

**REPORT TO: ECONOMIC DEVELOPMENT & INFRASTRUCTURE COMMITTEE
ON 20 APRIL 2010**

SUBJECT: ECONOMIC DEVELOPMENT BUDGET 2010/11

BY: DIRECTOR OF ENVIRONMENTAL SERVICES

1. REASON FOR REPORT

- 1.1 To provide an overview of committed funding from the Economic Development budget for 2010/11 and a summary of proposals for this financial year.
- 1.2 This report is submitted to Committee in terms of Section E (1, 8 10, 47 & 48) of the Council's Administrative Scheme relating to exercising the statutory functions of the Council as Planning Authority under the Planning Acts and dealing with all matters relating to industrial and commercial development; and relating to applications for assistance, tourism development and applications from European Funding programmes of the Council's Administrative Scheme.

2. RECOMMENDATION

2.1 It is recommend that the Committee:

- I) Notes the commitment from the budget for 2010/11 to date**
- II) agrees to the following proposals**
 - **Business Gateway, Service Level Agreement of £239,056 for 2010/11**
 - **Visit Scotland, Partnership Agreement of £62,000 for 2010/11**
 - **Moray Towns Partnership contribution of £40,000 for 2010/11 and £60,000 for 2011/12**
 - **Rural Towns Business Improvement District development cost of £5,000, in principle, subject to separate report to Committee at a later date this year**
 - **Development Plan Related Projects, £10,000 for proposals to be agreed by Delegated Authority**
 - **Moray Tourism Development Company, contribution of £10,000 towards the development cost, subject to securing Match Funding**
 - **Ancestral Tourism, contribution of £10,000 subject to securing Match Funding**
- III) Approve the submission of appropriate external funding applications in order to match any of the Council's contribution.**

- 2.2 That this report's recommendations are referred to Policy and Resources Committee for approval, where they impact on budget planning beyond 2010/11.

3. BACKGROUND

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- 3.1 This Committee agreed in August 2008 The Moray Council's Economic Development Strategy, alongside with the priorities for allocation of funding, reflected in the commitments and approvals outlined in Appendix I. It also closely aligned the supported projects to The Moray Council's commitment within the Single Outcome Agreement and the Moray 2020 strategy through financially supporting projects such as:
- Elgin, City of the Future - Recognising the strategic role of Elgin in the wider Moray economy, develop a strategy and feasibility report leading to series of economic transformational urban projects, that will present Elgin as a modern vibrant and dynamic location for Business, Culture and prosperity.
 - Moray Towns – economic transformation project. A series of economic development initiatives to encourage individual town centre urban transformation and regeneration, such as City of Elgin BID development, Moray Towns Partnership and Town Centre Regeneration Fund project – Moray Towns Together.
 - Promoting the Moray area as a place in which to live, work and visit, through a range of events and festivals such as Homecoming – Moray Connections project, Glenlivet Mountain Bike Trail, Moray Winter & Film Festival
 - Build a life in Moray - A comprehensive programme aimed at young people supported through proposals such as Skills First and Moray Assisted Recruitment Scheme (MARS)

4. PROPOSALS

- 4.1 Appendix II of this report contains all proposals in a descending order recommended by officers, with contributions for the Cairngorm LEADER programme and Food Festival being subject to separate reports presented at this Committee. A report on the possible development of a Rural Towns Business Improvement District planned to be presented at a later date this year. Appendix III provides details of commitment and proposals for 2011/12 for additional reference.
- 4.2 **Business Gateway** - In November 2008, The Scottish Government announced a restructuring of the Enterprise Network resulting in the transfer of responsibility for Business Gateway to Local Authorities. Business Gateway was started in the Highland and Islands area, including Moray, in April 2009, and was formally launched in September 2009.
- 4.2.1 Business Gateway provides one-to-one generalist advice on all aspects of business from planning to market information. The service is available to all business sectors, from start up to existing businesses. Workshops are provided on various related topics, aimed at both new and existing businesses. New workshops are also being developed and piloted. For example, there is now a workshop for the retail sector. A social media workshop aimed at the tourism industry was also successfully piloted and will now run on a regular basis. All services provided are free of charge.

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4.2.2 **Delivery of Business Gateway** – Moray has been performing well and above expectation both in terms of number receiving one-to-one advice and workshop attendance. To date:

- 992 people have received one-to-one business advice of which 420 were start up enquiries converting into 90 new businesses in Moray.
- 66 events have been held ranging from two days start up course to more specific training on topic such as employment laws, book keeping and marketing.
- 84 clients were also referred to other Council services
- A Highland and Moray New Business Awards was held in Elgin in February
- £520,000 of funding from banks etc. was levered as a direct result from Business Gateway assistance.

4.2.3 The service keeps building a network of other organisations and presentations were made to Job Centre, Banks, Accountants, Moray College. Strong links are also developed with the Moray Chamber of Commerce, and the Federation of Small Businesses.

4.2.4 **2010 Action Plan and Targets** - It is expected that the Elgin Office will continue to grow and provision has been made to increase the administration support from 3 days per week to 5 days. The shared business advisor based in Grantown is not currently working at full capacity due to lack of demand, he will take on the development and delivery of after care system for Moray clients. He will also provide advice to companies looking for loan facility from the East of Scotland Loan Fund, which is due to start in July.

4.2.5 The key points of the Action plan are:

- New workshops and events will be developed and delivered, targeting existing businesses such as accessing bank finance, export, energy efficiency/renewable, public procurement and networking.
- A series of. Road shows are planned promoting the service in areas where demand has been low.
- The Highland and Moray Business Awards will continue and it is hoped that the winner will be entered into a new National Business Gateway Awards.

4.2.6 Whilst targets still have to be formerly agreed with the Highland Opportunity, it is anticipated that the following outputs can be expected:

- | | | |
|------------------------------------|---|------|
| ▪ Number of new businesses started | - | 90 |
| ▪ Number of enquiries | - | 1100 |
| ▪ Number of workshops/events | - | 120 |

4.3 **VisitScotland** - VisitScotland (VS) and previously the Area Tourist Boards have enjoyed for many years financial assistance from Local Authorities to support local activities such as Tourist information Centres (TIC's) and to contribute to local marketing activities. However, since the formation of

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VisitScotland and the removal of Area Tourist Boards, most Council's have reduced their funding as VS activities became more centralised.

- 4.3.1 VS main activity is to promote Scotland as a destination. At a local level it continues to print and distribute accommodation guides but does not see its role in providing local destination marketing. In order to fill in this gap, Destination Management Organisations (DMO) are being set up throughout Scotland, supported by VS and the Enterprise Networks. The Moray DMO, Moray Tourism Development Ltd, has been successfully launched in February 2010.
- 4.3.2 In 2009/10, Moray Council provided a grant of £77,000 to VS for operating the Tourist Information Centres, now rebranded as Visitor Information Centres (VIC's) in Elgin and Dufftown, and as a contribution to maintaining the web site, the cost of accommodation and visitor's guides. The Tomintoul and Forres VIC's are operated by The Moray Council, Libraries & Museums Services under a partnership agreement with VS.
- 4.3.3 During 2010/11 it is planned to review further the present arrangements with a view to potentially transfer the remaining VIC's to The Moray Council services to save further funding.
- 4.4 **Moray Towns Partnership** – On 31 March 2009 the Economic Development & Infrastructure Committee agreed a contribution of £100,000 towards the 2009/10 Moray Towns Partnership action plan, which aimed at the economic development of Buckie, Forres, Keith and Lossiemouth. £44,000 was subsequently granted in match funding for some of the proposals from the Moray LEADER programme.
 - 4.4.1 **Annex IV** outlines the completed projects during the 2009/10 and their outcomes. In addition they will be evaluated by the 2010/11 'Town Health checks', which were approved at the Economic Development & Infrastructure Committee on 23 February 2010.
 - 4.4.2 A notable benefit of the Moray Towns Partnership development is that this working model assisted with the drawing down of external funding. The Moray Towns Partnership alongside with Elgin Business Improvement District (BID) and the Moray Council successfully secured over £600,000 from the Scottish Government's Town Centre Regeneration Fund for 2009/10.
 - 4.4.3 The partnership wishes to build on the success of its first year of operation and for the next stage, the local steering groups in each of the four towns have developed further action plans, with proposals at a value of over £230,000. Also, the groups from each of the four towns agreed at a seminar in March 2010 to investigate the development of 'Whole Town Strategies'. The strategy aims for each of the town to create a long term vision (at least 10 years) and create a plan to achieve it. It takes a comprehensive approach in all aspects of the development of a town and incorporating economic, environmental and social issues.

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- 4.4.4 It is planned to continue with the operating way of the Moray Towns Partnership as throughout 2009/10, with each town having devolved responsibility for their own action plans and priorities, subject to securing funding. This will allow for a degree of flexibility in the proposals that are being taken forward, enabling towns to react quickly to local circumstances. Moray Council's Planning & Development section will continue to ensure that the decisions and actions of each town fit with the Council's and other funders' requirements and are aligned with the previously agreed economic aims and objectives of the partnership.
- 4.4.5 It is proposed to maximise any Moray Council contribution towards the Moray Towns Partnership from external funding sources such as Lottery, LEADER and / or European Structural Funds. As part of developing long term sustainable Town Regeneration, it is also planned to investigate the possibility of creating a **Rural Towns BID**, which would include all four towns and will be subject to a separate report to this Committee at a later date this year.
- 4.5 **Development Plan Related Projects** – Work associated with the Development Plan requires from time to time to commission investigative analysis such as Retail Impact / Landscape studies etc for major planning applications to determine their Economic Development significance. Therefore it is proposed to allocate an allowance within the Economic Development budget to cater for these surveys.
- 4.6 **Moray Tourism Development Ltd.** - Moray Tourism Development Company is vital to the development of tourism in Moray. It will provide the regional destination marketing activities that are not provided by Visit Scotland (VS) to attract visitors to Moray. As mentioned in Para 4.3.1., the company was formally launched in February 2010, is private sector led with strong support from the industry, ranging from B&B's to large respected Moray Tourism operators.
- 4.6.1 There is an acceptance from the industry that the Moray Tourism Development Company will have to charge membership fees in order to pay for activities and to be sustainable. However in order to recruit membership, a package of benefits need to be developed. The companies' board is confident that the basic benefit of a web site and a branding development package will attract members.
- 4.6.2 The company intends to apply to VS Challenge Fund, but requires contributing 50% of the cost. Raising the entire funding from private sector at the early stage of the company is likely to be difficult and will require public sector support. All other DMO's in Scotland are in similar position and without initial public sector funding may not succeed.
- 4.7 **Ancestral Tourism** - One of the Council's published priorities is to develop Ancestral Tourism.
- 4.7.1 Moray Connections project celebrating the year of Homecoming 2009 was developed with funding from HLF, Homecoming Fund and The Moray Council and contributed directly to the Moray Ancestral Tourism strategy. The project

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(c) Resources (Financial, Risks, Staffing and Property)

The Economic Development Budget for 2010/11 of £800,000 consists of Moray Council monies allocated for Economic Development and transfer of Business Gateway funding from the Enterprise Network. It does not include any requests of carry forward of allocated monies for externally funded projects with committed funding from this budget suffering delays outwith of The Moray Council's control.

The confirmed slippage in two of the approved projects, as outlined in Appendix I, have arisen from the Keith CARS scheme being subject to Historic Scotland receiving funding from the Scottish Government and opening its application process for 2009/10, which did not materialise and the 'Town Centre Health Checks', where this Committee decided not to undertake the proposed footfall studies;

- For the Keith CARS scheme 2009/10, £15,000 had been approved for the necessary development cost and this financial year an expenditure of £47,000. With a delay of one year, should Historic Scotland be in a position to open a round for applications, the maximum amount spent from the Economic Development budget is anticipated to be £ 15,000, presenting a confirmed slippage of £32,000.
- For the 'Town Centre Health Checks' a confirmed saving accumulates to £9,000.

Should all proposals as featured in Annex II be approved by this Committee, the remaining budget for 2010/11 is £13,529 without taken into account potential further slippage of any of the approved projects.

Business Gateway –

When Business Gateway transferred from the Enterprise Network to Local Authorities, funding for the delivery also transferred from the Enterprise Network. The cost of Highland Opportunity operating Business gateway in Moray via a Service Level Agreement for 2009/2010 was £220,323.

For 2010/2011 financial year the cost is £239,056. The increase is due to marketing costs, which was not included in the first years operating budget, more workshops being run and increased administrative staff costs, due to higher demands than expected.

Visit Scotland – The Partnership agreement for 2009/10 was for a total sum of £77,000. Reflecting the Local Authorities financial constraints and the need to invest in local tourism destination, it is proposed to provide £62,000 for a partnership agreement for 2010/11.

Cairngorm LEADER – as outlined in a separate report to this committee it is proposed to seek permission to transfer a contribution

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towards the Cairngorm National Park LEADER programme from the departmental budget to the Economic Development budget.

Moray Towns Partnership - The request is for £100,000 towards the action plan and strategy. Due to the financial limitation of the Economic Development budget and potential external funding opportunities, which will not come into effect until 2011 it, is proposed to contribute £40,000 from this year's budget and £60,000 for 2011/12.

Rural Towns BID – As outlined in Para 4.4.5 it is proposed to investigate the possibility to develop a BID for the 4 rural towns. Initial consultation with the Government confirmed that up to £20,000 for the development could be available and the highlighted £5,000 from the Economic Development budget would act as Match Funding subject to a separate report presented to this Committee at a later date this year.

Development Plan Review – It is not anticipated that any of the individual surveys would cost more than £2,000 and it is proposed to use the Delegated Authority Scheme.

Moray Tourism Development Company – The final cost of web site and branding development package will depend on the amount of public funding to be raised, which will be equally matched by private sector funding. Both will provide the 50% required match funding for an application to the Visit Scotland Challenge Fund. The request for £10,000 from the Economic Development budget will be subject to securing the Match Funding.

Ancestral Tourism - It is proposed to contribute a sum of £10,000 from the Economic Development budget subject to equal amount of Match Funding being in place.

Procurement of External Funding – As outlined in the report it is hoped to maximise any funding contributions from the Economic Development budget with external funding from public – European, Lottery, Private and Trust sources.

Risks are being minimised through the systems, which have been set up for European Structural Funds applications and claims procedures. They include regular monitoring and reviews against outputs, outcomes and financial procedures.

Staffing – All the work described and proposed in this report is contained within existing staff resources.

Property – none

- (d) **Consultations** - Consultation on this report has been undertaken with the Principal Accountant, in regard to the budgetary information, the

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Libraries & Museums Manager regarding the Visit Scotland and Ancestral tourism proposals, and they are in agreement with the recommendation.

6. CONCLUSION

- 6.1 The Economic Development Budget, as in previous years, is under severe financial constraints and it is planned to maximise it with external funding sources wherever appropriate. As highlighted in the Appendix I & II the proposals contained within the report can be accommodated with the existing budget allowance, including confirmed projects slippage.**
- 6.2 As outlined in the report, any investment will be used for promoting Moray as a destination for visitors, as a place for businesses to grow and invest and to meet the targets of the Council's Single Outcome Agreement with the Government and local, regional and national strategies.**

Author of Report: Reni Milburn, Principal Development Officer

Background Papers: Proposals – Pierre Masson (Visit Scotland, Moray Tourism Development Company & Ancestral Tourism, Craig Robertson - Business Gateway), Alan MacBeth & Fiona Limbrey (Moray Towns Partnership), correspondence and reports on file in Environmental Services, Development and Planning Section

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Appendix I

Economic Development Budget 2010/11 – Approved Projects

Approved Projects	£800,000	Approval date	Committee	Comments
Knockando Wool Mill	£25,000	10 October 2007	Environmental Services	
CPP - Glenlivet Mountain Bike Trails	£15,000	30 April 2008	Policy & Resources	
CPP - Moray Bio-Energy Centre	£20,000	30 April 2008	Policy & Resources	
Rural Development - LEADER	£100,000	14 May 2008	Full Council	
Grampian Food award	£2,213	3 February 2009	Economic Dev. & Infrastructure	
Renewable Energy project	£3,000	3 March 2009	Economic Dev. & Infrastructure	
Keith CARS	£47,000	26 May 2009	Economic Dev. & Infrastructure	Confirmed slippage of £32,000
Elgin BID	£49,000	18 August 2009	Economic Dev. & Infrastructure	
Elgin BID Levy	£11,453	18 August 2009	Economic Dev. & Infrastructure	
CIFAL	£12,500	22 September 2009	Policy & Resources	
Moray Chamber of Commerce Annual Business Award	£1,500	8 December 2009	Economic Dev. & Infrastructure	
Moray Film Liaison Service	£2,000	8 December 2009	Economic Dev. & Infrastructure	
Scotland Food & Drink	£1,000	8 December 2009	Economic Dev. & Infrastructure	
Maintenance of completed projects	£15,000			
Moray Apprenticeship Scheme (MARS)	£8,500	18 August 2009	Economic Dev. & Infrastructure	
Moray Energy Efficiency Fair		25 January 2010	Delegated Power, Bob Stewart	
Town Centre Health Checks	£45,000	23rd February 2010	Economic Dev. & Infrastructure	Confirmed slippage of £9,000
East of Scotland Loan Fund	£80,000	23rd February 2010	Economic Dev. & Infrastructure	
Total formally committed	£438,166			£41,000 slippage
Budget remaining	£361,835			

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Appendix II

Economic Development Budget 2010/11 – Proposed Projects

Total budget	£800,000	
Committed	£438,166	
Remaining budget	£361,835	
Confirmed Slippage	£41,000	
Available	£402,835	
Proposed Projects		Comments
Business Gateway	£239,056	Service Level Agreement
Visit Scotland - Partnership Agreement	£62,000	Reduction to reflect move of TIC
Cairngorm LEADER	£3,250	Separate Report to Economic Dev. & Infrastructure Services 20th April 2010, until 2013
Moray Towns Partnership	£40,000	£ 60,000 for 2011/12
Rural Towns BID	£5,000	Separate Report to Economic Dev. & Infrastructure Services June 2010
Development Plan Related Projects	£10,000	Delegated Authority
Food Festival	£10,000	Separate Report to Economic Dev. & Infrastructure Services 20th April 2010
Moray Tourism Development Ltd.	£10,000	Subject to Match Funding
Ancestral Tourism	£10,000	Subject to Match Funding
Total	£389,306	

Appendix III

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Economic Development Budget 2011/12 – Approved & Proposed Projects

Total anticipated budget	£750,000				
Approved		Approval date	Committee	Proposed	Comments
	£1,000	8 December 2009	Economic Dev. & Infrastructure		£1000 for 12/13
Moray Chamber of Commerce Annual Business Award	£1,500	8 December 2009	Economic Dev. & Infrastructure		£1500 for 12/13
Moray Apprenticeship Scheme (MARS)	£8,500	18 August 2009	Economic Dev. & Infrastructure		
East of Scotland Loan Fund	£80,000	23rd February 2010	Economic Dev. & Infrastructure		£80,000 for 12/13
Elgin BID	£49,000	18 August 2009	Economic Dev. & Infrastructure		
Elgin Levy	£11,453	18 August 2009	Economic Dev. & Infrastructure		
Cairngorm LEADER				£3,250	until 2013/14
Moray Towns Partnership				£60,000	
Business Gateway				£240,000	Subject to further report in 2011
Total	£151,453			£303,250	

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Appendix IV**Moray Towns Partnership**

Successfully completed projects 2009/10

Activity	Town	Outcomes
Two Learning Seminars (subject: Town Economic Development)	All 4 towns	Exchanged best practice ideas and learnt about town development
Eco-Shopping Bag	Buckie	Help make town eco-friendly and promote town
Establish Buckie website	Buckie	Increase tourism and awareness of the area
Development of Buckie Community Radio	Buckie	In progress. Equipment bought and co-ordinator in place. Radio will promote businesses in town.
Extend Speyside Way to Buckie centre.	Buckie	Increase in visitors stopping and spending in Buckie.
Event promotion, including arts event and Buckie festival.	Buckie	Promote and improve on existing events in Buckie
Business Directory/ Buckie Handbook	Buckie	To promote the town
Visitor Information Points (including marketing leaflets)	Keith	Improved marketing for local businesses
Environmental business audit	Keith	Innovative solutions to local waste using local businesses
Mid Street Improvements and decorations	Keith	Increase visitors to Keith shopping
Leaflets	Forres	Improved marketing
Tear off Maps	Forres	Improved marketing for businesses and visitor attractions
Information Boards (2, 1 marking start of Coastal walk)	Forres	Improved Tourist facilities
Business Directory/Forres Handbook	Forres	Improved marketing for local businesses
Disabled-friendly town (Feasibility Study & detailed plans)	Forres	Improved Access to town
Tear off Town Map	Lossiemouth	Improved Information for visitors
Tourism Leaflets	Lossiemouth	Better promotion and marketing for Lossiemouth
Tourist walks around Town with Fingerposts	Lossiemouth	Improved Tourist facilities
Walkway east to West Beach/walks clarified with Map Boards	Lossiemouth	Improved Tourist facilities
Ramsay MacDonald Viewpoint Upgraded	Lossiemouth	Enhanced visitor facility
Business Directory/ Lossiemouth handbook	Lossiemouth	Improved marketing for local businesses