



**REPORT TO: ECONOMIC GROWTH, HOUSING AND ENVIRONMENTAL
SUSTAINABILITY COMMITTEE ON 6 OCTOBER 2020**

SUBJECT: ECONOMIC RECOVERY PLAN

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

1. REASON FOR REPORT

- 1.1 To provide Committee with proposals for an economic recovery plan for Moray outlining the actions and interventions of Community Planning Partners to accelerate economic growth.
- 1.2 This report is submitted to the Economic Growth, Housing and Environmental Sustainability Committee following a decision of Moray Council on 17 June 2020 to agree a simplified committee structure as a result of the COVID-19 pandemic. In the case of this Committee, the combining of the delegated responsibilities of Economic Development and Infrastructure, Community Services (Housing and Property) and Finance (budget, capital and revenue monitoring) (paragraph 9 of the Minute refers).

2. RECOMMENDATION

- 2.1 **It is recommended that the Committee;**
- (i) approves the high level action plan in section 12 of the report and in particular, the actions attributable to the council subject to para (ii) below;**
 - (ii) in principle, recommends to Moray Council at its meeting on 28 October 2020 the financial requirements outlined in para 13 (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; and**

- (iii) **authorises the Head of Economic Growth and Development to apply for external funding for the purposes of economic development, subject to committee approval of any match funding requirements or impacts on Council resources.**

3. BACKGROUND

- 3.1 Moray Economic Partnership (MEP) have worked together throughout the COVID period to respond to the crisis by providing support to business and individuals and informing both Scottish and UK governments of the local needs relating to the interventions and various funding schemes provided.
- 3.2 MEP membership is made up of Moray Council, Highlands and Islands Enterprise, Moray College UHI, NHS Grampian, Moray Chamber of Commerce, Robertson Construction, Moray Speyside Tourism, TSI Moray, Federation of Small Business, Skills Development Scotland and Gordon and MacPhail.
- 3.3 As part of that response MEP confirmed that a recovery plan should be developed and that the following principles should be followed in establishing actions to accelerate economic recovery:
1. Smart growth - business continuity and resilience will be at the heart of the recovery process.
 2. Clean growth - transition to carbon free where opportunities arise including promotion of home-working to reduce commuting.
 3. Inclusive growth - no geographic locations or sections of the community are left behind
 4. Fair work - employees are rewarded and benefit from economic recovery.
 5. Targeting disadvantage - enabling early recovery particularly for those reliant on child care, public transport, access to broadband and those requiring to be reskilled.
 6. Smart procurement - public sector spend will be used to maximise local economic impact and opportunity.
- 3.4 On establishing these principles MEP engaged with key sectors to obtain feedback and understand the local impacts on business and the main areas of concern and support needed. This information was combined with analysis of economic data to develop a short list of options which were approved by MEP on the 26 August 2020 for further development and identification of actions and resources required.

4. ECONOMIC IMPACT AND ANALYSIS

- 4.1 Since March 2019 the UK has seen GDP fall by 22% in a single quarter. While there has been growth of 6% from that low point the UK is likely to be

looking at a protracted period of low growth with the Office for Budget Responsibility (OBR) central scenario predicting a return to pre COVID GDP levels in around Q3 2022. The OBR upside scenario predicts this return in Q1 2021 and the downside scenario in Q3 2024. For the purpose of this recovery strategy the central scenario will be the assumed scenario.

- 4.2 Both UK and Scottish Governments have provided a number of schemes to support the economy through the pandemic. The most expensive of these is the Coronavirus Job Retention Scheme (CJRS). To date this scheme has cost the UK Treasury £37 billion and has paid the salaries of 32% of the UK workforce during the pandemic.
- 4.3 In Moray 34% of the workforce have been furloughed with only Highland having a higher proportion at 35%. It is worth noting that this figure includes all PAYE jobs including those in the public sector which are only eligible for furlough in limited circumstances. If these jobs were to be removed from the calculation it is likely 50% of the private sector workforce have been furloughed.
- 4.4 The CJRS is currently being wound down with employers now required to make a contribution and the scheme due to cease in October. The expectation is that there will then be a sharp rise in the unemployment rate.
- 4.5 Since the beginning of the COVID pandemic unemployment has doubled in Moray and remained at around that level for the past 3 months. This is likely due to an initial surge of those whose employer was unable or unwilling to furlough employees or those who were relying on seasonal work becoming available which never materialised. The result is that there are currently 3835 people on Universal Credit who are not in employment. The claimant count, which measures those who are unemployed claiming benefits and seeking work stands at 3075. The difference may be attributable to not all those eligible for universal credit being required to seek work.
- 4.6 There are an additional 2553 people claiming universal credit who are in work. This could be for a variety of reasons and could include those who are on furlough, which only pays 80% of a salary, being eligible to claim top up credit as they have fallen below the minimum wage.
- 4.7 This means that in Moray currently 10% of people aged 16-64 are on universal credit and 6% of those are unemployed.
- 4.8 There has been a particular concern around the effect COVID will have on young people. As previously discussed it is yet to be revealed how unemployment will unfold when the CJRS ends.
- 4.9 The current situation in Moray is that there are 830 people under the age of 24 not in employment on universal credit. Of these, 450 have been on Universal credit for under 6 months, which indicates the scale of the COVID effect. This gives a youth unemployment rate estimate of 10% of the total population aged 16-24 and an unemployment rate estimate of 14.5% of 16-24

year olds who are economically active. These are estimates based on the annual population survey and at the lower end of the confidence interval the rates could be 8% and 11% respectively.

- 4.10 There are 3835 people on universal credit in Moray who are unemployed with 1900 of those within the past 6 months.
- 4.11 This means that in Moray 23% of those on Universal Credit for less than 6 months are under the age of 24.

5. SECTOR IMPACT AND ANALYSIS

5.1 Both UK and Scottish Governments have published sectoral impact assessments for the UK, Scotland and forecasts for what degree local authority areas will be affected based on the sector composition of the regions.

5.2 The OBR in their April report predicted the following drops in GDP for each standard Industrial Classification (SIC) sector

Sector	Per cent	
	Weight in whole economy value added	Effect on output relative to baseline
Education	5.8	-90
Accommodation and food services	2.8	-85
Construction	6.1	-70
Other services	3.5	-60
Manufacturing	10.2	-55
Wholesale, retail and motor trades	10.5	-50
Information and communication	6.6	-45
Professional, scientific and technical activities	7.6	-40
Administrative and support activities	5.1	-40
Transport and storage	4.2	-35
Mining, energy and water supply	3.4	-20
Real estate	14.0	-20
Public administration and defence	4.9	-20
Financial and insurance services	7.2	-5
Agriculture	0.7	0
Human health and social activities	7.5	50
Whole economy	100.0	-35

5.3 As can be seen from the table in 5.2 accommodation and food services, construction and manufacturing were forecast to see the largest fall in output in Q2. The actual fall in output for manufacturing was not as large as forecast and the real drop in Q2 was around 21%. Construction output fell by 32% in Q2.

- 5.4 When productivity measures are added to the picture output per hour worked is down 2.5% in Quarter 2 compared to Q1. This only looks at those employees at work, not furloughed, and shows that those involved in the production of goods and services are producing less per hour of work than previously.
- 5.5 As can be seen from the table below Moray has the highest proportion of workers in manufacturing, much higher than the Scottish and UK averages.

<u>Sector</u>	<u>Businesses (Moray)</u>	<u>Employees (Moray)</u>	<u>Employee/business (Moray)</u>	<u>Businesses (Scotland)</u>	<u>Employees (Scotland)</u>	<u>Employee/Business (Scotland)</u>
B : Mining and quarrying	0.40%	0.30%	7	0%	1%	124
C : Manufacturing	8%	17%	23	5%	7%	19
D : Electricity, gas, steam and air conditioning supply	0.40%	0.50%	12	0%	1%	26
E : Water supply; sewerage, waste management and remediation activities	1%	1%	10	0%	1%	45
F : Construction	15%	6%	4	12%	5%	7
G : Wholesale and retail trade; repair of motor vehicles and motorcycles	19%	14%	8	13%	14%	15
H : Transportation and storage	3%	4%	13	3%	4%	19
I : Accommodation and food service activities	9%	9%	10	8%	8%	14
J : Information and communication	2%	1%	5	6%	3%	8
K : Financial and insurance activities	2%	1%	6	2%	3%	27
L : Real estate activities	3%	1%	3	3%	1%	6
M : Professional, scientific and technical activities	13%	4%	3	18%	7%	6
N : Administrative and support service activities	8%	4%	6	7%	8%	16
O : Public administration and defence; compulsory social security	2%	6%	38	0%	6%	2855
P : Education	3%	9%	33	1%	8%	97
Q : Human health and social work activities	6%	17%	27	4%	16%	60
R : Arts, entertainment and recreation	3%	3%	9	2%	3%	17
S : Other service activities	4%	2%	5	5%	2%	6

- 5.6 This leaves the economy vulnerable to the worst impacts of COVID as demonstrated in section 5.3 and by the Scottish Government Office of the Chief Economist predicting that based on sector structure Moray will be the worst affected by job losses.
- 5.7 The largest number of businesses in Moray are those in wholesale and retail trade. Evidence has pointed to decreases in footfall in town centres where many of these businesses are located and Moray Council's latest vacancy rate survey completed this month shows there are currently 34 empty units in Elgin, 12 in Keith, 12 in Buckie, 4 in Forres and 4 in Lossiemouth. COVID has the potential to dramatically increase this number which jeopardises the future and vibrancy of town centres in Moray.
- 5.8 Evidence from engagement with business, detailed in **Appendix 1** suggests that the job losses may be a small number from many businesses which could make an effective response more challenging due to identifying those people.
- 5.9 The tables on the following 2 pages show the contribution of each sector in Moray to the economy in GVA terms and for comparison the share of GVA per sector in Scotland. The First table is for Moray and the second for Scotland.
- 5.10 The GVA ratio per business and GVA ratio per employee measure the sectors versus the all sector average for the ratio in question. So for example the first line (SIC code ABDE) can be read as the average business in that sector generates on average 0.29 the GVA of the average business in Moray and that the average employee generates 0.99 the average all sector GVA per worker.

<u>SIC</u>	<u>Sector</u>	<u>GVA per Sector</u>	<u>Number of Business</u>	<u>GVA Per Business</u>	<u>Ratio versus average GVA per business</u>	<u>Number of employees</u>	<u>GVA per Employee</u>	<u>Ratio versus average GVA per average Employee</u>
ABDE	Agriculture, mining, electricity, gas, water and waste	£111,000,000.00	730	£152,055	0.29	1775	£62,535	0.99
C	Manufacturing	£687,000,000.00	260	£2,642,308	5.00	6000	£114,500	1.82
F	Construction	£155,000,000.00	505	£306,931	0.58	2250	£68,889	1.10
G	Wholesale and retail trade; repair of motor vehicles	£198,000,000.00	645	£306,977	0.58	5000	£39,600	0.63
H	Transportation and storage	£58,000,000.00	120	£483,333	0.91	1500	£38,667	0.62
I	Accommodation and food service activities	£62,000,000.00	310	£200,000	0.38	3000	£20,667	0.33
J	Information and communication	£19,000,000.00	80	£237,500	0.45	400	£47,500	0.76
K	Financial and insurance activities	£27,000,000.00	55	£490,909	0.93	350	£77,143	1.23
L	Real estate activities	£274,000,000.00	90	£3,044,444	5.76	300	£913,333	14.53
M	Professional, scientific and technical activities	£43,000,000.00	440	£97,727	0.18	1500	£28,667	0.46
N	Administrative and support service activities	£42,000,000.00	265	£158,491	0.30	1500	£28,000	0.45
O	Public administration and defence	£155,000,000.00	60	£2,583,333	4.89	2250	£68,889	1.10
P	Education	£96,000,000.00	90	£1,066,667	2.02	3000	£32,000	0.51
Q	Human health and social work activities	£197,000,000.00	220	£895,455	1.69	6000	£32,833	0.52
R	Arts, entertainment and recreation	£22,000,000.00	100	£220,000	0.42	900	£24,444	0.39
S	Other service activities	£32,000,000.00	150	£213,333	0.40	700	£45,714	0.73
Total	All industries	£2,289,000,000.00	4120	£528,641	1.00	36425	£62,841	1.00
	GVA per capita (approx)	£22,890.00						

<u>SIC</u>	<u>Sector</u>	<u>GVA per Sector</u>	<u>Number of Business</u>	<u>GVA Per Business</u>	<u>Ratio versus average GVA per business</u>	<u>Number of employees</u>	<u>GVA per Employee</u>	<u>Ratio versus average GVA per average</u>
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ABDE	Agriculture, mining, electricity, gas, water and waste	£10,104,000,000	18810	£537,161	0.67	107000	£94,429	1.67
C	Manufacturing	£14,493,000,000	9365	£1,547,570	1.93	179000	£80,966	1.43
F	Construction	£8,592,000,000	20680	£415,473	0.52	136000	£63,176	1.12
G	Wholesale and retail trade; repair of motor vehicles	£13,749,000,000	23230	£591,863	0.74	344000	£39,968	0.71
H	Transportation and storage	£5,988,000,000	5615	£1,066,429	1.33	106000	£56,490	1.00
I	Accommodation and food service activities	£4,591,000,000	14175	£323,880	0.40	200000	£22,955	0.41
J	Information and communication	£6,150,000,000	10560	£582,386	0.73	80000	£76,875	1.36
K	Financial and insurance activities	£9,712,000,000	3240	£2,997,530	3.74	86000	£112,930	2.00
L	Real estate activities	£16,162,000,000	5725	£2,823,056	3.52	32000	£505,062	8.93
M	Professional, scientific and technical activities	£9,377,000,000	31470	£297,966	0.37	175000	£53,582	0.95
N	Administrative and support service activities	£6,201,000,000	13095	£473,539	0.59	203000	£30,546	0.54
O	Public administration and defence	£9,893,000,000	55	£179,872,727	224.56	157000	£63,012	1.11
P	Education	£7,989,000,000	2000	£3,994,500	4.99	193000	£41,393	0.73
Q	Human health and social work activities	£14,458,000,000	6505	£2,222,598	2.77	389000	£37,167	0.66
R	Arts, entertainment and recreation	£2,150,000,000	4180	£514,354	0.64	70000	£30,714	0.54
S	Other service activities	£2,221,000,000	8365	£265,511	0.33	52000	£42,711	0.76
Total	All Industries	£141,830,000,000	177070	£800,982	1.00	2509000	£56,528	1.00
	GVA per capita (approx)	28366						

5.11 Manufacturing has been highlighted in both graphs under section 5.10 as it is a sector of unique importance to Moray due to the prevalence of the sector in the region but most importantly by its importance in a Scotland context. There are two points to make about how this sector relates to the Scottish economy.

1. Moray manufacturing accounts for 0.48% of Scotland's total GVA. That sounds like a small number given the scale of figures involved in COVID, but is worth remembering that in normal times a recession can depend on 0.5% swings. It is worth considering what expansion in premises and markets could contribute to the Scottish economy.
2. Manufacturing in Moray is contributing 0.48% of Scottish GVA despite Moray manufacturing businesses only accounting for 0.15% of businesses in Scotland and 0.25% of employees in Scotland. The GVA per employee in the sector is also considerably higher than the Scotland average.

6. **ENGAGEMENT**

- 6.1 To inform the action plan for economic recovery in the following section a series of engaging events have taken place.
- 6.2 At the beginning of the crisis a business resilience forum was formed with representation from the public and private sectors, as well as the leader of Moray Council, MSP and MP for the region. This group has been able to feed in information on a weekly basis that has helped in this recovery strategy.
- 6.3 The MEP has been meeting on a monthly basis to approve and provide input to the recovery strategy throughout the process.
- 6.4 A focus group was held with members of the agricultural sector to give specific feedback into the impact of COVID on that sector.
- 6.5 A series of webinars were held for the Joint Community Councils, small and town centre businesses which was open to all in Moray and the Moray Business Forum.
- 6.6 The key issues raised from these are included in **Appendix 1**.
- 6.7 A survey was also issued and promoted through survey monkey for Moray businesses to complete. There were 50 responses to this which means it is not statistically significant, however a summary of the responses are included in **Appendix 2**.

COUNCIL SUPPORT TO DATE

7. BUSINESS GRANT SUPPORT

- 7.1 The Council Revenues/Non Domestic Rates Team have been engaged in administering the Scottish Government grant support scheme for small businesses and those in the retail, leisure and hospitality sector with a Rateable value under £51,000.
- 7.2 The scheme closed for new applications on the 11 July 2020 at which point there had been 2005 applications, 1706 of which were approved giving a total amount of £19.2 million paid out in grants.
- 7.3 While the scheme is now closed for new applications the team are still processing some applications and dealing with appeals.
- 7.4 The Economic Growth and Development Team and Business Gateway administered 2 Scottish Governments funds, both of which are now closed.
- 7.5 The first fund was the Newly Self-Employed Hardship Fund which had 160 applications, 121 of which were successful totalling £242,000 of grant funding.
- 7.6 The second fund was the Bed and Breakfast Hardship Fund which had 25 applications, 13 of which were successful totalling £39,000 of grant funding.

8. TOWN CENTRE SUPPORT

- 8.1 Space for safe physical distancing for pedestrians and more operational room for town centre businesses has been provided within Elgin Town Centre through the implementation of road closures for the eastern and western ends of the High Street, South Street, Batchen Street and Commerce Street.
- 8.2 The road closures which enable a part time pedestrianisation of the town centre were developed with input from Elgin BID and in response to businesses who identified that they would like to use areas not in their control, such as the pavement or similar, for the safe queuing of customers or for tables and chairs.
- 8.3 In the other towns such as Lossiemouth and Fochabers, the response has been to provide additional space for queuing outside of particular premises through the temporary suspension of parking bays rather than the closure of roads. Some local cafes/restaurants have applied for outside seating on the public road/footway. These requests are being assessed on a case by case basis, and granted permission where there is sufficient space available.
- 8.4 The Economic Growth and Development Team have been working with community groups on a potential application to the Towns on BIDS resilience fund in collaboration with Elgin BID and HIE as part of the spaces for people working group.

9. SKILLS AND EMPLOYABILITY

- 9.1 Moray Pathways has increased its provision to meet the increase in demand for services from individuals and employers. A particular area of demand has been from school leavers who due to the current labour market conditions are requiring a higher level of support. This has resulted in a 6 week summer programme being launched focussing on outdoor activities to help build core employability skills such as communication and resilience.
- 9.2 A fortnightly skills and employability working group meets with various partner organisations to identify the current and future needs moving forward.

10. CHILD CARE FOR KEY WORKERS

- 10.1 From the beginning of the pandemic Moray Council has been responsible for operating and setting up childcare hubs for key workers to enable them to continue to provide vital functions.
- 10.2 In May, there were 120 children in School hubs and between 50 – 60 in early learning and childcare settings.

11. GRAMPIAN COMMUNITY ASSISTANCE HUB (GCAH)

- 11.1 Moray Council was a partner in setting up the GCAH. This was a virtual centre to serve the residents of Moray, Aberdeenshire and Aberdeen. It had 4 main purposes:
1. provide essential food and medication
 2. links to local social work services for vulnerable children or adults
 3. accessing emotional support
 4. contacting local volunteer groups
- 11.2 There is the option for businesses to register as sellers for good and services and be matched with buyers, for example in food and drink. A number of businesses in Moray have registered.

12. ACTION PLAN

- 12.1 The scale of intervention demonstrated in section 7 above is not something that can be replicated by the Council or regional public agencies - that scale of investment to sustain business can only be provided for by the UK and Scottish Governments.
- 12.2 The following actions reflect the issues identified within the analysis and feedback from business and address short list of options agreed by MEP on

the 26 August 2020. Moving forward this will be developed into an action plan with measurable outcomes and timescales.

Action	Principles	Lead
<p>Business Grants and Start up Support Young Company Capital Investment Scheme – Offering grants of up to £50k for investment in equipment (HIE funding £1m)</p> <p>Ecommerce Funding up to £25K (HIE Funding £500k)</p> <p>Digital Boost – Offering grants of up to £5k to support digital and ecommerce. (Government Funding)</p>	Smart Growth	HIE/ Business Gateway HIE Business Gateway
<p>Small Business Support Consultancy provision to small business to support procurement and supplier development assisting companies in preparing bids. (Moray Council funding £25k, new request subject to SMART delivery plan approved by Council) HIE 25k funding subject to due diligence</p> <p>Consultancy provision to local companies to provide import and export advice, this may well help to mitigate impacts of Brexit depending on the trade deal negotiated. (Moray Council funding £10k, new request subject to SMART delivery plan approved by Council and HIE £10k subject to due diligence by HIE)</p> <p>HIE general programmes of business support more widely available to businesses.</p> <p>HIE support for tourism Destination Management Organisations across Highlands and Islands (£3m)</p>	Smart Growth	Business Gateway/HIE Business Gateway/HIE HIE HIE
<p>Town Centres Town Centre Fund further grants for empty space to living space and 50% grant for alteration of large</p>	Smart Growth Clean Growth Inclusive Growth	Moray Council

<p>retail premises to smaller units in town centres. £433,000k (Government funding)</p> <p>Works to improve and adapt Town centres resulting from master planning and LDP delivery £200K (Moray Council Capital new request, subject to business case) (HIE £200k subject to due diligence)</p> <p>Pop up shop scheme in the main five towns of Buckie, Elgin, Forres, Keith and Lossiemouth and Speyside £50k (Moray Council funding, new request subject to SMART delivery plan approved by Council)</p> <p>Town Centre Start Up – Offering a 50% grant up to £10k maximum for individuals start ups following participation in the Pop Up Shop programme.£100k (Moray Council funding , new request subject to SMART delivery plan approved by Council)</p> <p>Town Centre adaptation spaces for people £13k HIE</p> <p>New COVID 19 Fund potential for further funding for SME/Hospitality adaptation through newly developed fund in response to COVID 19 (450k Government/EU funding)</p> <p>Local Development Plan delivery programme including promotion of vacant and derelict sites, retail impact assessments, master planning for town centres and promotion of town centre living and adaptation for climate change and local place plans. (70k reported to Planning and Regulatory Services as a budget pressure, 15 September 2020)</p>		<p>Moray Council</p> <p>Moray Council</p> <p>Moray Council</p> <p>HIE</p> <p>Moray Council</p> <p>HIE</p>
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<p>Development Management and Building Standards support for town centre development including free pre enquiry advice and ID with prioritisation of support from Transport, Environmental Health and Legal for town Centre proposals.</p>		<p>Moray Council</p>
<p>Housing and Infrastructure Provision of employment land and industrial units in Forres. £1.5 million, and provision of £1m towards expansion or development of industrial units in Speyside/east of Moray (Moray Council Capital, new request, subject to business case)</p> <p>Accelerate Development of masterplan and site development costs for business and industrial areas at Mosstodloch as identified in the Local Development Plan to increase the effective employment land in Moray in conjunction with HIE with a view to developing a business case.</p> <p>Delivery of the Strategic Housing Investment Plan over the next 2 years will provide 224 affordable homes with a spend of £22.7 million (Scottish Government, HRA and RSL funding)</p> <p>Moray Growth Deal work is underway to complete outline business cases by December 2020 to try and achieve final sign off of the deal by March 2021 which would enable draw down of funding in 21/22 and early provision of capital spend on some projects including the cultural quarter, aerospace academy, business hub and housing mix.(current indicative spending for Growth Deal between 2021 and 2024 is £30 million including all partner contributions)</p>	<p>Smart Growth Clean Growth Inclusive Growth Targeting disadvantaged Fair Work</p>	<p>Moray Council</p> <p>Moray Council /HIE</p> <p>Moray Council and RSL</p> <p>Moray Council/HIE/Moray College</p>

<p>Open new land to southern edge of Forres Enterprise Park and develop business units (900k HIE investment)</p>		<p>Highlands and Islands Enterprise (HIE)</p>
<p>Procurement There is a need to review our procurement strategy and our approach and key objectives. Our current approach has been driven by the need for savings and compliance with relevant legislation and although the strategy includes objectives for wider community benefit progress on these issues has been slow and the proportion of local spend has been in decline over recent years.</p> <p>An alternative approach would be to place Community Wealth Building at the heart of our procurement strategy with a clear focus on increasing local spend and wider community and sustainability benefits, this is wider than our traditional approach to procurement as it would require closer analysis of local spend which can be difficult with limited data and spend out with the area and efforts to improve the local supply capacity to reduce spend out with the area and to create and retain jobs locally.</p> <p>This approach requires a culture change but will have a greater impact if it was adopted across all public sector partners in Moray, this level of change will require an additional staffing resource and budget it is wider than just procurement as it seeks to develop the supply chain in Moray including social enterprise and community provision (Est £35k, Moray Council new budget request, HIE £35k subject to due diligence) in addition the central procurement team is</p>	<p>Smart Procurement Fair Work Targeting Disadvantaged Clean Growth</p>	<p>Moray Council</p>

<p>working beyond its capacity and with additional work associated with accelerating elements of the growth deal an additional member of staff is required. (Est £53k, Moray council new budget request)</p> <p>Proposal in principle subject to a separate report for Council and Community Planning Partners to consider before implementation.</p>		
<p>Social Enterprise/Community Support</p> <p>It is important to recognise that the community and social enterprise companies have an important role to play in the economic recovery. Many of these organisations have already played a central role in supporting communities through COVID 19, Community capacity building is an important part of the Local Outcome Improvement Plan delivery process and opportunities for communities to take on roles through Community Asset Transfers have been well received. There are further opportunities for communities through community benefit funding and potential investments. Communities and social enterprises will receive support where staffing resources allow from the Economic Development Team and HIE to develop capacity to operate social enterprise to support the local economy.</p> <p>Rural Tourism Fund BID to develop network of facilities for toilets and mobile home use match funding from HIE £30k, Moray Council £142K existing commitment which can be carried forward on a committed project.</p>	<p>Inclusive Growth</p>	<p>Moray Council/ HIE/Moray College</p> <p>HIE/Moray Council</p>
<p>Moray growth Deal Business Hub</p> <p>We will explore how we can work in a way that public agencies are more accessible and cohesive in their</p>	<p>Smart Growth</p>	<p>Moray College/HIE/Moray Council/SDS</p>

<p>communications and support for business bringing forward elements of the business hub project in the growth deal to provide effective support through current COVID 19 restrictions and as we recover to normal. This may include temporary premises but will also include accessibility through digital platforms and video conference.</p>		
<p>Employability and Skills Work in collaboration with local businesses [including 3rd Sector] to maximise opportunities via new and enhanced job creation schemes, this includes the Kickstart scheme for 16-24 year olds. The scheme provides minimum wage for 6 months employment to 16-24 year olds on universal credit. It is proposed the Council participates in this scheme using Moray Chamber of Commerce as the intermediary. As a living wage employer the Council could top up the money from the Kickstart scheme to meet the local government living wage for jobs created in the Council this would require a budget of up £66k for up to 15 jobs although may be less depending on age (Moray Council funding for council posts, new funding, subject to SMART delivery plan approved by Council). Other community planning partners should be encouraged to apply the living wage to jobs they create.</p> <p>Encourage investment in local apprenticeships and training through future economic development and procurement contracts across the public sector</p> <p>Jointly plan and deliver an integrated approach to employer engagement with schools/post school employability team that ensures every young person</p>	<p>Targeting Disadvantaged Fair work Smart Growth</p>	<p>DWP, DYW, HIE, Moray Chamber of Commerce, Moray Council, Business and Third Sector</p> <p>Community planning Partners and Business</p> <p>Moray Council, SDS, DYW</p>

<p>receives an entitlement to work based learning</p> <p>Enhance keyworker support within the No One Left Behind model of delivery and enabling participation this includes funding from the youth guarantee scheme which is estimated at £570k government funding for Moray</p> <p>Enhance pipeline provision within the Moray Pathways Consortium and ensure commissioning framework is fit for purpose</p> <p>Deliver industry led employability provision for vulnerable young people. Including supported employment and volunteering.</p> <p>Develop a generic pre apprenticeship programme which compliments new interventions including the SDS Pathways to Apprenticeship and Kickstart</p> <p>Create a plan in partnership to support secondary schools curriculum to be responsive to the LMI and prepare young people for evolving opportunities</p> <p>All partners sharing job and training opportunities through the Moray Pathways site</p> <p>Parent Poverty employability project (government funding)</p> <p>In-work employability support</p> <p>Develop industry led sector based flexible short course provision modelled on existing Moray College UHI curriculum</p>		<p>Moray Council</p> <p>Moray Council Moray College UHI, TSI</p> <p>SDS</p> <p>Moray College UHI</p> <p>Moray Council, DYW, SDS</p> <p>Employability Consortium</p> <p>Moray Council</p> <p>SDS</p> <p>Moray College UHI</p>
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<p>Identify sites that support delivery of education, skills and training – responds to C-19 environment. Online platforms and opportunities.</p> <p>Moray Pathways Community Hub (ICT Suite and support) for employability clients to ensure access to digital and internet and offer of ICT equipment</p> <p>Develop the digital skills environment through college and training e-learning to promote and enable development of skills to address an acceleration towards the digital/technological workplace.</p> <p>Develop. Enhance, and promoted PACE service to individuals and businesses at risk, and experiencing, redundancy.</p> <p>Transition training fund and North East Gas fund</p> <p>Adopt an Apprentice scheme</p>		<p>Moray college UHI, DWP, SDS, DYW</p> <p>DWP</p> <p>Moray College UHI</p> <p>SDS, Moray Council</p> <p>DWP, SDS</p> <p>DYW, DWP</p>
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13. **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.

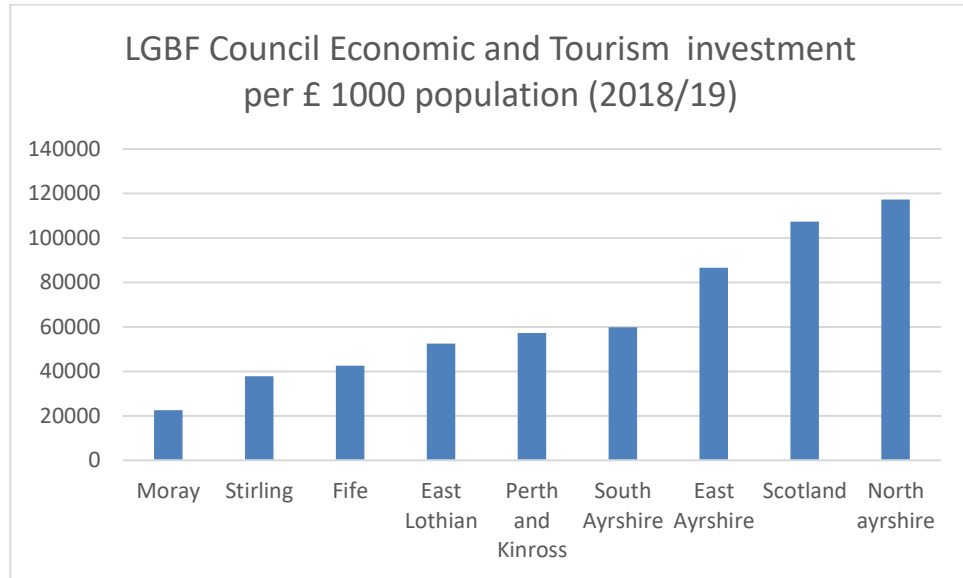
(b) **Policy and Legal**

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 dependant on age, funding from reserves)	£22k	£44k		
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 of 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 3 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 Strategic Planning and Delivery Manager, the Economic Growth and Regeneration Manager, the Acting Head of Housing and Property, the Head of

Environmental and Commercial, the Environmental Health and Trading Standards Manager, the Head of Governance, Strategy and Performance, the Chief Financial Officer, Lissa Rowan (Committee Services Officer), the Equalities Officer and the Payments Manager have been consulted and comments received have been incorporated into the report.

14. CONCLUSION

- 14.1 MEP has been leading on economic recovery for COVID 19 providing oversight of impacts and business and community engagement.**
- 14.2 The predominant business sectors and rural nature of Moray means that the area will see higher levels of impact than other areas, this is particularly relevant to hospitality and manufacturing.**
- 14.3 The proposals are at high level and require further development but have been selected to support the shortlisted options approved by MEP and reflect the need to prioritise economic development to help address the economic impacts of COVID 19.**

Author of Report: Jim Grant, Head of Economic Growth and Development
Michael O'Donnell, Senior Officer Economic Strategy and Growth

Background Papers:
Ref: