

Agenda Item	8
Report No	EDI/69/18

## HIGHLAND COUNCIL

**Committee:** Environment, Development and Infrastructure

**Date:** 8 November 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. Included within the report is information relating to the transfer of the Family Firm function from the Care and Learning Service to the Economy and Regeneration team which seeks to better support Looked After Children access the employment related services they require as they prepare for and secure work.

### **2. Recommendations**

2.1 Members are asked to:

- note the key developments highlighted during quarter 2 and emerging activity; and
- note the transfer of the Family Firm function to the Development and Infrastructure Service.

### 3. European Policy and Funding

- 3.1 Members will be aware from earlier reports that the Council has taken all opportunities presented to identify to the Scottish and UK Governments the potential implications in Highland arising from Brexit. As part of this work, the Council has recently responded to two further consultations:
- The UK Government All-Party Parliamentary Group on Post-Brexit Funding for Nations, Regions and Local Areas; and
  - House of Lords Select Committee on the Rural Economy call for evidence (which also incorporated elements on the Common Agricultural Policy)
- 3.2 At its meeting on 28 June 2018, the Highland Council agreed to set up a Brexit Working Group and to host a Brexit Summit for appropriate Highland stakeholders. The Brexit Working Group had its first meeting on 28 September 2018 and agreed an agenda and date for the Summit, being 30 November 2018. Further details on the Summit will be circulated to all Members.
- 3.3 As previously advised, European funding will continue to be available for the programming period 2014-2020 after the UK leaves the EU. In practice this means that certain funds will be available up until 2022. The Council is currently accessing Phase 1 EU funding for the following activity, and efforts have commenced to apply for and secure Phase 2 funds:

Activity	Phase 1	Phase 2	Comment
Business Growth Accelerator Programme	£1.18m	£1.37m	Phase 2 applic. in progress
Employability Programme	£4.76m	£4.63m (allocation)	More funds available than third sector match, applic. in progress
Poverty and Social Inclusion Support Programme	£180k	£1m	Phase 2 applic. in progress
Sustainable Travel Hubs		£1.2m	ERDF secured
SMART City Projects	£875k	£1.91m	ERDF secured

- 3.4 Due to delays at the outset of the EU Programme, and challenges experienced when delivering and claiming EU funds, the current European Regional Development (ERDF) and European Social Funds (ESF) are underspending across Scotland. In response to this, whilst recognising there are boundaries around project eligibility, work is underway within the Council to identify additional projects which may secure ERDF/ESF funding. Allied to this work continues with partner local authorities to ensure that across the Highlands and Islands, the full allocation of ERDF/ESF resource is being utilised by all delivery organisations.

### 4. Economy and Regeneration Team

- 4.1 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

- 4.2 The core outcomes ultimately sought with this work is:
- an increase in business turnover; and
  - an increase in the number of jobs in Highland.

## 5. Business Development

- 5.1 Activity under this priority relates to advisory services, access to finance, international trade, procurement advice and supporting business collaboration. Key developments during the quarter and emerging activity are detailed below.
- 5.2 Business Gateway
- 5.2.1 During the quarter:
- 67 attendees attended start-up workshops (188 ytd);
  - 75 new businesses were assisted to commence trading (144 ytd);
  - 425 businesses accessed local advisory services (878 ytd), including 10 digital workshops (24 ytd) attended by 65 businesses (166 ytd); and
  - 12 growth business secured specialist support from the Council's ERDF funded Local Growth Accelerator Programme (26 ytd), including one business who has progressed on to become an HIE Account Managed businesses (4 ytd).
- 5.2.2 These figures continue the positive performance seen over the last year, reflecting the sustained and strong demand from business for advisory services and the visibility and reputation of the Business Gateway service, for example, of businesses accessing the service, 82% listed overall satisfaction with service, and 83% would recommend Business Gateway service to others.
- 5.2.3 Following the submission of information requested by the Scottish Parliament's Economy, Energy and Fair Work Committee's inquiry into Business Support services in August 2018, Committee members are planning to visit Inverness on Monday 3 December 2018 to meet with service users, Business Gateway advisers and Council policy officials. This opportunity will usefully allow the Council to showcase its Business Gateway service and its positive performance figures in context of growing service demand at a time of reduced resource availability.
- 5.4 Access to Finance
- 5.4.1 During the quarter, 29 businesses have been supported with direct guidance and help (60 ytd), along with a number of others receiving general advice on issues relating to finance, for example, credit control, online options etc. This has enabled 29 (ytd) of these organisations to successfully access project funding of a total value of £2.3m. This has resulted in a forecast of 127 jobs being created or safeguarded in the operations to date.
- 5.4.2 Through its own fund, Highland Opportunity (Investment) Limited (HOIL) and, through local government's Business Loans Scotland (BLS) fund, the Council has continued to support businesses and organisations in the Highlands. A total of 5 businesses have been directly supported in the quarter with funding of £164,000 against project value of £826,907. This, including loan approval decisions taken at the start of quarter 3, brings total lending in 2018/19 to £526k (12 businesses) with a current pipeline of 18 cases in Highlands, conservatively estimated at lending value of over £564k from HOIL and BLS being taken forward.
- 5.4.3 At their meetings in August and September 2018 the respective HOIL and HOL Boards considered and approved the 2017/18 annual accounts for HOIL and HOL, with subsequent filing at Companies House.

## 6. Employment

- 6.1 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.
- 6.2 Activity under this priority therefore relates to support to individuals (who otherwise are unemployed, 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.
- 6.3 During quarter 2, through Council, third sector partner, the Scottish Government and ESF resources, the Council has:
- supported private businesses to employ 5 unemployed people (12 ytd);
  - provided 13 new Youth Trainee posts across the Council as well as mentor 12 Youth Trainees in post 20 (ytd);
  - supported 30 new young people with Activity Agreements (64 ytd);
  - through its management of ESF, has contracted third sector providers to provide all stage employability pipeline support to 23 new participants (83 ytd); and
  - contracted third sector providers to provide 58 new participants with short-term employability support (121 ytd).
- 6.4 It is recognised that the cold reporting of statistics alone does not portray the real life stories and life changing impact employability services can have on a supported individual. **Appendix 1** is illustrative and seeks, by highlighting the stories of two clients, to show how Council and partner third sector providers' employability services can change life circumstances and opportunities for individuals.
- 6.5 Following internal review, it has been agreed that the Council's Family Firm function is to be transferred from the Care and Learning Service to the Employability Team. The Family Firm has its statutory roots in the Children and Young People (Scotland) Act 2014, Part 9 (Corporate Parenting), where it is stated that the Council has responsibility to safeguard and promote the welfare and wellbeing of a looked after child or young person. The Family Firm concept is that the Council and its partners, acting in much the same way as a parent would do, will look out for the educational and future job prospects for their child and will use their own business as a place to offer work experience or a job for their child. The approach previously taken has been to create a number of one year part time Development Assistant posts with the Care and Learning Service.
- 6.6 The aspiration is that, by embedding the Family Firm function within the Employability team, the young people supported will be better able to access a range of complementary employment related services provided by the Council, and others, that prepare and sustain a young person in work. In part, this already takes place and **Appendix 2** outlines for Members a real life example of how a Looked After Young Person has accessed the various services available and has now secured a full time post with the Council. The proposed transfer seeks to build upon this work, to align services better and improve work outcomes for looked after young people.

## 7. Conditions for Economic Growth

- 7.1 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.
- 7.2 Regeneration Capital Grant Fund (RCGF)
- 7.2.1 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.
- 7.2.2 The Team is currently managing RCGF grant to six projects:
1. Midmills Creative Hub. Grant approved - £1.2m
  2. Redevelopment of the Gairloch Anti Aircraft Operations Room site. Grant approved £350k
  3. Strathdearn Community Developments New Hub, a space including a shop, café and changing facilities for the sports facility and events run by the community. Grant approved - £500,000
  4. Carse Outdoor Hub, which will develop a long-term vacant and derelict site to provide a social, training and outdoor centre. Grant approved - £850,000
  5. Morvern Community Business Hub which will re-establish a site in the heart of Lochaline village for the local community, visitors and for enterprise activity. Grant approved - £788,000
  6. Thomas Telford Corpach Marina, delivering a high quality and sustainable all-year round marina facility at the western gateway to the Caledonian Canal. Grant approved - £1.465m
- 7.2.3 Following the submission of thirteen Stage 1 applications for RCGF Round 6 in July 2018, six projects have been successful and have been invited to submit Stage 2 applications by deadline 19 November 2018, with final decision due February 2019. Work is ongoing to support the project partners prepare and submit the Stage 2 applications.
1. Armadale Redevelopment, project partner Sleat Community Trust, grant requested £220,000
  2. Eigg Community Hub Re-development, project partner Isle of Eigg Heritage Trust, grant requested £900,000
  3. Old Clyne Heritage Centre, Brora, project partner Clyne Heritage Society, grant requested £1,200,000
  4. The Redevelopment of Staffin Slipway & Associated Infrastructure, project partner Staffin Community Trust, grant requested £925,000
  5. Inverasdale Community Centre, project partner Wester Loch Ewe Trust, grant requested £287,601
  6. Birchwood Highland Enterprises Plastics Project, project partner Birchwood Highland Enterprise, grant requested £155,000

- 7.3 Academy Street, Inverness Townscape Heritage Project
- 7.3.1 The Townscape Heritage (TH) project involves funding from the Heritage Lottery Fund (HLF), Inverness City Heritage Trust (ICHT) and the Highland Council. Each partner contributes 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.
- 7.3.2 To date, four grants have been awarded to eligible properties. Three are complete, and the fourth is now underway, with the internal strip out taking place at Al Welders and the accompanying restoration of the mosaics advancing well. It is anticipated that this £2.3m project will be complete by autumn 2019. Two further grant offers have been issued. One of which, is the high priority Blackfriars building. Works will commence on successful conclusion of this offer and are expected to be complete in 20 weeks.
- 7.3.3 The TH project also delivers a suite of complementary heritage engagement activity during the lifetime of the project. The 'Activity Plan' is being successfully delivered as per the agreed programme with funders. Since the last report, a notable development is the TH project and its partners successfully launching the Academy Street digital heritage trail (<https://www.highlandexplore.scot/>) which represents over two and a half years of content development with over 400 members of the public involved. The series of traditional building skills training continued in October, delivering a traditional stonemasonry evening talk and day course to 14 individuals.

## **8. Inward Investment**

- 8.1 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 3 and emerging activity are detailed below.
- 8.2 Inward Investment Activities
- 8.2.1 As part of the Scottish Cities Alliance activities, the Council was represented at the Expo Real Inward Investment and Property Development Conference in Munich, October 2018. Working closely with staff from the Scottish Cities Alliance and Scottish Development International, investment opportunities in Inverness and the Highlands were promoted to a wide range of German based businesses, including hotel developers and property developers/investors.
- 8.4 Film
- 8.4.1 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. During the quarter 57 enquiries were handled (120 ytd) by the Council's Film Unit. Whilst this is a drop of 28 on the same period in 2017/18 (a record year), it remains positive and ahead of enquiries received in 2015/16 and 2016/17.
- 8.5 Tourism
- 8.5.1 2017 was a record year for the tourism industry generating £1.2bn for the Highland economy. Initial anecdotal evidence suggests 2018 was also a very busy year with, for example, visits to visitor attractions up 10.6% for the period to the end of August when compared to the same period the previous year.

8.5.2 As Members will be aware the increased visitor numbers in recent years has led to capacity issues at some sites and, in seeking to address these, the Council submitted 8 applications to the Scottish Government's Rural Tourism Infrastructure Fund (RTIF) to support improvements. Decisions on the first round of applications were made in early October with 7 Highland projects being successful, securing £1.32m RTIF grant:

1. Bealach Na Ba, Applecross, provision of five enhanced laybys to provide parking, scenic viewpoints and improved passing opportunities on the single track road (The Highland Council) (RTIF £129k)
2. Composting Toilets and additional car parking at Blabheinn, Skye (John Muir Trust) (RTIF £65k)
3. Visitor Facilities including toilets, and motorhome facilities at The Storr car park Skye, Phase 2. (The Highland Council). (RTIF £ 300k)
4. Glenfinnan, 100 space car park with 10 motorhome spaces (Glenfinnan Community Facilities Organisation) (RTIF £269k)
5. Lochinver car park redesign and motorhome waste facilities (Assynt Community Centre / Development Trust) (RTIF £50k)
6. Mallaig / Traigh Beach - New toilets and motorhome facilities at Mallaig and two composting toilets at Traigh Beach (The Road to the Isles Facilities Group) (RTIF £286k)
7. Glenmore, paths linking car parks, visitor attractions and accommodation (Cairngorms National Park Authority) (RTIF £226k)

8.5.3 A further round of the Rural Tourism Infrastructure Fund is now under way and at the time of writing it is anticipated that 24 Expressions of Interest will be submitted by the deadline of 31 October 2018. Depending on the success of these, full applications will then be required by 31 January 2019.

## **9. Implications**

- 9.1 Resource – The Economy and Regeneration team seeks to identify and secure external funding to support its work.
- 9.2 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.
- 9.3 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, and with the transfer of the family Firm function, a greater focus on Looked After Children.
- 9.4 Climate Change/Carbon Clever – No implications
- 9.5 Gaelic – No implications

Designation: Director of Development and Infrastructure

Date: 26 October 2018

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## **Appendix 1: Employability Client Stories**

### Callum

Callum had been a commercial fisherman and Skipper all his working life, but due to health reasons he was no longer able to work at sea. Callum was recovering from a brain injury as the result of a tumour which had been successfully removed 7 years prior. As a result, he experienced short term memory loss, tremors on his left side and balance/mobility issues.

Callum really missed the maritime/fishing industry, and the social aspects of this such as playing pool, which became a benchmark during his time on programme as playing pool enabled us to discuss his progress/future plans in a relaxed setting, whilst at the same time, monitoring his physical progress in terms of stamina, strength, balance and coordination.

We (Shirlie Project) arranged some volunteering and work experience for Callum, firstly with the RNLI Wick, and latterly with NewStart Highland in Thurso.

In the past, Callum was well known for his rope skills particularly splicing and mending nets. However, since his operation, he had not had the chance to do these activities. His time with the RNLI gave him the opportunity to try out these skills and discover he was still able to do these tasks very well.

The time at NewStart, whilst enjoyable, was completely different to anything Callum had done before and this helped him to decide that retail, or similar work was not for him and he really wanted to work near the sea.

Following this, we spent time job shadowing with New Wave Foods, the local seaweed factory, where Callum could see first-hand that to get into this line of work he would need to improve his fitness, strength and stamina.

Callum started his fitness programme by walking more both in sessions and in his own time. He then added in swimming and joined the local boxing gym. In addition, he also joined the Men's Shed for the social aspect. Over the next few months there was a massive increase in his fitness, balance and co-ordination.

Callum also worked on employability skills including interview techniques, application form/letter writing, job search etc. He began canvassing for employment and after a few months he had a work trial with Scrabster Seafood, as a crab packer. The trial was a success and Callum was offered employment. To date he is doing really well, and is delighted to have found employment within his dream industry.

The service provided for Callum is delivered by the Shirlie project under contract from the Council's Employability team. The cost of the service is covered in part by the Shirlie project itself and from funds the Council has secured from the European Social Fund (ESF).

Similar contracts are in place with APEX, NewStart Highland and Calman. Since the start of the current ESF programme, £1.67m ESF resources have been secured for these four organisations, benefitting 605 clients.



## Angela

Angela is aged 42 years. She is a single parent with 4 children aged from 5 to 21 years.

Angela initially registered with the project in September 2017 after been referred by JobCentrePlus for support with IT skills and job search activities. Angela stopped attending the project in May 2018 and re-engaged in September 2018.

### Barriers to employment:

- Caring responsibilities – young children, the youngest one started Primary School in August 2017
- Lack of work experience – Angela last worked in 2000 and had only worked part time hours since having her first child in 1997
- No qualifications
- Low level of IT skills
- Low confidence
- Anxiety and low level depression

### Support provided:

- CV
- Basic online skills
- Job seeking skills
- Researching local child care options and costs
- Referred to Signpost for volunteering opportunities
- Paid for replacement birth certificate as Angela had no photo ID and had lost her original birth certificate
- Application for a basic bank account
- Referred to our Reach Out project for group work in IT skills

### Progression:

- Angela is now applying for jobs and has attended one interview
- She has improved IT skills and improved confidence
- Reduced anxiety

The service provided for Angela is delivered by Merkinch Partnership under contract from the Council's Employability team. The cost of the service is covered in part by the Council and from funds the Council has secured from the European Social Fund (ESF).

Similar contracts are in place across Highland with a number of third sector providers, delivering a range of client assessment, mentoring and course provision. Operational arrangements are in place with the various JobCentrePlus offices to identify and refer clients who have multiple barriers which stop them from securing employment.

Since the start of the current ESF programme, £64k ESF resources have been secured for this activity, benefitting 532 clients.

Appendix 2.

**Pipeline of support: Looked After Young Person**

Young Female

Became a Looked After Young Person from a young age.

Left school with low skills (below SCQF Level 5) and had limited/no work experience.

Engaged with “Family Firm” (2016) working one day a week as a “peer mentor” within a Care Home.

During this time became a mother and single parent.

Following referral from “Family Firm” in April 2017, an appropriate work placement was identified with the Economy and Regeneration team’s, ESF Youth Trainee scheme.

This placement commenced in June 2017 within a Care Home, originally working reduced hours, but with support additional hours were added through progression and resilience.

The Youth Trainee work placement was completed successfully and a Modern Apprentice opportunity within the Council was identified and secured (October 2018).