



REPORT TO: MORAY COUNCIL ON 28 OCTOBER 2020

SUBJECT: ECONOMIC RECOVERY PLAN

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

1. REASON FOR REPORT

- 1.1 To provide Council with proposals for an economic recovery plan for Moray outlining the actions and interventions of Community Planning Partners to accelerate economic growth.

2. RECOMMENDATION

- 2.1 **It is recommended that the Committee approves in principle, the financial requirements outlined in para 4 (c), to be considered for final agreement in separate detailed reports to follow for revenue expenditure, noting that business cases will be required for all capital expenditure proposed for review by the Asset Management Working Group.**

3. BACKGROUND

- 3.1 The Economic Recovery Plan was considered by the Economic Growth, Housing and Environmental Sustainability Committee (EGHES) on the 6 October 2020 (para 8 of the draft minute refers).
- 3.2 The EGHES approved the high level action plan and recommended to Moray Council the financial requirements outlined in para 4 (c), to be considered for final agreement in separate detailed reports to follow for revenue expenditure, noting that business cases will be required for all capital expenditure proposed for review by the Asset Management Working Group.
- 3.3 Detailed reports for each action will be brought forward for approval on a case by case basis to authorise spend on the individual budgets areas, the high level plan seeks the commitment of the budgets for the purpose of economic recovery.

3.4 The report on the Economic Recovery Action Plan is attached as **Appendix 1** to this report.

4. **SUMMARY OF IMPLICATIONS**

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

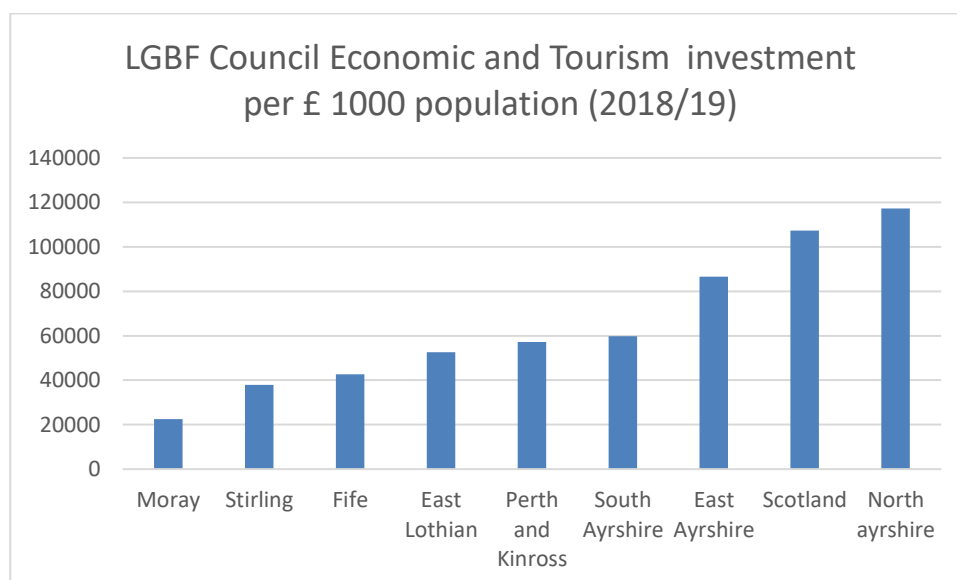
Economic growth and development is a key priority within the corporate plan, COVID 19 and the economic impact has strengthened the need to invest in the local economy. This is also a core aspect of the Recovery and Renewal Strategic Framework.

(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.

The Best Value Assurance Report Moray Council 2020 noted that “Moray’s Investment in Economic Development & Tourism per 1,000 population is the lowest of all the councils in Scotland. It fell by 31 per cent in the last five years to £22,581. In the same period, the Scottish average has increased by 48 per cent to £102,086 per 1,000 population.” Investment in Moray Growth Deal alone will not improve this position.

The 2018/19 figures for the Benchmarking Family group associated with Moray are shown below



The proposed spend outlined in the financial implications for 2021/22 would equate to an additional £20,726 investment per 1000 population.

The increased capital and revenue budgets identified below are at a level where the decision must be made by full Council.

(c) Financial implications

The new proposals in the Action Plan that do not already have approved commitments have the following financial implications for Moray Council.

Action	2020/21	2021/22	2022/23	2023/24
Revenue				
Small Business Support consultancy service (70k across two years)35K from HIE in 21/22 subject to due diligence	£30K	£5K		
Town Centre Pop Up Shops (50k across 2 years)	£15k	£35k		
Town Centre Start Up Grant		£100K		
Procurement (temporary post 2.5 year contract and budget HIE contributing 35k in years 21/22 and 22/23 subject to due diligence Potential extension if successful(Budget pressure in future years, subject to 2 year contract to prove concept and opportunity to review)	£20k	£35k	£35k	
Procurement Officer post (Budget Pressure in future years)	25k	53K	53K	53K
Kickstart – creation of 15 jobs at Living Wage (estimated costs	£22k	£44k		

dependant on age, funding from reserves)				
LDP Delivery Plan(recurring cost as budget pressure)	35K	70K	70K	70K
Capital Borrowing at £50k per £1 million		£72.5k	£140k	£140k
Total	£147K	£416K	£298k	£263k
Capital				
Town Centre delivery resulting from master planning work (HIE £100k in 2022/23 and 23/24)		£200k		
Industrial Estate Forres		£750K	£750k	
Expansion of Industrial Estate Speyside/East Moray		£500k	£500K	
Total		£1.45 million	£1.25 million	

Total cost of one off revenue expenditure proposed for funding from ear marked reserves for financial priorities in 2020/21 £87k, 2021/22 £219k, 2022/23 £35K, totalling £341k.

Total cost of revenue expenditure with ongoing expenditure as a budget pressure including capital borrowing 2020/21 £60k, 2021/22 £197K, 2022/23 £263k, 2023/24 £263k

This represents an additional economic investment by the Council of £3.84 million over the next three years in addition to our committed expenditure and growth deal funding.

The provision of free preliminary enquiry and IDs for planning and building standards will represent a small loss in income given the limited number of these developments that currently use this service - the current fees are £150 for change of use enquiries.

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?*

There will be further opportunities through external funding, it will be important to maximise those opportunities, workload of staff involved in economic development has increased significantly, the report seeks approval for staff to apply for external funding opportunities to support economic development, often such applications have early expressions of interest with no commitment requirements, the financial regulations require the approval of committee for such applications which can cause delays, this report seeks that approval.

- *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.

- *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.

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.

Workloads for staff associated with economic development will remain high, communication across Council services and external agencies can be difficult and time consuming, full implementation of solutions for remote management of staff and video conferencing will be essential to support staff and enable active engagement with the community over the coming year.

(e) Staffing Implications

An additional staff member to deal with changes to procurement and supplier/sector development would be required on a 2 year temporary contract, responsibility for the procurement strategy will remain with the procurement team, this post will sit within Strategic Planning and Delivery to champion a focus on Community Wealth Building associated with local spend which will include supplier and sector development to and will work closely with the procurement team to shape our procurement approach. This will be fully detailed in a report to follow as will the proposal for an additional member of the procurement team.

Workloads across the strategic planning and delivery, economic development, business gateway and employability teams will remain high for the foreseeable future. Priority will remain with the economic recovery work associated with the action plan, some work of these teams will have to be put on hold for now to enable the recovery work to take place and this will include the work to develop an alternative solution for the Falconer museum.

Transport, Environmental Health and Legal will need to prioritise town centre planning and building standards consultations to achieve a fast track process.

(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 MEP has been leading on economic recovery for COVID 19 providing oversight of impacts and business and community engagement and has endorsed the economic recovery action plan.**
- 5.2 The EGHEs Committee approved the action and has recommended to the Council an agreement in principle for the budget outlined in the financial implications.**
- 5.3 The proposals are at high level and further detailed reports for each action will be provided seeking approval for spend of the budget.**

Author of Report: Jim Grant, Head of Economic Growth and Development

Background Papers:

Ref: