



Your Moray

REPORT TO: COMMUNITY PLANNING BOARD ON 29 FEBRUARY 2024

**SUBJECT: MORAY GROWTH DEAL FULL BUSINESS CASE:
MANUFACTURING INNOVATION CENTRE FOR MORAY**

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

1. REASON FOR REPORT

- 1.1. At key programme and project milestones, the Moray Growth Deal seeks assurance approval to proceed from a number of boards including the Moray Economic Partnership, Moray Council and the Community Planning Board.
- 1.2. The Community Planning Board is asked to consider and approve the full business case associated with the Manufacturing Innovation Centre for Moray (MICM) project.

2. RECOMMENDATION

2.1. It is recommended that the Community Planning Board:

- (i) Considers and approves the Full Business Case (FBC) in appendix 1.**
- (ii) Delegates authority to the Depute Chief Executive (Economy, Environment and Finance) to make any final changes as required following completion of the Government review process, with a view to agreeing final version of the FBC to progress to implementation**

3. BACKGROUND

- 3.1. The Moray Growth Deal is a 10 year, £100m economic development programme that aims to realise positive social, educational and economical improvements for the region.
- 3.2. Consisting of 8 projects, 2 are currently in delivery (Digital Health and Bus Revolution) and the Programme Management Office (PMO) is working to secure approval of a further 3 project business cases by the end of Q4 23/24. This paper relates to the Manufacturing Innovation Centre for Moray (MICM) project. The remaining 3 Growth Deal projects are expected to enter delivery Q2 24/25.

3.3. Todate, the FBC has been through an extensive assurance process that is outlined below.

Project	Project Board approval	MGD Programme Board approval		Other approvals	Moray Economic Partnership ¹	Moray Council ¹
		First approval to trigger Government review	Second review following Government feedback ¹			
MICM	3 Aug 2023	25 Aug 2023	12 Dec 2023	31 Oct 2023: HIE Board ²	14 Dec 2023	24 Jan 2024

¹ Approval secured from each of these boards to delegate authority to the Depute Chief Executive (Economy, Environment and Finance). This involves making any final changes as required following the completion of the Government review process, with a view to agreeing the final version that will enable the project to enter delivery.

² Condition approval has been granted by the HIE Board, which allows the project to commence activity relating to the preparation of the facility. A final version of the FBC is due to be submitted to the April Board meeting for final approval.

3.4 The process to obtain clearance from the Scottish and UK Governments has commenced, is at an advanced stage (with no material changes to the FBC expected) and is expected to conclude mid to late Q4 23/24. This, coupled with approval from the Community Planning Board will enable the projects to enter delivery during March 2024.

4. OVERVIEW OF THE MICM FBC v2 (APPENDIX 1)

Summary of the project

- 4.1. Manufacturing accounts for 19% of jobs in Moray, but 67% of the businesses employ 9 people or less. This, coupled with a low level of R&D spend, has given rise to a need for this sector to be supported to innovate, helping to improve resilience, size and turnover.
- 4.2. MICM will see the construction of a Manufacturing Innovation Centre at the Forres Enterprise Park that will be delivered through a combination of repurposing existing buildings and new-build construction. The facility aims to develop an innovation ecosystem which will help manufacturing businesses in Moray to become world-class. It will achieve this through a central hub along with incubator and grow on space for businesses to rent.
- 4.3. The project will receive capital and revenue funding to both deliver the facility and ensure the operational viability of services as activity scales up.
 - *Capital:* The facility will cost £5.6m and this will be funded by the Scottish Government, UK Government and Highlands and Islands Enterprise.
 - *Revenue:* The Scottish Government is providing £1.25m to support any deficit in the facility's operating costs during the first 10 years.

Investment objectives to be realised

1	To increase BERD (Business Enterprise, Research and Development) in Moray's indigenous manufacturing companies
2	To increase growth, productivity, and efficiency in Moray's indigenous manufacturing companies
3	To increase the number of manufacturing start-ups in Moray
4	To support the attraction of manufacturing inward investment to Moray
5	To accelerate the transition to net zero in Moray's indigenous manufacturing companies

What will the project mean for Moray?

4.4. Services to be delivered include:

- Supporting product and process innovation projects in businesses
- Facilitation of networking, peer-to-peer learning, and collaboration
- Effectively co-ordinating service delivery guiding/steering businesses to the best solution for them and the most suitable providers.
- Playing an active role in cluster management (advanced manufacturing, multi-sector)
- Developing a detailed assessment and baseline of productivity and net zero performance, needs and opportunities for each manufacturing business

4.5. The facility will be supported by a range of public agencies who are positioned to support manufacturing businesses. These will include the National Manufacturing Institute Scotland (NMIS) and the Scottish Manufacturing Advisory Service (SMAS).

4.6. The project has modelled key economic data for Moray over 10, 15 and 25 year horizons, all of which are expected to generate strong outcomes for the region.

	Time horizon for economic analysis		
	10 years	15 years	25 years
Benefit cost ratio	4.5	6.4	9
Net additional benefit for Moray economy	£27.4m	£40.1m	£57.7m
Net additional jobs for Moray	600	700	800

4.7. The service offering is expected to be operational in autumn 2024, with work on development of the grow on space expected to start in 2026.

5. SUMMARY OF IMPLICATIONS

5.1. **Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP)):** MGD projects 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, expanding choices for residents, and improving livelihood and well-being.

- 5.2. **Property:** Approval of this FBC will see the construction of a facility on the Forres Enterprise Park.
- 5.3. **Equalities/Socio Economic Impact:** Equalities and socio impact assessments have been considered as the project has worked to develop their FBC with information included in appendix 9.
- 5.4. **Climate Change and Biodiversity Impacts:** As part of their review process with the Governments, Growth Deal projects need to take account of carbon and environmental considerations, with net zero aspirations being integrated into design briefs for new properties.
- 5.5. **Consultations:** As set out in section 3.3, the FBC has been subjected to significant consultation. More specifically, this has included engagement with a number of key Council Officers including the Depute Chief Executive (Economy, Environment and Finance), Head of Economic Growth and Development and the Chief Financial Officer.

6. CONCLUSION

- 6.1. **This paper introduces a nearly final draft of an FBC for the Moray Growth Deal's Manufacturing Innovation Centre for Moray projects. The CPB is asked to consider and approve this.**
- 6.2. **Although the FBC presented has already been the subject of significant review, given its role in the governance process, the CPB is asked to delegate authority for the Depute Chief Executive and Moray Growth Deal Senior Responsible Officer to approval final iterations following comments from the Governments.**

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

Background Papers:

Ref: