



**REPORT TO: SPECIAL MEETING OF MORAY COUNCIL ON 18
FEBRUARY 2021**

**SUBJECT: MORAY GROWTH DEAL – OUTLINE BUSINESS CASES
(BUS REVOLUTION AND EARLY YEARS STEM)**

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

1. REASON FOR REPORT

- 1.1 To inform Council of the progress on the Bus Revolution and Early Years STEM projects and next steps.
- 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. RECOMMENDATION

2.1 It is recommended that the Council:-

- (i) consider and note the executive summaries from the outline business cases provided in Appendices 1 and 2;**
- (ii) consider and note the governance process associated with Growth Deal Projects for which the Council is the Lead Partner, as set out in paragraphs 3.2 and 3.3; and**
- (iii) agree the high level funding requirement for these projects of £1.6m in capital and £500,000 in revenue over the lifetime of the programme from the Council and note the overall project costs shown in the financial implications.**

3. BACKGROUND

- 3.1 The Moray Growth Deal Heads of Terms was signed on 24 August 2020. The projects included in the Heads of Terms are: the Moray Aerospace, Advanced Technology and Innovation Campus; Business Enterprise Hub; Cultural Quarter; Housing Mix Delivery; Early Years STEM; Bus Revolution; Manufacturing and Innovation Centre for Moray; and Digital Health.

- 3.2 Of these projects Moray Council is providing the programme lead and also project management support for the Cultural Quarter, Housing Mix Delivery, Bus Revolution, and Early Years STEM, each of which is led by a senior officer acting as Project Senior Responsible Officer (SRO).
- 3.3 For the projects in which the Council is the lead partner, project updates will be reported to meetings of Moray Council for approval as necessary and will be monitored through the Transforming the Economy Board. The Cultural Quarter, Housing Mix, Bus Revolution and Early Years STEM are all projects where the Council is a major stakeholder in terms of the provision of assets, service or resources in the project and the projects will need continued consideration and support.
- 3.4 At the Council meeting on 16th December 2020 two reports were considered regarding the Cultural Quarter and Housing Mix Delivery projects. This report provides a similar update for the Bus Revolution and Early Years STEM projects, with a further report covering overarching programme level planning.

4. BUS REVOLUTION

- 4.1 The Outline Business Case (OBC) for the Bus Revolution project was submitted to Scottish and UK Governments for review on 16 December 2020. The OBC executive summary is given in **Appendix 1** and the preferred option is outlined below.
- 4.2 The Bus Revolution project proposes to:
- Increase the fleet of vehicles to enable bus services to operate an on-demand service 4am to midnight (Mon-Sat) and 7am to 10pm (Sun) for anyone travelling to or from the Moray area, and upgrade the fleet quality in line with the brand development set out below – including consideration of facilities such as on board Wi-Fi
 - Provide a flexible demand responsive service, operating when and where needed in an easy to use way
 - Innovate to create app based technology that will allow real time journey bookings ‘uber’ style
 - Embrace low carbon technology, ideally with fully electric vehicles to provide an environmentally sustainable service
 - Build on the existing brand identity of Dial M to create an engaging and responsive public transport identity for all customer groups, and use intelligence led marketing to generate business and communicate with customers
 - Have excellent customer service at the heart of the operation
 - Retain the current customer base which has a large proportion of elderly customers, but use the above principles to target the youth and working populations of Moray to provide a real rural alternative to the private car

4.3 The project has 2 key elements:

1. The development of an “uber-style” app to enable customers to track the position of buses and book journeys within a reasonable response time (max. 1 hour).



2. An investment in quality green fleet (electric buses), to increase the flexibility and hours of operation of on-demand bus provision across Moray, with additional facilities such as on board Wi-Fi, charging facilities etc.



4.4 The overall capital cost is estimated at £4.3 million, with £4 million being provided by Scottish Government and £0.3 million by Moray Council.

5. **EARLY YEARS STEM**

- 5.1 The Outline Business Case (OBC) for the Early Years STEM project was submitted to Scottish and UK Governments for review on 16 December 2020. The OBC executive summary is given in **Appendix 2** and the preferred option is outlined below.
- 5.2 The solution is to offer specialist bespoke facilities and environments in the 8 Associated School Groups. This will facilitate STEM learning while engaging with the wider stakeholder group to change attitudes towards STEM and eventually the culture around how STEM is perceived in the region. These facilities will have core learning equipment that will be updated periodically and will allow inter-generational learning to take place. Through a Moray wide approach, a distinctive feature of this project is the intent to address rurality as a barrier to participation in relation to STEM activities.
- 5.3 Each ASG will be assessed for need to identify where investment is required to unlock the greatest benefits and deliver the greatest impact. This recognises that the geography and STEM provision in each ASG is different and a one size fits all approach will not work. As part of the development of the Full Business Case, the project team will engage with stakeholders in relation to determining the most appropriate and cost effective way of delivery the STEM project in their area.
- 5.4 This could mean for example renovating existing space, partnering with other growth deal projects, using vacant units in towns and villages or new builds.

- 5.5 A mobile solution will be developed to allow the latest innovations to be showcased around the region. STEM content evolves and develops quickly and this solution allows these innovations to be showcased around the region as they happen for one eighth the cost.
- 5.6 With our public and private sector partners, industry facilities and events will be developed to allow STEM learning to happen on site, providing an inspiring environment for children and adults to learn in while allowing them to see STEM in practice. These innovative facilities could then attract further investment that would allow the offering to be expanded to other learners. The project will look to work with other Moray Growth Deal Projects to unlock mutual benefits for example the Moray Aerospace, Advanced Technology and Innovation Campus.
- 5.7 The rationale for focusing on early years STEM is that the evidence tells us that attitudes towards STEM are formed at a younger age than when most STEM activity begins in education.
- 5.8 The overall capital cost is estimated at £4.8 million, with £3.5 million being provided by Scottish Government and £1.3 million by Moray Council. In addition revenue funding to support specialist STEM staffing over the lifetime of the deal of £500,000 is estimated.

6. NEXT STEPS

- 6.1 All Outline Business Cases (OBCs) were submitted to government officials in December. It is expected that feedback will be received in early February and that each business case will require one final iteration before it can be agreed.
- 6.2 In parallel the remainder of the final deal documentation is being prepared and is the subject of a separate report to the Council. This documentation will include the Implementation Plan and Financial Profile.
- 6.3 Once the Outline Business Cases have been agreed project managers/leads will be provided with a list of tasks which will need to be undertaken before the Full Business Case can be approved. This approval will be required before any monies can be drawn down against the projects. Full Business Cases are normally completed as close to project commencement as possible in order to ensure that all costs, risks, etc. are as accurate as possible.
- 6.4 Project planning will continue in the background to ensure that momentum is maintained.

7. 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 in addition to 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. The specific financial implications for the Council are; for Bus Revolution a £300,000 capital contribution to cover project management costs during the delivery phase; for Early Years STEM there is a capital commitment of £1.3 million again to help with project management costs but also to fund some refurbishment of buildings and supply equipment. Early Years STEM also requires revenue support in the form of a STEM officer post (£60,000 per annum) to continue and accelerate the process of changing the culture around STEM and setting up a network of STEM ambassadors in each ASG. This represents a significant revenue ask to Moray Council and other revenue streams will be explored through Moray Council's external funding team. This post would however be critical to unlocking the benefits of the project.

(d) Risk Implications

The main risk to the deal at present is 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 and every effort is being made by local partners to ensure that we meet all deadlines set by government officials.

(e) Staffing Implications

There are no further staffing implications at present. Business cases include costing for project management throughout the delivery stage of projects with funding for an additional STEM officer included.

(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). All OBCs submitted to government contained detailed Equalities Impact Assessments and positive actions are being captured.

(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 Tracey Sutherland, Committee Services Officer; any comments received have been considered in writing the report.

8. CONCLUSION

8.1 This report outlines the progress made on the Bus Revolution and Early Years STEM projects and the next steps towards conclusion of the final deal.

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Background Papers:
Ref: