

Agenda Item	11
Report No	EDI 46/19

HIGHLAND COUNCIL

Committee: Environment, Development and Infrastructure

Date: 15 August 2019

Report Title: Regeneration and Economy Update

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. The report also provides for Members information, the assessment undertaken and determination that there is no reason for the Council to exercise its right of veto to stop the Dingwall Business Improvement District proposal progressing to ballot.

2. Recommendations

2.1 Members are asked to:

- i. note the key developments highlighted during quarter 1 and emerging activity; and
- ii. note the delegated decision taken by the Director of Development and Infrastructure, in consultation with the Chair of Environment, Development and Infrastructure Committee, that there are no grounds for the Council in accordance with the Planning etc (Scotland) Act 2006 and associated Business Improvement Districts (Scotland) Regulations 2007, to exercise its veto to stop the Dingwall Business Improvement District proposal progressing to ballot.

3. Implications

3.1 Resource – The Economy and Regeneration team seek to identify, secure and manage external funding to support its work.

3.2 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 accessed and any back to back grant award letters with third parties protect Council financial and reputational interests.

3.3 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.

3.4 Climate Change / Carbon Clever – No direct implications

3.5 Gaelic – No direct implications

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:

- 69 attendees attended start-up workshops;
- 57 new businesses were assisted to commence trading;
- 338 businesses accessed local advisory services; and
- 21 growth business secured specialist support from the Council's ERDF funded Local Growth Accelerator Programme, including one business who has progressed on to become an HIE Account Managed businesses.

5.2.2 The Digital Boost programme has now received Scottish Government funding, with Phase 4 becoming operational in mid May 2019. Six workshops have taken place with 48 attendees. One of the workshops was an Amazon workshop held in association with Scottish Development International at the new Scottish Co-working Hub located in Inverness Library. This workshop sought to assist micro/small businesses to sell online via Amazon and it also aimed to showcase the new work spaces available to SMEs in disused library spaces.

5.2.3 For Members information, Business Gateway Highland has been operational now for 10 years. In that time it has;

- supported over 2,700 start-up businesses;

- helped over 550 existing businesses to develop and grow; and
- allowed over 6,000 business people to attend free workshops about every aspect of starting, managing and growing a business.

5.2.4 The service is now established as a key player in delivering business support across the Highlands, and works closely with other Council Services and a variety of partners including the Scottish Government and Highlands and Islands Enterprise.

5.3 Access to Finance

5.3.1 During the quarter, 47 businesses have been supported with direct guidance and help including a number receiving general advice on issues relating to finance, for example, payment systems, credit control, online options etc. This has enabled 13 of these organisations to successfully access project funding of a total value of £1.527m. This has resulted in a forecast of 130 jobs being created or safeguarded in the organisations supported.

5.3.2 Through its own fund, Highland Opportunity (Investment) Limited (HOIL), the Council has continued to support businesses and organisations in the Highlands. A total of 7 businesses have been directly supported in the quarter with funding approved of £323,000 which is above target with a forecast of 66 jobs created and retained, as a result of the support provided.

6. Employment

6.1 Inclusive growth is seen as the means by which economic growth benefits everyone. If 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 the quarter, through its own and third sector partner, Scottish Government and ESF resources the Council has:

- supported private businesses to employ 3 young people;
- provided 14 new youth trainee posts across the Council as well as mentor 30 youth trainees in post;
- supported 44 new young people with activity agreements;
- through its management of ESF, contracted third sector providers to provide all stage employability pipeline support for 34 clients; and
- contracted third sector providers to provide 55 new participants with short-term employability support.

6.4 As previously reported, the new Local Employability Model being developed and rolled out across Scotland is proceeding with the Council working at both a national and local level helping to shape and deliver the model. It is proposed to prepare and present a more detailed report on this matter to the November 2019 EDI Committee.

6.5 Members will also be aware that at the end of 2018, the Family Firm function transferred to the team and with it responsibility to support care experienced young

people to prepare for and secure employment. 53 young people are currently on the Family Firm caseload including:

- 4 accessing the Council's activity agreement service;
- 5 currently benefitting from work placements in the Council's youth trainee programme; and
- 10 young people returning to Highland from out of area placements.

6.6 The team offer every young person a 1:1 meeting to discuss options and to develop a personal plan as to how their chosen destination can be reached, via formal education; employability skills courses; work experience placements etc. This enables the young person to gain qualifications, raise self-esteem and gain work experience to progress towards, and secure, employment. Throughout this process the team will work closely with and support the young person, to monitor their progress and ensure that the plan remains current and focussed.

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 five projects:

- redevelopment of the Gairloch Museum (Anti-Aircraft Operations Room site). Project nearing completion and outstanding grant to be pulled down - approx. £34k when retention is released;
- Strathdearn Community Developments New Hub, a space including a shop, café and changing facilities for the sports facility and events run by the community. £500k grant drawn down in full and project expected to be complete December 2019;
- Carse Outdoor Hub, which will develop a long-term vacant and derelict site to provide a social, training and outdoor centre. Project funding incomplete, further work required before project commences and pull down of grant - £850k;
- 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. Grant to be pulled down once contract commences - £788k;
- Thomas Telford Corpach Marina, delivering a high quality and sustainable all-year round marina facility at the western gateway to the Caledonian Canal. Grant reprofile agreed with Scot. Govt. and following contract award, grant will be pulled down - £1.465m; and
- Armadale Redevelopment project, which will involve the demolition of the existing shop and the erection of a new enlarged retail offering, community space and SCT offices. Grant to be pulled down once contract commences - £311k.

- 7.2.3 On 10 June 2019, the Council submitted 14 Stage 1 RCGF applications for Round 7. The Stage 1 decision will be known in August 2019. A round 6 reserve project, Inverasdale Community Centre, was resubmitted on the advice of the Scottish Government.
- 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, 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.
- 7.3.2 To date, 10 grants totalling £1.5m have been awarded to eligible properties. This in turn will lever in c£2m of private sector investment when complete. Four projects are complete, three are due to commence imminently. Al Welders and the accompanying restoration of the mosaics project continues to make good progress. It is anticipated that this £2.3m project will be complete by October 2019. Blackfriars commenced work on 29 April and is scheduled for completion in September.
- 7.3.3 The TH project also delivers a suite of complementary heritage engagement activity during the lifetime of the project. Out of the agreed 16 heritage talks to be delivered over four years, 14 talks have been held, attracting over 700 people, with this number far exceeding expectations. Two most recent talks were on the history of transport and Alexander Battan Grant with an associated traditional music session.
- 7.4 Town Centre Fund
- 7.4.1 Following Committee's consideration and approval of indicative area allocations and governance arrangements work has commenced on project identification. To date over 40 projects have completed the expression of interest proforma and officers are currently working with project sponsors to gather the required information to enable assessments to be made. Local meetings with Area Committees are planned to enable project ranking to take place and arrangements are being made for the cross-party working group to meet in late September 2019 to consider ranking and approve funding.
- 7.5 Dingwall Business Improvement District
- 7.5.1 In May 2019 Committee agreed delegated decision-making arrangements to enable the Council to exercise its statutory remit within the timeframe specified in regards to whether there was a case to exercise or not, the right of veto to stop the BID going to ballot. A delayed ballot date has set back the ballot until 31 October 2019 and following the submission of the BID proposal, this assessment has just been completed.
- 7.5.2 An assessment of the BID proposal against the prescribed circumstances as set out in the Planning etc (Scotland) Act 2006 and associated Business Improvement Districts (Scotland) Regulations 2007 has been undertaken. It was considered that on the basis of the BID proposal submitted, there are no grounds for the Council to exercise its veto. The assessment made in **Appendix 1** sets out, as required by the Planning etc. (Scotland) Act 2006, the reasons as to why this is the case. The BID Proposers have been formally advised that the Council has determined that there are no grounds to exercise the right of veto.

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 The formal resourced initiative to develop economic links with Augsburg and with Bavaria has come to an end. Over the last 3 years contact has been made with a wide range of businesses and individuals. While there have been no formal agreements signed, the opportunity now exists to further nurture and develop links:

- In terms of Council to Council linkages, the potential for sharing knowledge and experience around the development of alternative energy generation, and around the "Internet of things", smart metering technological improvements and related activities exist;
- HIE has promoted the opportunity for the development of a Spaceport to the Bavarian Aerospace industry at a recent industry seminar in Munich. This is very much an expanding area of expertise for Bavaria and for Germany in general. To be able to promote the plans for a Sutherland Spaceport was a valuable opportunity to identify to potential German inward investors the potential benefits that could accrue from this important development in the Highlands;
- links have been developed between UHI and the Klinikum Augsburg medical faculties, with both currently developing Graduate Medical School this presents scope for collaborative activities. The sharing of experience on nursing training is another opportunity, as this does not have a professional framework in Germany and is an area for potential future development allowing students to spend time in Inverness as part of their training in Augsburg;
- Inverness Chamber of Commerce has been looking closely at the potential for trade missions and for the development of business to business links between the two cities. The Chamber has recently been examining the potential for arranging a further trade mission to Augsburg in collaboration with HIE, the Scottish Government, and in conjunction with the Highland Export Partnership; and
- in parallel with the Council's initiative, the Scottish Government has also been developing a closer relationship with Bavaria. Consideration is now being given to the establishment of a Bavaria Scotland Partnership. If this progresses, Highland is well placed to capitalise on links already made with businesses and institutions in Augsburg.

8.2.2 The Council, in partnership with HIE and SDS, are currently working together to progress a Talent Attraction Strategy. This is in line with the Council's programme that has as, one of its key priorities, a commitment to work to identify 'Pull Factors' that actively promote the Highlands as a desirable and welcoming place to work, live, invest and to run a business.

8.2.3 Linked to this work, the Highland Economic Forum has developed a website, www.enterprisinghighland.com which is currently being updated with the aim of placing additional emphasis on talent attraction alongside the inward investment work.

8.3 Film

8.3.1 Highland continues to be a popular area for the film and television industry to use for productions. During the first quarter 51 enquiries were handled, compared with 65 in 2018/19 – a drop of 22% on the previous year. In part, this decline reflects the lack of a dedicated film officer and enquiries being handled by the Tourism Team when

capacity allows.

- 8.3.2 With Scotland's new production studio being developed in Edinburgh, Screen Scotland predicts a significant increase in filming in Scotland. Highland, due to its historic positive profile, known locations/properties and support services is well placed to compete for this potential increase in film activity. If its positive locations profile is not maintained however, other locations closer to the Edinburgh will now be able to compete offering more accessible and thus arguably financially attractive locations.
- 8.3.3 Efforts are therefore currently underway to recruit a dedicated film officer to ensure Highland remains a competitive location and that expenditure, estimated approx. £2m plus direct spend per annum, is secured and grown.
- 8.4 Tourism
- 8.4.1 As previously reported, recent years have been strong ones for the tourism industry generating well over £1bn per annum for the Highland economy. Early indications from visitor attractions (which are generally the most immediate figures available) suggest similar business levels to 2018 despite a particularly poor winter for skiing and other winter sports reducing visitor numbers in the early part of the year. This has since been offset by spring increases putting attraction visits ahead of 2018 figures. VisitScotland's industry barometer for the first quarter of the year shows over two thirds of businesses seeing business levels either similar or ahead of 2018.
- 8.4.2 As Members will be aware, the increased visitor numbers and related pressures have meant much of the team's activity has been focussed on preparing applications to the Scottish Government's Rural Tourism Infrastructure Fund (RTIF). The results of second round of applications were announced in early June and saw a further six Highland projects supported with £1.4m of funding offered. Contractual elements of first round projects have largely been concluded and the first projects are now under way on the Bealach na Ba and at Bla Bheinn on Skye with other starts due in the next few weeks.
- 8.4.3 As agreed at the Council meeting on 13 December 2018, the Council will undertake a public consultation on the subject of a transient visitor levy. A series of six small scale "pre-consultation" events were held across the Highlands with a view to gathering tourism industry feedback on the approach being proposed for the consultation. These sessions provided valuable advice that has helped guide the approach and questions being asked in the full consultation.
- 8.4.4 An independent contractor, the Moffat Centre at Glasgow Caledonian University, has been procured to undertake dedicated survey work with visitors. This survey work is being undertaken from 12 August until early October at a number of locations across Highland. This will ensure that the views of a cross section of visitors from high and shoulder / off seasons are captured.
- 8.4.5 The wider open consultation which is designed mainly to capture the views of Highland residents and the tourism industry is now getting under way with views being gathered through an online survey. This will also run until October and will complement the feedback gathered through the Council's wider community engagement activity taking place in the autumn. All the evidence will subsequently be collated and analysed with a final report being presented to the Council on 12 December 2019.

Designation: Director of Development and Infrastructure

Date: 31 July 2019

Author: Andy McCann, Economy and Regeneration Manager

**APPENDIX 1:
Dingwall Business Improvement District Proposal
Assessment of Proposal against the Council’s Power of Veto**

The Planning etc (Scotland) Act 2006, Part 9 – Business Improvement Districts, gives the Council the Power of Veto over a BID proposal and ensures that no ballot shall be held. The local authority is required to consider a BID proposal within the prescribed period - 70 days before the ballot date (in the circumstances of the Dingwall BID proposal this must be by Thursday 22nd August 2019) and give notice that it is or is not going to veto the proposal.

- If exercising a veto the local authority must set out the reason why and give details of the right of appeal.
- If not exercising a veto then the local authority must set out its reasons for not doing so.

The circumstances when a local authority can exercise its veto are prescribed in the Act and the Business Improvement Districts (Scotland) Regulations 2007. This assessment is structured around these prescribed circumstances.

Planning etc (Scotland) Act 2006	
The prescribed circumstances are that the local authority consider that the BID proposals are likely:-	
42 (4)(a)	<p><i>‘to conflict with any structure plan, local plan, strategic development plan or local development plan which has been approved or adopted under the principal Act and which applies to the proposed business improvement district or any part of it’</i></p> <p>The ambitions of the Dingwall BID do not include physical developments but do include ambitions to improve the sense of place and vibrancy of the town. This complements the aim to “strengthen the role of Dingwall as the county town of Ross-shire” outlined in the Inner Moray Firth Local Development Plan. A number of the areas of activity proposed will also support the broader principle of protecting town centres as outlined in the development policies of the Highland-wide Local Development Plan. None of the actions proposed in the draft BID business proposal conflict with these plans.</p> <p>Accordingly, there is no reason to exercise the Council’s right of veto.</p>
42 (4)(b)	<p><i>‘to conflict to a material extent with any policy formally adopted by and contained in a document published by the authority (whether or not the authority are under a statutory duty to prepare such a document)’</i></p> <p>As outlined above there are not considered to be any conflicts with Council policies or plans.</p> <p>Accordingly, there is no reason to exercise the Council’s right of veto.</p>

42 (4)(c)	<p><i>‘to lead to a significantly disproportionate financial burden being imposed on-</i></p> <p><i>(i) any person entitled to vote in the ballot on the proposals</i></p> <p><i>(ii) any class of such person,</i></p> <p><i>as compared to other such persons or classes</i></p>
	<p>The BID proposal states that the levy rate will be a fee structure based on the rateable value of the property at the time of the ballot and throughout the 5-year term of the BID. All businesses within the defined area and in defined sectors with a rateable value of £2,000 or more will be liable to pay the BID levy with the levy paid by the occupier or the property owner where a property is vacant.</p> <p><u>Levy threshold</u></p> <p>The levy threshold of £2000 lies within the range used by other BIDs in Highland and neighbouring parts of Northern Scotland where some BIDs have no lower threshold and so all businesses pay a levy. This reflects the nature of the town with many small businesses but also ensures the smallest are exempt.</p> <p>The scale of charges proposed, and in particular the range of bands included (8 bands) and the step-up approach to defining the levy amounts recognises variations in the size of businesses and ability to pay. The total annual levy varies from £250 for the smallest businesses to £2800 for the largest and this will be fixed for the 5-year term. The entry level of £250 is high in comparison with some other BIDs but this in part reflects that fact that many businesses are exempted via the £2000 rateable value threshold described above. While it is difficult for the Council to determine if these charges have been fixed at the right level, the BID proposers have proposed a levy structure that recognises and reflects these issues. Accordingly, it is fair to conclude that the levy structure proposed does not seek to impose a significantly disproportionate financial burden on any person, business or sector.</p> <p>Accordingly, there is no reason to exercise the Council’s right of veto.</p>
Business Improvement Districts (Scotland) Regulations 2007	
The prescribed matters to which the local authority shall have regard in deciding whether to exercise its veto are:–	
14 (2)(a)	<p><i>the level of support (as evidenced by the result of the BID ballot or re-ballot, as the case may be) for the BID proposals, where this information is available;</i></p> <p>As no ballot has yet taken place support cannot be evidenced by the result of a BID ballot. However, the evidence provided in the form of the consultation undertaken and the support demonstrated from a cross section of businesses suggests there is a degree of support for the formation of a BID.</p> <p>Further canvassing by steering group members is under way at present</p>

	<p>but in advance of the date this report was compiled two business events had been held on 7th & 8th of May 2019 as well as a workshop with Business and Community groups from Dingwall on 17th June 2019.</p> <p>As of 3rd July 2019, surveys had been issued to all 244 of the expected levy payers with 62 responding (25%). Additionally, steering group members have had one to one discussion with 58 businesses (24% of the expected electorate of 244 businesses) of which 39 have indicated they would be likely to vote in favour of a BID (67% of those consulted and 16% of the expected electorate).</p> <p>While the support demonstrated to date does not indicate whether or not a ballot would be successful, there are no grounds for the Council to prevent the proposal going to ballot by use of its power of veto.</p> <p>Accordingly, there is no reason to exercise the Council's right of veto.</p>
14 (2)(b)	<p><i>'the nature and extent of the conflicts mentioned in 42(4) of the 2006 Act' (i.e. with any policy formally adopted by and contained in a document published by the authority)</i></p> <p>As outlined above there are not considered to be any conflicts with Council policies or plans.</p> <p>Accordingly, there is no reason to exercise the Council's right of veto.</p>
14 (2)(c)	<p><i>'the structure of the proposed BID levy and how the financial burden of the business improvement district is to be distributed amongst ratepayers and other eligible persons in the geographic area of the business improvement district'</i></p> <p>As outlined above the BID proposers have proposed a levy structure that is not expected to impose a disproportionate financial burden on any person, business or sector.</p> <p>Accordingly, there is no reason to exercise the Council's right of veto.</p>
14 (2)(d)	<p><i>'how the financial burden of the business improvement district may have been disproportionately distributed among ratepayers and the other eligible persons as a result of the selection of the geographic area or areas of the business improvement district'</i></p> <p>The scale of levy charges is to be applied equally across the whole area with no geographic variation. Based on consultations with businesses the geographic area to be covered by the BID has been defined and is described as "a diminished version of the Dingwall & Seaforth Ward Boundary which would allow the uptake of all 3 main entry / exits to the town"</p> <p>A business plan has been supplied to the Council as part of the BID</p>

	<p>proposal and this outlines the range of activities to be undertaken by the BID. These activities are grouped under four themes: -</p> <ul style="list-style-type: none"> • Business Facilitation • Presentation & Identity • Accessibility • Marketing and Promotion <p>Clearly not all businesses will gain identical benefits but, as the business plan contains a broad range of projects and services this would be expected to provide some benefits across the BID area and the approach of charging the same levy in all areas could therefore be considered appropriate.</p> <p>Accordingly, there is no reason to exercise the Council's right of veto.</p>
14 (2)(e)	<p><i>the extent to which the BID proposer discussed the BID proposals with the authority before submitting the BID proposals to the authority ...,</i></p> <p>An early presentation on the proposed BID was given to the meeting of the Dingwall and Seaforth Ward Councillors on 19 March 2017. One elected member - Cllr. Graham Mackenzie was subsequently nominated to represent the Council on the Steering Group and has both attended the steering group and been regularly updated by the BID Chair and Project Manager on the thinking of the Steering Group. Further meetings with the Dingwall and Seaforth Councillors took place on Monday 15 April 2019 and Monday 8th July to update Members on progress with the BID proposal.</p> <p>The Council's Ward Manager and staff from the Economy & Regeneration, Finance, Elections and Assessors teams have all been involved in meetings or discussions with the BID proposers in the development of the BID proposal.</p> <p>Accordingly, there is no reason to exercise the Council's right of veto.</p>
14 (2)(f)	<p><i>the cost incurred by any person in developing the BID proposals and canvassing in relation to the BID proposals'</i></p> <p>The BID proposal has been put forward by the BID steering group which includes a sectoral spread of business representatives. The Steering group has received grant aid from BIDs Scotland, The Highland Council and Highlands and Islands Enterprise towards the cost of developing the BID proposal but no individual business or person has had to incur costs related to developing the BID proposals.</p> <p>Accordingly, there is no reason to exercise the Council's right of veto.</p>