



REPORT TO: MORAY COUNCIL ON 28 OCTOBER 2020

SUBJECT: TOWN CENTRE SUPPORT

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

1. REASON FOR REPORT

- 1.1 To inform Council on proposed Town Centre Support schemes which forms part of the economic recovery plan being actioned by the Council.
- 1.2 This report is submitted to the Council in terms of Section III A (2) of the Council's Scheme of Administration relating to long-term financial plans.

2. RECOMMENDATION

2.1 It is recommended that Council:-

- (i) note the proposals;**
- (ii) agree for town centres of Buckie, Keith, Forres, Lossiemouth, Elgin, Aberlour and Dufftown the setup of a pop-up shop scheme with associated cost over two financial years of £50,000; and**
- (iii) agree to offer 50% capital start-up grants up to a maximum of £10,000 following participation in the pop-up scheme with budget requirement of £100,000 for next financial year 2021/2022.**

3. BACKGROUND

- 3.1 Economic Growth, Housing and Environmental Sustainability Committee on 6 October 2020, (para 8 of the draft minute of refers) considered the Economic Recovery Plan report with a range of high level strategic proposals. It also contained a range of business and town centre support measures with more details being presented at this Council meeting. The proposals for pop-up shops with follow up capital start-up grants is part of a range of transformative investments which drives local economic activities and re-purposes town centres to become more diverse, successful and sustainable.
- 3.2 Based on the previously successfully carried out pop-up shop scheme in Keith as part of the overall CARS project, start-up businesses used existing long-

term empty shops for a duration of up to 4 weeks at no cost, other than utilities. Twenty three separate businesses took advantage of the pop-up shops during the project. Three of these went on to take up permanent residence in other long-term empty shops on Mid Street and several others established retail premises outside of Keith. On completion of the project, Keith Mid Street Conservation Area had moved from the highest to the lowest shop vacancy rate in Moray.

- 3.3 Also the recent Findhorn Bay Arts' response during the Covid-19 Lockdown in Forres with their pop-up initiative for locally grown food and bakery supplies over 2 to 3 days per week, resulted in supporting ten local producers and creating employment for two people. Several local businesses commented how complementary the scheme was with their creative promotion, with many seeing an increase in their sales on the days the pop-up shop is open. Findhorn Bay Arts has been nominated for the Scotland's Town Partnership High Street Hero award. The award seeks to celebrate the people, businesses and local organisations who have gone the extra mile to support their communities during the coronavirus lockdown and ensure the safe reopening of our high streets as part of Scotland Loves Local campaign.
- 3.4 **Proposals** - In response to an increase in vacant retail units and individuals seeking to start-up businesses, it is proposed to set-up a pop-up scheme in Buckie, Keith, Forres, Lossiemouth, Elgin, Aberlour and Dufftown initially for 14 months. Similar to the Keith pop-up scheme, start-up businesses use, with the agreement of the property owners, existing suitable empty shops for a duration of up to 4 weeks at no cost, other than utilities.
- 3.5 Detailed guidance for property owners and pop-up shop businesses will be available shortly and is based on previously prepared documents under the Keith and Elgin CARS projects covering all aspects from mutual benefits, fixture and fittings, insurance, utility bills to legal requirements alongside an "expression of interest" form to create a rota of participating businesses for each location. The scheme will be supported by regular promotions in each area.
- 3.6 Ideally empty properties with a rateable value of up to £10,000 are sought, as they would qualify for the Small Business Bonus Scheme, allowing for the property owner to claim 100% business rates relief. However based on the Elgin CARS experience it may not always be possible to get the empty shops free of any charges if their rateable value is above £10,000 and it is proposed to create an overall budget of £50,000 over the next two financial years for the pop-scheme to allow for covering any potential property costs and associated promotional works and materials. It includes consumer focused marketing through traditional, social media & creative interactive activities.
- 3.7 To complement the Young Company Capital Investment Grant Scheme – HIE, working in partnership with Business Gateway, (funded by Scottish Enterprise), provides grant funding of up to 50% of costs of up to £50k for capital equipment for start-up or young companies/social enterprises (less than five years old) within the food, drink & textile sectors etc. but excluding retail, it is proposed to offer a grant scheme. The grants offered would be at an intervention rate of 50% of up to £10k to any successful pop-up shop

wishing to set up a permanent base. It would allow the start-up businesses to access capital funding, which is not otherwise available. It is proposed to provide a budget of £100,000 for the next financial year.

- 3.8 The above proposals will be administered by the Economic Growth and Regeneration Team, which includes Business Gateway and will provide any additional support, guidance and/or training opportunities for any of the pop-up scheme participants. Progress reports will be provided which will include the number of individuals/businesses assisted and those with positive outcomes and impacts on footfall in town centres where available.

4. **SUMMARY OF IMPLICATIONS**

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

The Town Centre Support proposals will contribute to achieve the corporate plan priority to promote economic development and growth, also the LOIP priority of a growing and sustainable economy. COVID 19 and the economic impact has strengthened the need to invest in the local economy.

(b) Policy and Legal

The Council considers support for economic development issues on their merits, against the objective to facilitate sustainable economic growth and the desired outcomes of the Ten Year Plan and Corporate Plan. For the pop-up shop guidance documents all relevant officers have been previously consulted. For the start-up grants, applications packs with grant conditions will be finalised in consultation with Legal.

(c) Financial implications

The proposals are part of the Economic Recovery Action Plan report presented at this meeting with the budget allocation coming from reserve earmarked for financial priorities of the Council.

As outlined in para 3.6 of this report, the requested total cost for the pop-up scheme is £50,000 split over two financial years. The allocation for 2020/2021 is £15,000 and for 2021/2022 £35,000.

As outlined in para 3.7, the requested start-up capital grants budget is £100,000 for the financial year 2021/22 and will be matched for the same amount by the applicants.

Corporate Management Team Additional Expenditure Warning
When the council approved the budget for 2019/20 on 27 February 2019 (para 4 of the Minute refers), the three year indicative budget before the council showed savings required in 2020/21 of £12.2 million and £6.7 in 2021/22. Although the final figures will vary, it is clear that the council will have to reduce its costs significantly across all services in future years. All financial decisions must be made in this context and only essential additional expenditure should be agreed. In making this determination the committee should consider:

- *Is there a statutory requirement to incur the expenditure?*

Economic Development is a recognised function of a local authority, however the level of intervention is not defined in any statutory instrument.

- *Are there any alternative actions available to avoid or reduce the cost?*
As indicated in the Best Value Assurance Report 2020, the Council has chosen to reduce expenditure on economic development over the last 5 years to the point where we have the lowest spend per 1000 population in Scotland, while this coincided with a time of economic stability and significant pressure on Council finance, COVID 19 has had a severe impact on the economy which has required unprecedented Government intervention to support the economy, it is important that the Council seeks to address the local impacts and provide additional support where it can.
- *Are there alternative ways in which the service could be provided?*
No
- *What are the risks and consequences of not allocating the funding?*
Although the funding asked for is significant in terms of Council budgets due to current financial constraints, it is considered the minimum necessary to provide support for business, town centres and capital investment. There is no other capital grant scheme for the start-up retail sector available in Scotland.
- *Does the expenditure contribute to long term financial stability?*
Long term financial stability of the Council is inextricably linked to the long term sustainability of the economy, the creation of jobs, housing and business to maintain an active and healthy population is essential, economic downturn will have a corresponding negative impact on Council finances and demand on services.

If in light of these factors the spend is considered essential, Committees should consider how it could be accommodated within the service budget, including what other activity would have to cease or diminish with what impact and risk. Only following these considerations should request be made to the Council for additional budget allocation.

If the additional spend recommended in this report is approved, this will increase the savings targets by £15,000 to £12.215 million in 2020/21 and by £135,000 to £6.835 million in 2021/22.

While in isolation these figures may not be significant, the cumulative impact of all new pressures will require to be taken into account for future years. If the committee recommends additional budget to be allocated this recommendation will be considered in the next quarterly budget monitoring report in the context of the current overall financial

position of the council and in particular in the overall context of spend beyond affordable limits that impinges on the Council's reserves policy position.

(d) Risk Implications

The economic impact associated with COVID 19 will continue until such time as a vaccine programme has been implemented. The risk associated with the severe economic impacts on jobs could have lasting effects on young people and worsen demographic changes and outward migration.

(e) Staffing Implications

As outlined in the Economic Recovery Plan report, workloads with Economic Growth and Regeneration section which includes including Business Gateway will remain high for the foreseeable future. Priority will remain with the economic recovery work associated with the action plan and some work of the team will have to be put on hold for now to enable the recovery work to take place.

(f) Property

There are no property implications

(g) Equalities/Socio Economic Impact

There are no equalities impacts arising from this report.

(h) Consultations

The Depute Chief Executive (Economy, Environment and Finance), the Head of Economic Growth and Development, the Legal Services Manager, Paul Connor (Principal Accountant), the Democratic Services Manager and the Equalities Officer have been consulted and comments received have been incorporated into the report.

5. CONCLUSION

5.1 The proposals for pop-up shops with follow up capital start-up grants are part of a range of transformative investments, which drives local economic activities and re-purpose town centres to become more diverse, successful and sustainable.

5.2 If approved, it complements Moray's Town Centre Capital Fund Investments allocation and supports the Scottish Towns Partnership Scotland Love Local national campaign, which is backed by the Scottish Government and a range of partners to encourage the public to support local shops and businesses whilst continuing to follow public health advice during this pandemic.

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Background Papers: Documents on file in Economic Growth & Regeneration section.

Ref: