups with applications to the Scotland Towns Partnership Scotland Loves Local II fund. Of the seven

applications made, three were successful; Elgin City Centre Illuminations project (£15,000), Keith & Strathisla Regeneration Partnership (£10,000) and Destination Dufftown (£17,500). Work continues with each of the projects, with all anticipated for completion before June 2023.

10. MORAY GROWTH DEAL

HIE, UHI Moray, Digital Health Initiative, and Moray Council

- 10.1 During 2022/23 Growth Deal activity has focused on establishing the Programme Management Office, the Digital Health project progressing work associated with their delivery phase and the remaining projects working to prepare their Full Business Cases. Significant progress has been made and the following has been achieved during each of the financial quarters of 2022/23.
- 10.2 Quarter 1:
- Full Business Case for Bus Revolution approved by the Moray Growth Deal Board, with the project expected to enter delivery in Q1 23/24
 - Ministerial launch of the Digital Health project
 - Majority of programme and project roles filled
- 10.3 Quarter 2:
- Programmatic controls relating to risk, assurance and reporting enhanced
 - Internal audit of the Growth Deal activity undertaken in the second half of 2022.
- 10.4 Quarter 3:
- Business Enterprise Hub Memorandum of Understanding signed with Moray Council and Robertson Construction which enables RIBA design stages to be progressed.
 - Detailed engagement activity commenced by the Cultural Quarter project to collate evidence that will help shape the vision for Elgin Town Hall and Grant Lodge.
 - Tender for Dallas Dhu Housing Mix Delivery site design work launched.
 - Offer received from Boeing for how they will support the Moray Aerospace, Advanced Technology Innovation Centre (MAATIC) facility
- 10.5 Quarter 4:
- The Deal's first annual report produced
 - Implementation activity progressed in preparation for the launch of Bus Revolution services in Q1 23/24, including marketing activity, final testing of the app, revised livery applied to vehicles and drivers recruited
 - Workshop held to identify synergies and any potential cross-linkages between the closely aligned MAATIC, BE Hub and MICM projects relating to research, innovation and work with businesses

11. **EMPLOYABILITY AND SKILLS**

DWP, Developing the Young Workforce (DYW), HIE, Moray Chamber of Commerce, UHI Moray, Moray Council, Skills Development Scotland (SDS), tsiMORAY

- 11.1 The DYW Moray school co-ordinators continue to work with the secondary schools to establish strong links with businesses, helping to enhance curriculum. This academic session has also seen the return of career fairs within schools facilitated by the co-ordinators as well as face to face mock interviews, CV checks and career talks helping to inspire and better prepare young people for the world of work. 56 businesses have signed up this year to support the Young Person's Guarantee including offering apprenticeships, work placements and school and college engagements.
- 11.2 A significant programme of employability support and training provision has been provided by the Moray Pathways Local Employability Partnership in 2022/23. Moray Council is the anchor organisation and commissions all employability services on behalf of the Moray Pathways Local Employability Partnership (LEP). Since the implementation of the No-One Left Behind (NOLB) employability strategy in 2019, the Scottish Government have devolved all employability funding to be managed by the LEP, to ensure that local labour market needs are met. The LEP consists of the following organisations; Barnardo's Scotland, Community Learning and Development (Moray Council), Department for Work and Pensions, DYW Moray, Economic Growth and Regeneration (Moray Council), Education (Moray Council), Strategic Planning and Development (Moray Council) Enable Scotland, HIE, Moray Integrated Joint Board (NHS Grampian), Skills Development Scotland, tsiMORAY and UHI Moray.
- 11.3 The Moray Pathways Hub @ the Inkwell continues to provide essential services for people of all ages. Having opened in June 2021, the Hub celebrated its first anniversary in this financial year. Over 500 people have engaged with partners who provide employability support and training provision within the Hub, with a total of 124 people progressing into employment as a result of this. There is a [short film](#) which celebrates the first year of the Moray Pathways Hub.
- 11.4 The Moray Employer Recruitment Incentive (MERI) scheme was launched in April 2021. During 2022/23, a further 109 people have been matched into a 12 month paid job placement with a range of Third Sector, Public and Private employers. The scheme was offered to young people, adults, and parents who were also within the 7 high priority target groups.
- 11.5 The programme of enhanced keyworker support within the NOLB model has resulted in the Moray Council Employability Team now offering an all age employability support service. Keyworkers provide vital end to end support and co-ordinate the provision provided by the wider partnership. There are keyworkers who work with young people, adults over age of 25 and parents in poverty.

- 11.6 An investment of £800,000 via the European Social Fund (ESF) and matched funded by the LEP (NOLB Scottish Government Grant) has commissioned provision across all of the following employability categories:
- Engagement and Needs Assessment
 - Barrier Removal
 - Vocational Activity
 - Employer Engagement and Job Matching
- 11.7 The following providers were commissioned to support individuals of all ages: FACT, UHI Moray Training department, Lossiemouth Entertainment Academy, Enable Works, Barnardos Works, Apex Scotland, Social Enterprise Academy and the Elgin Youth Development Group employability programme. Over 250 participants have participated and continue to be actively engaged with these services. The 1:1 keyworkers are co-ordinating and reviewing their Pathway Plan as they progress. The sector based providers have worked in collaboration with employers from within key Moray growth sectors.
- 11.8 During 2022/23 a total of 676 people have engaged with end to end keyworker support and support from our partners within the LEP:
- 371 Young People, which includes care experienced young people, those living in a jobless household, young people with mental health issues and people with disabilities
 - 254 Adults over 25, including those who are considered long term unemployed, people from ethnic minority backgrounds, people living in poverty, and people with mental health issues and disabilities
 - 93 Parents in Poverty
- 11.9 As a result of the programmes delivered via the LEP the following outcomes have been achieved:
- 39% progressing into training programmes
 - 29 % progressing into employment
 - 17% progressing into further education
 - 15% actively engaging with employability support from 1:1 Keyworkers to overcome barriers to progression

12. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

Effective monitoring and review of economic activity supports the corporate plan priority of promoting economic development and growth, as well as the LOIP priority of a growing and sustainable economy.

(b) Policy and Legal

There are no policy and legal issues arising directly from this report.

(c) Financial implications

The financial implications relating to all Council spend associated with delivery of Economic Recovery Plan activities are outlined within **Appendix A.**

Savings of £48,000 from the Community Wealth Building post have already been approved and taken. Underspends on 3 revenue projects are not required going forward and the aggregate underspend of £192,094 will be returned to reserves. A further £121,000 return to reserves arises from a project with additional core budget allocation. Further underspends of around £250,000 from two projects have been reallocated to the Flexible Food Fund and Sport and Culture Hardship Fund.

Slippage of £2,695,000 on 3 capital projects is reflected in the indicative 10 year capital plan approved by Council on 1 March.

In total expenditure of £5,168,000 was planned - £3,503,000 capital and £1,665,000 revenue. Total revenue expenditure to date is £872,000. Actual and committed capital expenditure totals £803,000.

(d) Risk Implications

There are no risk implications arising directly from this report.

(e) Staffing Implications

There are no staffing implications arising from this report, which have not already been detailed within.

(f) Property

There are no property implications arising from this report, which have not already been detailed within.

(g) Equalities/Socio Economic Impact

The Economic Recovery Plan aims to promote fair and equitable growth in the economy.

(h) Climate Change and Biodiversity Impacts

There are no climate change or biodiversity issues arising directly from this report. However, it is likely that a number of the interventions delivered in support of the Economic Recovery Plan would have a positive impact in reducing carbon emissions through transport and logistics via the development of local supply chains.

(i) Consultations

Depute Chief Executive (Economy, Environment and Finance), the Head of Economic Growth and Development, the Legal Services Manager, the Payments Manager, Chief Financial Officer, the Strategic Planning and Development Manager, the Economic Growth and Regeneration Manager, the Principal Climate Change Officer, the Equal Opportunities Officer and Lissa Rowan (Committee Services Officer) have been consulted and their comments have been incorporated into the report.

13. CONCLUSION

- 13.1 The Economic Recovery Plan was effectively targeted towards addressing and alleviating the negative economic consequences of the pandemic. As detailed in the sections above, the actions delivered via the Economic Recovery Plan have provided support and assistance to a variety of communities and industries. This has been critical in keeping local unemployment and business failure under control, minimising the impact of the pandemic upon the local economy.**
- 13.2 However, the challenges facing the economy have now evolved, with the cost of doing business and the energy crisis now the most pressing threats to our business community. Many of the interventions as set out in the Economic Recovery Plan have now reached a conclusion. It is therefore proposed that this be accepted as the final report covering the delivery of the Economic Recovery Plan.**
- 13.3 Ongoing reporting of the Moray Economic Strategy, Community Wealth Building Strategy, Apprenticeship Strategy, and Local Employability Delivery Plan will instead provide vehicles for monitoring the health of the economy and assessing the impact of public led economic development interventions. Reporting of the outstanding activities associated with the Economic Recovery Plan will be included within the annual monitoring of these strategies. The KPIs for the Economic Recovery Plan have also been incorporated into these strategic policies to ensure consistency in how these actions continue to be reported.**

Author of Report: Chris Muir, Senior Officer Economic Strategy and Development

Background Papers: [Economic Recovery Plan](#)

Ref: <http://spman.moray.gov.uk/MANComRepDraftSite/DevServLib/2023%2005%2002%20EDI%20Committee/REPORT%20-%20ECONOMIC%20RECOVERY%20PLAN%20DELIVERY%20202223.doc>