



REPORT TO: SPECIAL MORAY COUNCIL ON 8 MARCH 2023

SUBJECT: MORAY GROWTH DEAL ANNUAL REPORT

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

1. REASON FOR REPORT

- 1.1 Each year the Moray Growth Deal is required to produce an annual report providing an overview of work undertaken, with a look ahead to the year ahead. This paper introduces the first draft report, covering the period 20 December 2021 to 31 December 2022.
- 1.1 This report is submitted to Council in terms of Section (II) (20) of the Council's Scheme of Administration relating to a new policy matter which does not fall within the terms of reference of any Committee.

2. RECOMMENDATION

It is recommended that Council:

- (i) **consider and scrutinise the draft annual report; and**
- (ii) **delegate authority for the Depute Chief Executive (Economy, Environment and Finance) to approve a final iteration of the report, following engagement with key stakeholders and the Scottish and UK Governments. This will then be submitted to a future Moray Council meeting for noting.**

3. BACKGROUND

- 3.1 The Moray Growth Deal (MGD) was signed on 20 December 2021 and is a transformative, £100m programme consisting of 8 projects that will drive positive improvements to social and economic challenges faced by citizens and businesses in Moray.

- 3.2 The production of an annual report is a grant condition associated with funding from the Scottish and UK Governments. This report introduces the MGD's first annual report covering the period 20 December 2021 (when the Full Deal was signed) to 31 December 2022.
- 3.3 Looking beyond the governance process set out above, the production of an annual report provides an opportunity for the Council to document and publicise progress made implementing the Growth Deal projects, with a look ahead to activity planned for 2023.

4. PROCESS AHEAD TO DEVELOP A FINAL DRAFT OF THE ANNUAL REPORT

- 4.1 Outlined in **Appendix 1** is a comprehensive timeline of engagement that has been initiated to develop the MGD's annual report. This includes a range of key stakeholders including the Moray Economic Partnership, Elected Members and the Moray Business Assembly. The first phase of review involves regional partners, along with Council Officers and Elected Members. This culminates with the submission of this report.
- 4.2 Subsequently, phase 2 will focus on engagement with the Scottish and UK Governments, with the report feeding into the Deal's first annual conversation. Scheduled for 29 March 2023. The annual conversation is an executive level officials meeting to discuss the status of the Deal. This will be attended by senior officials from the Scottish and UK Governments, along with the Moray Council's Chief Executive, Depute Chief Executive (Economy, Environment and Finance) as Moray Growth Deal Senior Responsible Officer, Head of Financial Services, Head of Economic Growth and Development and the Moray Growth Deal Programme Manager.

5. OVERVIEW OF THE ANNUAL REPORT

- 5.1 **Appendix 2** contains a draft copy of the MGD's annual report,
- 5.2 Significant activity has been progressed since the Deal was signed including establishing the Programme Management Office, projects working towards the preparation of their Full Business Cases and one project progressing delivery (Digital Health). The following achievements are noted:

Programme achievements	
Q3 21/22	<ul style="list-style-type: none">○ Digital Health project receives Moray Growth Deal Board and Government approval for the Full Business Case and enters delivery.○ Full Deal document signed by the Moray Council, Scottish Government and UK Government on 20 December 2021.
Q4 21/22	<ul style="list-style-type: none">○ Recruitment process undertaken for Programme Management Office (PMO) and Project Manager roles, with staff taking up post during Q1 22/23

Q1 22/23	<ul style="list-style-type: none"> ○ Full Business Case for Bus Revolution approved by the Moray Growth Deal Board, with the project expected to receive Government clearance in Q4 22/23 to enter delivery. ○ Ministerial launch of the Digital Health project following completion of their first work package.
Q2 22/23	<ul style="list-style-type: none"> ○ Enhancement of programmatic controls relating to risk, assurance and reporting, with the Moray Council carrying out an internal audit of the Moray Growth Deal in the second half of 2022.
Q3 22/23	<ul style="list-style-type: none"> ○ Business Enterprise Hub Memorandum of Understanding signed with Moray Council and Robertsons Construction which enables RIBA design stages to be progressed. ○ Detailed engagement activity commenced for 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

5.3 Looking ahead to 2023, the pace of Moray Growth Deal activity is expected to increase significantly, with the following areas of focus:

- Programme Benefits Realisation and Monitoring Plan due to be submitted to the MGD Board for approval Q4 22/23.
- Official opening of the Digital Health Demonstration and Simulation Environment Space late Q4 22/23 in the Alexander Graham Bell Building which is part of UHI-Moray.
- Bus Revolution scheduled to commence delivery in Q1 23/24 on the assumption Government clearance of the Full Business Case is received in Q4 22/23.
- The remaining 6 projects are scheduled to submit their Full Business Cases to the MGD Board for approval by Q4 23/24. Of these, it is anticipated that 4 will receive Government clearance and have entered delivery before December, meaning the Deal should finish the next reporting period with 6 of the 8 projects in delivery. Detailed Members Briefings will be held for all projects before they are reported to council which is part of the approval governance process.
- By the end of Q3 23/24, all of the Digital Health project's 5 living labs are expected to have completed their development stage, with 2 expected to reach the evaluation stage.

5.4 As activity scales up during 2023, there are a number of risks being managed by the MGD Programme Management Office that have the potential to affect delivery, specifically:

- *Inflation:* Expected to cause cost projections to increase between OBC and FBC stage. With a fixed funding agreement in place with the Governments, the projects will need to need to drive efficiencies, prioritise deliverables and / or seek additional sources of funding to move into delivery with a sustainable financial model.

- *Management of closely aligned projects:* Moray Aerospace and advanced Technology Innovation Campus (MAATIC), Manufacturing Innovation Centre for Moray (MICM) and the Business Enterprise (BE) Hub are closely aligned in relation to the outcomes they are seeking to achieve. As their full business cases are developed in 2023, it is critical there is clarity on the work each will deliver around research, innovation and work with businesses, ensuring any cross linkages are appropriately managed.
- *Engagement activity:* Significant engagement activity will be required across all projects involving a wide range of stakeholders. This work will need to be effectively co-ordinated to ensure that there is cross-project co-ordination for engagement that affects multiple streams of activity and on key stakeholders.

6. **SUMMARY OF IMPLICATIONS**

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

The Moray Growth Deal projects will contribute to the Corporate Plan priority of promoting economic development and growth, whilst meeting the LOIP vision of raising aspirations, reducing inequalities in educational attainment, providing access to employment, expanded choices for residents, and improved livelihood and well-being.

(b) Policy and Legal

Each Growth Deal project has been developed to meet local, regional and national policy agendas in line with legal requirements where relevant.

(c) Financial implications

The production of the 2021/22 annual report for the Moray Growth Deal in itself does not present any financial implications, but it does contain a section relating to the finances of the programme.

The Council's Head of Financial Services sits on the monthly Moray Growth Deal Programme Board at which a report is submitted for review setting out spend against budget allocation and takes an overview of the financial implications of the deal for the Council as s95 officer.

(d) Risk Implications

The production of the 2021/22 annual report for the Moray Growth Deal in itself does not present any risk implications, but it does reference risks being managed by the MGD Programme Management Office that have the potential to affect successful delivery.

Risk is a standing item at the monthly Moray Growth Deal Programme Boards and is covered in monthly meetings that the Programme Management Office has with each Project Manager.

(e) Staffing Implications

None

(f) Property

None.

(g) Equalities/Socio Economic Impact

Equalities and Socio Impact Assessments for each project will be updated as part of Full Business Case development.

(h) Climate Change and Biodiversity Impacts

As a requirement of the Moray Growth Deal, all projects will address carbon reduction, improved environmental performance and a just transition to net zero as a central part of their development.

(i) Consultations

Consultation has taken place with the Depute Chief Executive (Economy, Environment and Finance), the Head of Economic Growth and Development, the Legal Services Manager, the Equal Opportunities Officer, the Chief Financial Officer, and Lissa Rowan (Committee Services Officer) have been consulted and comments received have been incorporated into the report.

A final version of the annual report will be prepared following extensive consultation and review:

- Moray Growth Deal Programme Board
 - Moray Economic Partnership
 - Business Assembly
 - The Scottish and UK Governments
 - Moray Council Elected Members (briefing on 21/02/23 and Council meeting on 08/03/23)
- A final version of the annual report will be provided to council for noting at its meeting on 24 May 2023.

7. CONCLUSION

7.1 This paper provides a draft copy of the Moray Growth Deal's 2021/22 annual report for the Council to review and comment upon.

7.2 The Council is asked to delegate authority for the Depute Chief Executive and Moray Growth Deal Senior Responsible Officer (SRO) to approve a final iteration of the report.

7.3 A final draft of the annual report will be provided to the Council for noting once officer engagement with key stakeholders, including the Scottish and UK Governments has been completed.

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Background papers:

- Appendix 1: Timeline of MGD annual report engagement activity
- Appendix 2: Moray Growth Deal Annual Report

Previous MGD Board paper submitted to Council: 30 November 2023 (Item 7)

