



**REPORT TO: COMMUNITY PLANNING BOARD 18 SEPTEMBER 2019**

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

**BY: CORPORATE DIRECTOR (ECONOMIC DEVELOPMENT, PLANNING & INFRASTRUCTURE)**

**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 update was provided on 19 June 2019.

**2. RECOMMENDATION**

- 2.1. The Community Planning Board is asked to consider and note:

- i) the progress made on the Moray Growth Deal since June 2019;
- ii) the funding quantum announcement was made on 11 July 2019, and it is hoped to conclude Heads of Terms before the end of the calendar year; and
- (i) that subject to progress being made as anticipated, a further update report will be submitted to the next meeting of the board on 13 November 2019.

**3. BACKGROUND**

- 3.1. The Board last received a report on the development of the bid on 19 June 2019. At the time of the last report the Board were advised of the proposed timescale to reach Heads of Terms, details of the recent visit to Westminster and the report to Moray Council in May 2019.

#### **4. PROCESS UPDATE**

- 4.1. Just prior to the last Community Planning Board meeting Theresa May resigned as Prime Minister and Leader of the Conservative Party. The subsequent leadership contest and Cabinet re-shuffle has had a disruptive effect on the previously outlined timescale. The date for the quantum announcement was initially pushed out until August before being pulled back to 11 July at short notice.
- 4.2. The level of funding announced was £32.5 million from each government, which in terms of investment per capita demonstrates a really good deal for Moray.
- 4.3. As discussed previously the value of the final deal, to be included in the Heads of Terms, will need to include a level of funding to be provided locally, from public and private sector partners. The process of determining this “3<sup>rd</sup> share” has already begun.
- 4.4. Initial discussions with government officials have indicated that the original timescale for Heads of Terms (autumn 2019) may be affected by the resourcing challenges caused by changes at Westminster and Brexit and the latest estimate is by the end of the year, however relevant ministers have not yet met to discuss progress of the remaining Scottish deals so again this timeline is fluid and subject to political discussion and agreement.

#### **5. RECENT DEVELOPMENTS**

- 5.1. On 11 July the announcement of equal funding of £32.5 million was made by The Chancellor of the Duchy of Lancaster and Minister for the Cabinet Office, David Lidington, alongside the Scottish Government Minister Richard Lochhead on a joint visit to Moray College UHI.
- 5.2. On 30 July the negotiating team met to look at the proposed projects and prioritisation in light of the announced funding and potential for additional projects proposed by UK Government.
- 5.3. On 8 August, in a telephone conference with government officials, clarity was given on the capital and revenue split of funding. With all UK Government funding capital only, and Scottish Government only allowing up to 10% of the spend to be on revenue expenditure, there is limited opportunity to support capital projects in the early years of operation with revenue funding to increase financial stability. Alternative sources may have to be identified and officers are currently asking project leads to review financial estimates.
- 5.4. Regular meetings / telephone conferences will continue with government officials as the deal is refined and agreement reached on the projects to be included.

**6.     CONCLUSION**

- 6.1.     The deal process has now entered the negotiation phase moving towards a Heads of Terms agreement, which is currently targeted for the end of the calendar year.**
- 6.2.     The Community Planning Board is asked to note the progress on the Moray Growth Deal. The timing of further reports will be influenced by progress made.**

Author of Report:             David Moreton  
Background Papers:         With Author  
Ref: