



REPORT TO: MORAY COUNCIL ON 28 OCTOBER 2020

**SUBJECT: INFORMATION REPORT : MORAY GROWTH DEAL –
PROGRESS UPDATE**

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

1. REASON FOR REPORT

- 1.1 This report provides a progress update on the development of a growth funding proposal for Moray since the previous formal update report was provided on 12 February 2020.
- 1.2 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. BACKGROUND

- 2.1 At the time of the last update it was advised that the deal process had been interrupted by the Dissolution of Parliament but discussions were in progress towards a Heads of Terms agreement, which was hoped to be announced in March 2020.

3. PROCESS UPDATE

- 3.1 Following the last update, work on Heads of Terms was progressing well and the terms of the deal were agreed with officials just before the Covid-19 lockdown, which meant that an official signing event could not be organised.
- 3.2 In order to enable development of outline business cases to progress with confidence, a joint letter of support was sent to the Council Leader on 5th May 2020 by the Rt Hon Alister Jack MP, Secretary of State for Scotland and Michael Matheson MSP, Cabinet Secretary for Transport, Infrastructure and Connectivity.
- 3.3 Work continued in the background to enable the Heads of Terms to be signed as soon as possible in order that details of the projects could be publicised to allow wider engagement with business and communities to shape and strengthen the business cases.

- 3.4 The Heads of Terms was signed on 24th August 2020 in a virtual event involving representatives of the UK and Scottish governments and the leader of Moray Council using video conferencing software to sign up to the document. This was the first virtual signing event and was designed to avoid compromising government guidance with regard to the Covid-19 pandemic, and follow public health guidance to keep everyone safe.

4. HEADS OF TERMS DETAIL

- 4.1 A copy of the signed Heads of Terms document has been uploaded to the My Moray website, together with an infographic giving high level detail on each project, a short animated film, FAQ's, and an update bulletin detailing the next phase. <https://www.mymoray.co.uk/moray-growth-deal>.
- 4.2 The combined investment totals over £100 million, with £32.5 million from each government and £35.8 million from local partners.
- 4.3 The projects are: Moray Aerospace, Advanced Technology and Innovation Campus; Business Enterprise Hub; Cultural Quarter; Housing Mix Delivery; Early Years STEM; Bus Revolution; Manufacturing and Innovation for Moray; and Digital Health.
https://www.mymoray.co.uk/application/files/1315/9767/9293/Moray_Growth_Deal_Projects.pdf.
- 4.4 Members will receive a separate briefing to enable more detail and discussion on the individual projects. In light of this, and as no decisions are required at this stage, this report has been framed as an information report.

5. NEXT STEPS

- 5.1 In order to secure the full deal agreement Outline Business Cases (OBC's) need to be completed for each project included. The process normally takes around 12 months from Heads of Terms to Full Deal.
- 5.2 Due to the content of our Heads of Terms agreement being agreed with government officials back in March 2020 officers were able to start work on the OBC's then so the board is currently targeting a full deal signing in March 2021. It should be noted that this is dependent of first draft OBC's being submitted to government in December 2020, but good progress is being made towards this target. If this window is missed, progress will be delayed due to the political restructions around the 2021 Hoyrood elections if these proceed as planned.
- 5.3 Separately discussions still continue with the UK Government regarding the alignment of their funding with the Scottish Government's ten-year timescale, and there is parallel development of other documentation to complete the deal, which includes governance arrangements, financial forecasts, and reporting arrangements.

6. SUMMARY OF IMPLICATIONS

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

The growth funding bid provides a unique opportunity to work in partnership with key stakeholders in the Moray economy to review the supports and stimuli in place already, the gaps and how best to fill these. If this process is completed in a robust and collaborative way, Moray will be able to leverage in significant funding from across the public and private sectors including funding from the UK and Scottish Governments. Sustainable economic development is a priority in both the LOIP and Corporate Plans.

(b) Policy and Legal

The Project Management Governance Policy and support mechanisms will be invaluable in driving this programme forward.

(c) Financial implications

As part of the partner contributions to the deal Moray Council has committed £8 million in capital funding across the 4 projects in the deal being managed by the Council. The Council is also the accountable body for the deal and will be responsible for monitoring expenditure and draw down of grant funding from the Scottish Government.

(d) Risk Implications

The risk of not meeting the target date for submission of OBC's could mean the deal signing being postponed until the Summer of 2021 (after Scottish Parliament elections) which would result in delays to current proposed project start dates. These projects are seen as very significant to aiding the economic recovery in Moray following the Covid-19 pandemic.

(e) Staffing Implications

There are no further staffing implications at present. Business cases will include costing for project management throughout the delivery stage of projects.

(f) Property

There are no property implications at this time.

(g) Equalities/Socio Economic Impact

Inclusive growth is a key concept in growth funding development and in terms of the overarching policies. One of the key objectives of the proposals is to reduce the gender pay gap in Moray. This reflects one of the main themes of the Moray Council's Equality Outcomes which were approved by Council on 29 March 2017 (para 16 of the minute refers).

(h) Consultations

An equivalent to this report has been considered and approved by the Community Planning Board following consultation with partner agencies. Consultation with key business representatives and the public has also

been an integral part of developing the deal to date. This report has been circulated for comment to CMT, the Head of Legal and Democratic Services, the Head of Financial Services, the Equal Opportunities Officer, and the Democratic Services Manager; any comments received have been considered in writing the report.

7. CONCLUSION

- 7.1 The deal process was interrupted by the Dissolution of Parliament and Covid-19 but the Heads of Terms agreement was eventually signed on 24th August 2020.**
- 7.2 The Council is asked to note the progress on the Moray Growth Deal and the next steps required to achieve full deal status by Spring 2021.**

Author of Report:
Background Papers:
Ref:

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