



## Your Moray

**REPORT TO: COMMUNITY PLANNING BOARD ON 23 MARCH 2024**

**SUBJECT: MORAY GROWTH DEAL 2023 ANNUAL REPORT**

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

### **1. REASON FOR REPORT**

- 1.1. To provide a final version of the Moray Growth Deal's 2023 annual report for consideration by Board members.

### **2. RECOMMENDATION**

- 2.1. **It is recommended that the Community Planning Board considers and approves the 2023 MGD Annual Report as set out in appendix 1.**

### **3. BACKGROUND**

- 3.1. A condition associated with Growth Deal funding is that a report is produced annually providing an overview of work undertaken in the past 12 months, with a forward look at the year ahead.
- 3.2. The production of this document is a valuable process as it provides a stock check of the status of Deal activity and sets expectations on what will be achieved during the year ahead. It will also provide the foundation for communications activity on the status of the Deal during June 2024.

### **4. GOVERNANCE STEPS TAKEN TO AGREE A FINAL VERSION OF THE REPORT**

- 4.1. Draft versions of the report were presented to the MGD Programme Board on 25 January and Moray Council on 6 March. Subsequently a final version has been prepared that was approved by the MGD Programme Board on 25 April and a verbal update will be provided at the meeting regarding it's submission to the Moray Council on 22 May.
- 4.2. The report was an integral part of the Deal's annual conversation with both Governments on 14 March 2024. Akin to an annual audit, this is an opportunity for Senior Officers from the Council and both Governments to discuss the status of the Deal.

4.3. Alongside the above, the report has been shared with the Moray Economic Partnership.

## 5. **OVERVIEW OF THE 2023 ANNUAL REPORT**

5.1. Appendix 1 contains a draft copy of the Moray Growth Deal's 2023 annual report.

5.2. The Growth Deal started 2023 with one of the eight projects in delivery, Digital Health. Bus Revolution received clearance to commence in March 2023, with a further 3 projects gaining approval from the Moray Growth Deal Programme Board for their full business cases in the second half of the year.

5.3. Subsequently during Q4 23/24, 2 of these projects have received clearances from the Moray Council and both Governments to enter delivery: Housing Mix Delivery and the Manufacturing Innovation Centre for Moray (MICM). The third, Business Enterprise Hub, will complete final clearances once a £2m revenue deficit arising from the withdrawal of a philanthropic partner has been resolved.

5.4. Alongside the progression of full business cases, a number of key milestones were achieved during 2023.

Q4 22/23	<ul style="list-style-type: none"> <li>▪ Bus Revolution project receives Council and Government clearance to enter delivery.</li> </ul>
Q1 23/24	<ul style="list-style-type: none"> <li>▪ Digital Health's Demonstration, Simulation and Environment (DSE) Space opens in UHI-Moray, providing a location for residents, digital developers and health care professionals to collaborate on healthcare digital applications.</li> <li>▪ Fraser Livingstone Architects appointed to design phase 1 of the Dallas Dhu (Forres) housing masterplan</li> <li>▪ Enhanced on demand bus services take to the road, rebranded as m.connect.</li> </ul>
Q2 23/24	<ul style="list-style-type: none"> <li>▪ Moray Growth Deal Board approves full business cases for the Business Enterprise Hub, Housing Mix Delivery and MICM projects, enabling them to move to the next stage of scrutiny by Government Policy Advisors and the Moray Council.</li> <li>▪ Bus Revolution project receives a Ministerial Launch in Aberlour.</li> </ul>
Q3 23/24	<ul style="list-style-type: none"> <li>▪ LDN architects appointed as lead design partner for the redevelopment of Elgin Town Hall as part of the Cultural Quarter project.</li> <li>▪ Drop in event held regarding regeneration plans for South Street in Elgin, which involves the Business Enterprise Hub and Housing Mix Delivery projects.</li> </ul>

5.5. Looking ahead to 2024, the pace of activity will continue to increase, with the investment and associated services becoming more visible to residents and businesses of the region.

Q4 23/24	<ul style="list-style-type: none"> <li>▪ 4 of the Deal's 8 projects to have entered delivery.</li> <li>▪ Planning application for the Business Enterprise Hub on South Street to be submitted.</li> <li>▪ Planning applications for Housing Mix Delivery South Street and Dallas Dhu developments to be submitted.</li> <li>▪ Design team for Grant Lodge to be appointed.</li> </ul>
Q1 24/25	<ul style="list-style-type: none"> <li>▪ Expansion of Bus Revolution to include the piloting of weekend services.</li> <li>▪ Early Years STEM and Cultural Quarter projects to have submitted their full business cases to the Growth Deal Board, with the aim that they enter delivery during Q2 24/25.</li> </ul>
Q2 24/25	<ul style="list-style-type: none"> <li>▪ Launch of EY STEM outreach offer</li> <li>▪ Following a delay procuring consultancy support to assist with drafting of the Deal's Benefit Realisation and Monitoring Plan, this work is expected to conclude by Q2 24/25.</li> </ul>
Q3 24/25	<ul style="list-style-type: none"> <li>▪ Phase 1 of the Manufacturing Innovation Centre for Moray (MICM) will open in autumn 2024 at the Forres Enterprise Park.</li> <li>▪ (In the assumption planning permission is secured) Construction of the Business Enterprise Hub facility to commence.</li> </ul>

5.6. Whilst positive progress continues to be made, the Deal is currently managing a number of risks and issues. The most significant strategic entries are noted below.

- *Changes to capital and revenue costs:* As project FBCs are developed, Project Managers are adapting to a range of circumstances such as cost inflation from OBC profiles and changing financial conditions within the partners who are both delivering projects and contributing funding. A range of measures will be considered including value engineering construction plans to reduce cost, whilst working to prevent any change in the benefits to be realised and identifying alternative sources of funding.
- *Staff resources available to deliver Bus Revolution:* With increased resources required for key roles, including bus drivers and vehicle technicians, there is a risk that recruitment does not keep up with the numbers needed. This has the potential to either slow down the pace of expansion and affect the operational model of the project. Efforts are being made to make recruitment an ongoing rather than cyclical activity and analysis of the constraints is to be carried out with a view to determining what is within the Council's control to achieve improved outcomes.
- *Workload of key stakeholders:* With a significant number of Growth Deal projects due to scale up during 2024, this has the potential to create demands on a finite number of key stakeholders, some of whom will have interests in multiple projects. Stakeholder identification and mapping will be carried out, with co-ordinated communications and engagement plans to be developed across the programme and projects to ensure any peaks of activity for particular groups are effectively managed.

5.7. Alongside risks and issues, Moray is faced with a positive opportunity that the Growth Deal and wider Economic Development Team are working to exploit.

During the second half of 2023 the Moray received further economic investment in the form of £18.3m from Levelling Up Fund and £20m from the Long Term Plan for Towns Fund. Work will be delivered during Q4 23/24 to understand the milestones, linkages and resourcing requirements across the three funding programmes and these will then be managed through appropriate governance structures with a view to maximising the benefits to be realised for Moray.

## **6. CONCLUSION**

**6.1. This paper introduces a final draft the Moray Growth Deal 2023 Annual Report. The CPB is asked to consider and approve this.**

Author of Report: Michael Kelly, Moray Growth Deal Programme Manager

Background Papers:

Ref: SPMAN-1108985784-960 / SPMAN-1108985784-959