

Agenda Item	9
Report No	EDI/21/18

HIGHLAND COUNCIL

Committee: Environment, Development and Infrastructure

Date: 17 May 2018

Report Title: Economy and Regeneration

Report By: Director of Development and Infrastructure

1 Purpose/Executive Summary

1.1 This Report identifies for Members information, key developments during the quarter and emerging activity across the work of the Economy and Regeneration section.

2. Recommendations

2.1 Members are asked to:

- note the report and the key developments highlighted during quarter 4 and emerging activity; and
- note the increasing workload and the financial and reputational risks to the Council when securing and managing Scottish Government funding, on behalf of community and third sector organisations.

3. Economy and Regeneration Team

3.1 The Economy and Regeneration team undertakes a wide range of local economic development activity. This activity is linked to the delivery of the following priorities:

1. Supporting start-up and growing businesses
2. Supporting young people and adults to progress towards and into work
3. Creating the conditions for sustainable economic growth
4. Promoting inward investment

The core outcomes ultimately sought with this work is:

- an increase in business turnover; and
- an increase in the number of jobs in Highland.

4. Business Development

4.1 Activity under this priority relates to advisory services, access to finance, international trade, procurement advice and supporting business collaboration. Key developments during quarter 4 and emerging activity are detailed below.

4.2 Business Gateway

4.2.1 During the quarter:

- 99 attendees (338 total against target 380) attended start-up workshops;
- 105 new businesses (259 total against target 252) were assisted to commence trading;
- 581 businesses (1963 total against target 1400) accessed local advisory services; and
- 9 growth business (76 total against target 50) secured specialist support from the Council's ERDF funded Local Growth Accelerator Programme, including six businesses who have progressed on to become HIE Account Managed businesses.

4.2.2 These very positive performance figures reflect the efforts of the team and the enhanced visibility of the Business Gateway service both nationally and locally, ensuring that it remains the first point of contact for all types of business related enquiries.

4.2.3 At the end of March 2018, Phase 2 of the Scottish Government Digital Boost Programme finished. This was aimed at encouraging businesses to utilise digital technologies as they increasingly become available through the ongoing development of the Superfast Broadband infrastructure. Over the year 45 workshops, attended by 273 businesses, have been delivered, covering a range of topics such as 'An Introduction to social media', e-commerce, and data analytics. The team is currently developing the next phase to be launched in July 2018.

4.2.4 In collaboration with the Council's new Commercial and Procurement Shared Service team, the team delivered two procurement workshops and engaged with 36 businesses all interested in winning public sector contracts. Further procurement workshops are in the planning stage at the moment, and the intention is to deliver these procurement workshops across the Highland Council area.

4.3 Access to Finance

4.3.1 During the quarter, an additional 28 businesses have been supported with direct guidance and help, along with a number of others receiving general advice on

issues relating to finance e.g. credit control, online options etc. Overall the service has resulted in 87 organisations successfully accessing project funding of a total value of £5.39m. This has resulted in a forecast of 378 jobs being created or safeguarded in the operations.

4.3.2 It is noted that banks' attitude to smaller businesses continues to improve with a willingness to lend and support given to access a range of other sources of funding. Through its own fund, Highland Opportunity (Investment) Limited (HOIL) and through local government's Business Loans Scotland fund, the Council has continued to support businesses and organisations in the Highlands. A total of 10 businesses and social enterprises have been directly supported in the year to date with funding of £369,500 against project value of £841,818. A current pipeline of 24 cases in Highland, conservatively estimated at lending value of over £842,500 from HOIL and BLS is being taken forward.

5. Employment

5.1 Inclusive growth is seen as the means by which economic growth benefits everyone. If such inclusive growth is to be achieved, it requires efforts to be in place that better enable people to compete for and secure the employment opportunities being created, as well as efforts to influence and shape the nature of these employment opportunities.

5.2 Activity under this priority therefore relates to support to individuals (who otherwise are unemployed and experiencing poverty but are able to work) to help them prepare for and secure employment and to work with businesses and internally with Council Services to create jobs. The Council as an anchor organisation and large employer locally across Highland has a key role to play in this work.

5.3 During quarter 4, through Council, third sector partner and ESF resources the Council has:

- supported businesses to employ 6 unemployed people (29 total);
- provided 1 new Youth Trainee post across the Council (32 total) as well as mentor 13 Youth Trainees in post;
- supported 42 young people with Activity Agreements (152 total);
- through its management of ESF, has contracted third sector providers to provide all stage employability pipeline support to 47 new participants (supporting 279 participants in total);
- contracted third sector providers to provide 143 participants with short-term employability support (supporting 335 participants in total); and
- this contracted activity over 2017/18 has resulted in 118 clients immediately progressing into work.

5.4 On 1 April 2018 the Scottish Government's new employability service – Fair Start Scotland (FSS) commenced offering 12/18 month pre-employment support and up to 12 months in work support for targeted clients. The Council facilitated a meeting at the end of February 2018 between the FSS contractor/sub-contractors and the Scottish Government, local providers and partner organisations to aid the introduction and launch of this service. While Council services are targeted differently and do not duplicate FSS, other Third Sector provider services which are part funded via ESF are targeted to the same client group. The Council is therefore proactively engaging with the FSS contractor/sub-contractors, providers and partners to ensure clients are securing the service that best meets their needs.

6. Conditions for Economic Growth

6.1 Activity under this priority relates to infrastructure investment, land and buildings regeneration, the informing and influencing of economic related policy, skills, and industrial development. Key developments during quarter 2 and emerging activity are detailed below.

6.2 Regeneration Capital Grant Fund (RCGF)

6.2.1 The RCGF is a Scottish Government challenge fund which supports locally developed regeneration projects that involve local communities, helping to support and create jobs and build sustainable communities. The Scottish Government requires that the Economy and Regeneration Team, on behalf of the Council, co-ordinates and prioritises applications submitted and, once approval is given, it is the Team who manage the funding, ensuring ongoing project compliance and monitoring.

6.2.2 The Team is currently managing RCGF grant to three projects:

1. Lady Ross, Ardgay, redevelopment. Grant approved - £530k
2. Midmills Creative Hub. Grant approved - £1.2m
3. Redevelopment of the Gairloch AAOR site. Grant approved £350k

6.2.3 As reported in February 2018 the Council had submitted detailed Stage 2 RCGF applications to the Scottish Government for five applications. Four of these applications secured a Stage 2 pass:

- £500,000 for Strathdearn Community Developments New Hub, a space including a shop, café and changing facilities for the sports facility and events run by the community;
- £850,000 for Carse Outdoor Hub, which will develop a long-term vacant and derelict site to provide a social, training and outdoor centre;
- £788,000 for Morvern Community Business Hub which will re-establish a site in the heart of the Lochaline village for the local community, visitors and for enterprise activity; and
- £1.465m for Thomas Telford Corpach Marina, delivering a high quality and sustainable all-year round marina facility at the western gateway to the Caledonian Canal.

6.2.4 Once the grant terms have been received and accepted from Scottish Government, the Council will then be able to finalise project details before putting in place back to back grant offers with the third parties concerned.

6.3 Academy Street, Inverness Townscape Heritage Project

6.3.1 The Townscape Heritage (TH) project involves funding from the Heritage Lottery Fund (HLF), Inverness City Heritage Trust (ICHT) and the Highland Council, contributing to a project fund, from which grants are given to local property owners, businesses and organisations to allow them to carry out high-quality repairs and historic reinstatement to properties and spaces on Academy Street, Inverness.

6.3.2 The AI Welders building at 96 Academy Street is the highest priority project for the Inverness TH project and the main driver for regeneration on Academy Street. It is planned to fully restore the building fabric and heritage detail including the unique decorative mosaics, bringing all floor space back into sustainable economic use, to provide a Highland showcase in the city for Cairngorm and Loch Ness Breweries. Total projects costs are estimated in the region of £2.3 million with grant award of

£960,000. It is anticipated that works will be complete by autumn 2019.

7. Inward Investment

- 7.1 Activity relates to the raising of Highland's profile as an investment location, film location, major events, tourism, twinning and site investment opportunities. Key developments during quarter and emerging activity are detailed below.
- 7.2 Working in partnership with the Scottish Government and all of Scotland's Cities through the Scottish City Alliance, the Council was represented at MIPIM Cannes in March 2018. MIPIM is an annual Inward Investment and Real Estate Conference attracting potential investors from all over the world. At the conference the Council promoted a number of large scale developments, including the Inverness UHI Campus and the Inverness Airport Business Park. In addition, Members will be pleased to note that following an annual study of the most promising investment locations in Europe, FDi Magazine European Cities and Regions of the Future Rankings, the City of Inverness was top of the Micro Cities category (with an immediate city population of less than 100,000). In total the City came in the top 10 for 4 separate categories:
- Micro Cities
 - Best for economic potential
 - Best for human capital and lifestyle
 - Best for business friendliness
- 7.3 Scottish Development International recently hosted an investor event in Edinburgh aimed at marketing Scotland as an attractive location for hotel development. With the focus being on Scotland's smaller cities, the Council was invited to give a presentation about opportunities in Inverness and the wider Highlands which was well received.
- 7.4 Film
- 7.4.1 Highland continues to be a popular area for the film and television industry to use for productions from commercials through to high end television documentaries or drama and big budget movies. 2017/18 was a record year with 243 film enquiries handled. The first month of 2018/19 has already seen 40 enquiries handled by the Council's film unit.
- 7.5 Tourism
- 7.5.1 While summer 2017 has been widely described as one of the busiest tourism seasons in recent years, full year reports are not yet available. However, early indications such as from the Visitor Attraction Monitor showed visits to attractions in Highland were up 10% in 2017 compared to 2016 and this compares favourably with an increase of 7% for Scotland as a whole. Early indications are that 2018 is also likely to be a good year.
- 7.5.2 This success and some of the capacity issues, particularly at a number of popular locations, led to the Scottish Government announcing its £6m Rural Tourism Infrastructure Fund to support improvements. Eligibility criteria and other details were announced on 30 March 2018 with Expressions of Interest invited by 27 April 2018. The tight timescale limited the range of projects that could be put forward as a number of potential projects did not have the required preparatory work. However, the Council did submit 12 applications for a range of projects with a combined value of over £3.2m. It is anticipated that if successful at this first stage, full detailed

applications will be required by end July 2018.

- 7.5.3 In addition, for immediate investment, the Scottish Government funded two pilot projects on Skye. The Outdoor Access Trust Scotland secured £300k for car parking and toilets at Fairy Pools, and the Council secured £100k towards improved car parking at Neist Point.
- 7.5.4 The Council's Tourism Working Group was set up as requested by the Council at the December 2017 meeting and has met twice in mid-March and in mid-April. The Working Group was involved in the shortlisting of projects submitted to the Rural Tourism Infrastructure Fund.

8. Implications

- 8.1 Resource – The Economy and Regeneration team seek to identify and secure external funding to support its work. Increasingly the Scottish Government is requiring the Council to act in an enabling capacity and as a conduit for community or third sector groups to secure regeneration funding.
- 8.2 Legal/Risk – When accessing external funding on behalf of others, the associated grant terms and associated legal and financial obligations ultimately rest with the Council. It is therefore imperative that the risks to the Council are assessed and any back to back grant award letters with third parties protect Council financial and reputational interests.
- 8.3 Community (Equality, Poverty and Rural) – The work of the Employment team in particular to secure inclusive growth seeks to achieve positive outcomes for individuals across all parts of Highland but with a focus on areas of high and persistent unemployment.
- 8.4 Climate Change/Carbon Clever – No implications
- 8.5 Gaelic – No implications

Designation: Director of Development and Infrastructure

Date: 1 May 2018

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