



**REPORT TO: ECONOMIC DEVELOPMENT AND INFRASTRUCTURE
SERVICES COMMITTEE ON 22 MARCH 2022**

**SUBJECT: INFORMATION REPORT: ECONOMIC RECOVERY PLAN
DELIVERY**

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

1. REASON FOR REPORT

- 1.1 To inform Committee of the activities delivered to date as part the Economic Recovery Plan for Moray.
- 1.2 This report is submitted to Committee in terms of Section III (F) (2) of the Council's Scheme of Administration relating to the exercise of functions that promote economic development.

2. REASON FOR URGENCY

- 2.1 This report is submitted to Committee in terms of the Local Government (Access to Information) Act 1985, on the Chair certifying that, in his opinion it requires to be considered on the grounds of urgency in order to give early consideration due to extreme workload pressures and the end of the current Council term.

3. BACKGROUND

- 3.1 Businesses in Moray have been supported through the Moray Economic Partnership (MEP) throughout the COVID pandemic. As part of this response, MEP established an Economic Recovery Plan for the region, based around the principles of:
- Smart growth - business continuity and resilience at the heart of the recovery process
 - Clean growth - transition to net zero, including promotion of home-working to reduce commuting
 - Inclusive growth - no geographic locations or sections of the community left behind
 - Fair work – ensuring employees are rewarded and benefit from economic recovery
 - Targeting disadvantage - enabling early recovery particularly for those reliant on child care, public transport, access to broadband and reskilling

- Smart procurement – utilising public sector spend to maximise local economic impact and opportunity
- 3.2 This high level action plan was approved by the Economic Growth, Housing and Environmental Sustainability Committee, at its meeting on 6 October 2020 (paragraph 9 of the minute refers). The Economic Recovery Plan detailed a range of proposed actions to facilitate the economic recovery, across the range of MEP members.
- 3.3 MEP agreed a suite of short term Key Performance Indicators (KPIs) to measure economic recovery, at its meeting on 26 May 2021. A report providing analysis of the pre-and-post pandemic baseline data for these KPIs was presented to this committee, at its meeting on 7 December 2021. It was agreed by committee for the KPIs to be reported on an annual basis from moving forward (paragraph 9 of the minute refers).
- 3.4 The following sections provide an overview of the actions delivered in the current financial year to date, as outlined within the Economic Recovery Plan.

4. BUSINESS GRANTS AND START UP SUPPORT

(Activities led by) Business Gateway and HIE

- 4.1 Across the entire Highlands and Islands Enterprise (HIE) region, £1M has been available to support emerging businesses through the Young Company Capital Investment Scheme. Grants of up to £50,000 have been available for investment in equipment, through COVID Consequential short term funds. Within Moray, 6 businesses have been supported (eligibility and due diligence applicable) to a total aid value of £91,771. These funds have to be claimed by the 31 March 2022.
- 4.2 HIE have also provided ecommerce funding support. In total, there have been 9 Digital Enablement grants approved this year for Moray businesses, at a total aid value of £80,234. These grants were also made available through COVID Consequential funds.
- 4.3 The DigitalBoost Development Grant is open to Scottish businesses to help them do more with digital and is funded by The Scottish Government in conjunction with Business Gateway (BG) and its DigitalBoost programme. This £25m fund is available for businesses who are VAT registered, they can apply for grants of up to £20,000. Businesses who are not VAT registered can apply for grants of up to £5,000.
- 4.4 However, due to the exceptional levels of demand, the DigitalBoost Development Grant application process has had to be paused. An expression of interest for future DigitalBoost Development Grant funding can still be made by completing the Eligibility Check and Registration on the BG website. Since the commencement of the fund, 20 applications have been successfully processed from Moray businesses.

4.5 Additionally, there have been 16 digital projects completed with Moray businesses, 4 Digital surgeries delivered in Moray on specific areas of concern around digital processes, and 96 Moray businesses have attended DigitalBoost webinars.

5. SMALL BUSINESS SUPPORT

Business Gateway and HIE

- 5.1 Business growth and resilience has suffered as a result of the pandemic. This has resulted in 31% fewer new business start-ups through BG between 2018-19 and 2020-21. To address this a number of actions were included within the Economic Recovery Plan to support the small business sector.
- 5.2 A procurement consultancy initiative has been implemented for Moray based businesses, providing assistance with Public Contract Scotland (PCS) registration and tender preparation. This has included 1-2-1 support with writing and submitting a tender bid. This programme of support continues to be marketed through BG social media platforms and local stakeholders. To date, the 1-2-1 support has been provided for 6 businesses in Moray. At this point, local public sector contract opportunities remain limited, although across the Highlands and Islands region there are further opportunities available. Moray businesses are increasingly recognising their value and looking to bid for contracts outwith the local authority.
- 5.3 Additionally, a consultancy programme to mitigate the impacts of Brexit has also been delivered via BG. So far this has provided support to 16 businesses, with a total of 29 days of support delivered through the programme up to March 2021. BG continue to market the availability of support as there seems to be a connection with businesses accessing support as issues arise rather than with forward planning.
- 5.4 Since the launch of the Moray Business Start-Up Grant in September 2021, 31 businesses have been approved for finance to help them get off the ground. With grants of £1,500 provided per business. These businesses would have otherwise struggled to get the much needed finance to start up. The total grant funding approved and delivered to new start-ups to date is £46,500.
- 5.5 HIE has provided small business support through COVID related and discretionary funding, as well as via its own general programmes of business. The table below highlights funding provided within Moray, during the current financial year, through COVID related and discretionary programmes.

Fund	No of Business	£
Young Company Capital Investment Grant (Round 2)	6	91,771
Digital Enablement Grant 21/22	9	80,234
Green Jobs Fund FY21/22	2	170,088
Graduate Support Programme	6	91,500
Scottish Wedding Industry Fund (Round 2)	54	20,500
Scottish Wedding Industry Fund (Round 3)	60	77,625
Communities Recovery Fund (Round 2)	8	78,247
Net Zero	2	87,634
Total	147	£697,599

- 5.6 However, this data does not account for HIE's non- COVID related support to its regular portfolio of clients. This data is not available in full until after year end. However, in the year to date HIE has provided 37 investments in Moray and approved £2.5M of direct assistance under business as usual.
- 5.7 HIE have also provided support for the local tourist economy via funding for strategically important tourism destination management organisations. In January 2021, Visit Moray Speyside were awarded £350,000 over the next 3 years in support of its Moray Tourism Recovery Plan.
- 5.8 Moray Council Revenues/Non Domestic Rates, Legal and Economic Growth and Regeneration teams have overseen the administration of the Scottish Government COVID 19 Business Support Grants. This has provided a lifeline for many local small businesses. During the previous 2020/21 financial year, 3,125 businesses received financial support totalling £30,558,680.

6. TOWN CENTRES

HIE and Moray Council

- 6.1 The Strategic Framework Business Fund (SFBF) has provided a vital lifeline for businesses in Moray who have been forced to close or have their business activity restricted as a result of the pandemic. Administration of the fund has been overseen by the Economic Growth and Regeneration team. The SFBF was launched in November 2020, the month following approval of the Economic Recovery Plan, and includes the support for hospitality and small businesses identified within the action plan. In total Moray businesses received £30,558,680 in the 2020/21 financial year through the SFBF, alongside other Scottish Government COVID-19 business support grants administered through the Council Revenues and Legal teams.
- 6.2 An additional allocation was provided via the Town Centre Capital Fund (TCCF) for 2020/21. A total of 6 grants were awarded at a value of £165,066 for transforming empty space to living space at a total cost of £678,262 has been committed. Additionally, 6 grants have been awarded at a total value of £248,300 for alterations of large retail premises to be divided into smaller units at a total cost of £884,990. A further £30,000 has been committed to

complete urgent restoration of the Market Cross, which is the focal point of the Forres High Street.

- 6.3 Overall, from the TCCF 2019-2020 and 2020-2021 allocations, £1,676,000 of funding has been committed to 68 projects. To date, 38 projects have been completed with £824,289 of grants having been paid out. There are still 30 projects to complete, where a total of £851,710 funding has been committed. However these have been severely impacted by COVID-19 restrictions and related factors. These external challenges have included a lack of available trades' people, increases in construction costs, and some construction materials not being available at all. It is anticipated that these projects will be completed and original outcomes will be met in due course.
- 6.4 The Economic Growth and Regeneration team has also overseen the launch of the Pop-Up Shop scheme and related start-up grants. The scheme has suffered delays due to a lack of resources in various council sections to finalise the details, leases, and licence to occupy. There have also been challenges in finding suitable premises, in good condition, and including a non-domestic rate, which qualifies for rates relief.
- 6.5 However, despite these challenges, the first 2 pop-up shops were available in Buckie at the end of last year, attracting national press coverage. Due to further COVID related delays, they were unable to open until the beginning of February 2022. With work continuing to identify suitable premises in other town centres.
- 6.6 The Pop-Up Shop scheme has received a good response of enquiries so far with 53 suitable traders having expressed an interest to participate. For those who have participated, capital start-up grants are available of up to a maximum of £10,000, at an intervention rate of 50%. Application forms, guidance, and claims processes are all in place. The scheme is scheduled to be completed by end of January 2023.
- 6.7 Development Management and Building Standards have enabled town centre development through the provision of additional support, including free pre enquiry advice. There is a dedicated point of contact for Elgin town centre with Elgin Bid, for coordinating and arranging meetings across services in Environmental Health, Building Standards and Planning to assist with free pre-application advice prior to formal submission. However, there has been limited demand for meetings over the last 6-12 months. There is also a duty officer on every day for Planning and Building Standards, where free advice is available over the phone alongside assistance with local regulations.
- 6.8 A programme of Town Centre Improvement Plans, are currently being developed and consulted upon. The Council commitment of £200,000 has been carried over into next financial year and will be committed by year end.
- 6.9 A budget of £70,000 was identified to support the Local Development Plan delivery programme. This has been used to support development of Masterplans for Town Centres and for a Retail Study which is being reported to the Planning and Regulatory Services Committee on 4 April 2022.

7. HOUSING AND INFRASTRUCTURE

HIE, Moray College, and Moray Council

- 7.1 Delivery of the Strategic Housing Investment Plan across 2020/21 and 2021/22 will result in 211 completions with an estimated spend of £33M, via the investment from Scottish Government, Housing Revenue Account (HRA) and Registered Social Landlords (RSL). Over the next 2 years, the Strategic Housing Investment Plan will provide 338 affordable homes with spend of approximately £140M.
- 7.2 In support of the development of additional employment land and industrial units in Forres, asking prices for the purchase of sites have been received from landowners. Further expansion or development of industrial units in Speyside and the East of Moray has also progressed. With various options for the purchase of land and delivery of infrastructure discussed with a landowner in Rothes and an assessment of land value carried out. High level business cases have been prepared for all 3 sites and approved by the Asset Management Working Group on 22 November 2021. Detailed designs are being prepared to enable costs and business cases and to be developed. This work is being delivered by the Council and supported by HIE.
- 7.3 Development of a masterplan and site development costs for business and industrial areas at Mosstodloch, has also commenced. Work is ongoing with Crown Estate Scotland to develop the Masterplan with a procurement exercise to appoint consultants now complete. Potential links to the hydrogen study and a network of solar arrays are being explored.
- 7.4 HIE are exploring the possibility, market assessment and affordability of opening new land to the southern edge of Forres Enterprise Park, with development of additional business units. This is an ongoing activity which involves HIE normal economic case appraisal and decision making procedures and is not Economic Recovery Plan activity specifically. HIE is unlikely to be in a position to make a final decision on this until mid-2022.

8. PROCUREMENT

Moray Council

- 8.1 To support the adoption of a Community Wealth Building (CWB) approach within procurement, at its meeting on 28 October 2020, Council approved the allocation of funding for the employment of a CWB Officer (Paragraph 16 of the minute refers). Recruitment for the post was successful with the Officer starting in June of 2021. However, the officer was subsequently recruited to the post of Senior Economic Officer for Strategy and Development and recruitment is again progressing following two previously unsuccessful attempts.

- 8.2 An additional Procurement Officer has also been successfully recruited, to increase capacity and support additional work associated with accelerating elements of the Moray Growth Deal.
- 8.3 Activity aimed at increasing the proportion of local procurement spend has progressed, with procurement representatives from Moray Council, Highlands and Islands Enterprise, Moray College UHI, and NHS Grampian joining a Supplier Development Forum. The group aims to identify future public contract opportunities, and promote these to local suppliers, providing support to access these as necessary.
- 8.4 As approved by Council on 28 October 2020, and described in Section 4 above, consultancy provision is available for small business to support procurement and supplier development through assisting companies in preparing bids (paragraph 14 of the minute refers).

9. SOCIAL ENTERPRISE / COMMUNITY SUPPORT

HIE, Moray College, and Moray Council

- 9.1 The Moray Council Economic Growth and Regeneration team has provided support for a number of social enterprises and community groups with applications to the Scotland Towns Partnership and Scotland Loves Local Fund I and II.
- 9.2 Communities and Social Enterprises have been supported by the Economic Development Team with funding applications to the Scottish Towns Partnership Scotland Loves Local Fund I and II, the Regeneration Capital Grant Fund and where eligible COVID-19 Business Hardship Funds.
- 9.3 A successful application was submitted to the Rural Tourism Infrastructure Fund (RTIF) for the Coast to Country project in September 2021. The total project cost is £652,952 with an RTIF award of £346,065, match funding from HIE of £40,000 and a Council contribution of £266,887. The Coast to Country project is an integral part of a Moray wide strategic staycation programme. It will be delivered in partnership between the Council, Visit Moray Speyside Tourism Business Improvement District, HIE, and various Community Trusts and Associations. The project will create a network of facilities across the region that will contribute to tourism and relieve pressure on local beauty spots. By upgrading the infrastructure, the aim is to provide an improved visitor experience whilst reducing the negative impacts local communities have been experiencing, in particular from growth in the motorhome sector. These impacts have been accelerated due to the COVID-19 pandemic. The project will provide:
- New motorhome overnight facility in Cullen
 - Motorhome parking at Ballindalloch and Craigellachie
 - Upgrade and reopening of 2 toilet blocks in Findhorn and provision of 1 new toilet block in Ballindalloch
 - New carpark with upgraded foot path to the iconic Bow Fiddle Rock, in Portknockie
 - Carpark enhancements at Ben Rinnes, Ballindalloch and Craigellachie

- Electric vehicle charging points at Craigellachie, Cullen, Bow Fiddle Rock and Ballindalloch
- Improved signage and counters at all sites

9.4 Due to the urgency of some remedial action, additional elements not included in this project were carried out by Moray Council during summer 2021. This included installation of waste disposal points and enhanced overnight and informal motorhome stops at various locations, as well as elements not eligible for RTIF.

10. MORAY GROWTH DEAL

HIE, Moray College, and Moray Council

10.1 The Moray Growth Deal was signed off by both Scottish Government and UK Government in December 2021. Delivery of the 8 projects included in this strategic investment programme is central to supporting development of an inclusive economy in Moray as well as the economic recovery.

10.2 The anticipated drawdown from the investment for 2021/22 is £950,000, which is associated with the Digital Health project. The Bus Revolution, Business Enterprise Hub, and Moray Aerospace, Advanced Technology and Innovation Campus projects are expected to commence in the 2022/23 financial year.

10.3 To ensure public agencies remain visible and accessible in the support they provide for businesses, prior to completion of the Business Enterprise Hub, HIE and BG have continued to work virtually and maintain effective contact with clients throughout the period of social restrictions. This has included delivery of workshops and seminars using video conference and digital platforms.

11. EMPLOYABILITY AND SKILLS

DWP, Developing the Young Workforce (DYW), HIE, Moray Chamber of Commerce, Moray College, Moray Council, Skills Development Scotland (SDS), tsimORAY

11.1 A significant programme of employability activities have been launched, through collaboration with local partners, in support of the Economic Recovery Plan.

11.2 A Moray Pathways Community Hub has been created for employability clients to ensure they have access to internet and ICT equipment. A Digital Literacies Project Worker, employed to build the capacity of training providers to address the digital skills gap, has provided 179 devices to people in Moray who require the equipment to support their learning and training needs. To date, 226 individuals have engaged with the hub activity since it launched in May 2021, which has involved working with a range of partners and referrals from DWP and SDS.

- 11.3 The Moray Pathways website and social media channels have been improved and redeveloped to meet the needs of people seeking opportunities and promote a central point of contact for individuals, training organisations and local employers.
- 11.4 The Moray Employer Recruitment Incentive (MERI) scheme was launched in April 2021 offering up to £8,000 for employers who can provide a supported job placement for up to 25 hours a week, for a duration of 12 months. The funding, provided via the Young Person's Guarantee, is to encourage employers to recruit young people aged 16 – 24 who have had their opportunities disrupted by the COVID-19 pandemic. To date, there have been 106 placements approved.
- 11.5 There is also additional funding of £420,000 in place for a second MERI strand, exclusively for third sector and public sector work placements, for long term unemployed individuals who are over the age of 25. The deadline for applications for this second stand is September 2022.
- 11.6 Through the Kickstart scheme, which is administered by Department of Work and Pensions (DWP), 6 month work placements are available for 16-24 year olds. Since the scheme commenced there have been 144 Kickstart placements filled through Moray Chamber of Commerce members. 45 of these roles have completed the 6 months. There are currently 33 placements still live with 13 employers. Complete Kickstart data has not been made publically available by DWP and it is unlikely to be.
- 11.7 Within the Council, 15 Kickstart placements were made available across a range of departments. To date, 4 placements have been filled, with a further 4 progressing through the recruitment process. There are currently 3 placements still live, with 4 yet to be advertised. On behalf of the Moray Pathways partnership, the Employability Team are planning to contact all the departments to explore the possibility of transferring the unfilled Kickstart opportunities to MERI placements for the long term unemployed and advertising this across the partnership.
- 11.8 Developing the Young Workforce (DYW) have led an integrated approach to employer engagement with schools to ensure every young person receives an entitlement to work based learning. To support this 6 new DYW Co-ordinators have been recruited across the 8 Secondary Schools in Moray. This has resulted in new collaborative projects, as well as an improvement in the range of work experience placements and sector based opportunities available for secondary pupils.
- 11.9 The programme of enhanced keyworker support within the No One Left Behind model has seen the Council employ 3 new full-time keyworkers within the Employability Team to support 16-25 year olds. With a further 2 keyworkers recruited for supporting, particularly care experienced, young people who are to be matched to a 1:1 volunteer mentor. A total of 12 young people aged 16-25 are currently matched to a 1:1 volunteer mentor for a duration of 12 months.

- 11.10 An investment of £800,000 via the European Social Fund (ESF); Employability Challenge Fund has resulted in a range of training providers being commissioned to deliver sector based training programmes for those furthest from the labour market. This has provided support for care experienced young people, people with disabilities, and individuals with mental health issues.
- 11.11 There have been a total of 25 referrals to the Parent Poverty employability project and dedicated keyworkers since the project launched in August 2021. This project has identified a lack of breakfast and after school provision for parents as barriers to participating in training and employment. A test of change for a project to address this barrier is currently in the planning stages. The Council Employability Team will work with local childcare providers to upskill unemployed parents to run the provision and at the same time support parents in poverty to take part in training and supported employment opportunities.
- 11.12 Moray College UHI have been awarded funding via the ESF Employability Challenge Fund to support individuals with a range of sector based provision, delivering training programmes in collaboration with employers from within key Moray growth sectors.
- 11.13 To provide support for individuals and businesses at risk of and experiencing redundancy, a Partnership Action for Continuing Employment (PACE) keyworker has been employed. However, the predicted level of redundancies as a result of the pandemic has not reached the levels originally expected in Moray. A regional PACE partnership group meets on a monthly basis to monitor this.
- 11.14 A North-East transition training fund for the oil and gas sector has been implemented by Skills Development Scotland and accessed by those who are eligible.
- 11.15 The community benefit and supplier development work linked to CWB aims to encourage investment in local apprenticeships and training through local public procurement contracts.

12. SUMMARY OF IMPLICATIONS

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

Effective monitoring and review of economic activity supports the corporate plan priority of promoting economic development and growth, as well as the LOIP priority of a growing and sustainable economy.

(b) Policy and Legal

There are no policy and legal issues arising directly from this report.

(c) Financial implications

Activities and Original Budget (Note: 4 year spend profile 2020-2024)	Spent / Committed to date
<p>Business Grants and Start Up Support Young Company Capital Investment Scheme £1M – HIE (region-wide)</p> <p>Ecommerce Funding £500K – HIE</p> <p>Digital Boost £25M – Scottish Government (nationally)</p>	<p>£91,771</p> <p>£80,234</p> <p>Unknown</p>
<p>Small Business Support Procurement Consultancy £25K – Moray Council / £25K – HIE</p> <p>Brexit Consultancy £10K – Moray Council / £10K – HIE</p>	<p>£4,715</p> <p>£8,400</p>
<p>Town Centres Town Centre Capital Fund £433K – Scottish Government</p> <p>Town Centre Improvement Plans £200K – Moray Council / £200K – HIE</p> <p>Pop Up Shop Scheme £50K – Moray Council</p> <p>Town Centre Start Up £100K – Moray Council</p> <p>Town Centre Adaptation £13K – HIE</p> <p>COVID-19 Fund (Strategic Framework Business Fund) £450K – Scottish Government</p> <p>Local Development Plan £70K – Moray Council</p>	<p>£413,366</p> <p>£0</p> <p>£18,777</p> <p>£0</p> <p>£0</p> <p>£30,558,680</p> <p>£62,000</p>
<p>Housing and Infrastructure Employment land and industrial units in Forres £1.5M – Moray Council</p> <p>Employment land and industrial units in Speyside / East of Moray £1M – Moray Council</p> <p>Strategic Housing Investment Plan</p>	<p>£5,000</p> <p>£0</p>

£22.7M – Scottish Government, HRA, RSL	£33M
Forres Enterprise Park Expansion £900K – HIE	£0
Procurement Community Wealth Building Officer £35K – Moray Council / £35K – HIE	£19,295
Procurement Officer £53K – Moray Council	£54,139
Social Enterprise/Community Support Rural Tourism Infrastructure Fund £30K – HIE / £142K – Moray Council	£300,887
Moray Growth Deal Business Hub Moray Growth Deal (2021 to 2024) £30M – All Partners	£950,000
Employability and Skills Kickstart £66K – Moray Council	£2,597

(d) Risk Implications

There are no risk implications arising directly from this report.

(e) Staffing Implications

There are no additional staffing implications arising directly from this report that are not already covered in the report.

(f) Property

There are no additional property issues arising directly from this report that are not already covered in the report.

(g) Equalities/Socio Economic Impact

The Economic Recovery Plan aims to promote fair and equitable growth in the economy.

(h) Consultations

Depute Chief Executive (Economy, Environment and Finance), the Head of Economic Growth and Development, the Legal Services Manager, the Payments Manager, Paul Connor (Principal Accountant), Dr Rod Lovie (Principal Climate Change Officer), the Equal Opportunities Officer and Lissa Rowan (Committee Services Officer) have been consulted and their comments conveyed verbally at committee.

13. CONCLUSION

- 13.1** There have been significant impacts upon the Moray economy and community as a result of the COVID-19 pandemic. The range of measures proposed within the Economic Recovery Plan have been targeted towards addressing and mitigating against these impacts. As detailed in the sections above, the actions delivered to date in support of the recovery have been far reaching and have provided assistance to a variety of communities and industries.
- 13.2** Collaboration with local stakeholders and cross-sector partners has been key to the delivery of Economic Recovery Plan activity. Maintaining and strengthening these working relationships with local and regional economic partners will be essential in continuing the effective delivery of this activity.
- 13.3** Continued monitoring of Economic Recovery Plan activity and associated KPIs together with remaining budget will be essential to ensure these actions continue to sustain the economic recovery.

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Background Papers:
Ref: SPMAN-813460984-195