

Agenda Item	<b>11</b>
Report No	<b>EDI/47/18</b>

## HIGHLAND COUNCIL

**Committee:** Environment, Development and Infrastructure

**Date:** 16 August 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 1 and emerging activity

### **3. European Policy**

- 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, and in conjunction with partners in the Highlands and Islands European Partnership, a Regional Policy briefing paper was produced and widely distributed to all Highlands and Islands MSP's, MP's, Scotland's MEP's Scottish Parliament as well as Scottish and UK Governments. In addition the Council, working with partner local authorities in the Highlands and Islands, has prepared three briefing papers on Inward Migration, Access to Markets and Agriculture Crofting and Land Management.
- 3.2 Policy papers on each will be presented to full Council on 6 September 2018 to consider and approve as policy statements to inform Council activity going forward.
- 3.3 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.
- 3.4 Given the current status of the ongoing negotiations over the UK's withdrawal from the EU and the level of uncertainty over the terms of such a withdrawal agreement, it may be appropriate to schedule the Brexit summit when there is more clarity. This would then enable the summit to discuss the implications arising from the negotiated agreement and help inform what planning and actions business and organisations would need to undertake. Current planning assumptions are that the withdrawal agreement will be finalised at the EU Leaders summit on 18 October 2018, suggesting that the Brexit summit is held shortly thereafter. However, this timetable may need to change should negotiations continue beyond that date.
- 3.5 It is therefore proposed that the Brexit Working Group consider the most opportune time for scheduling the planning the focus of the summit. The policy papers to be considered at full Council on 6 September 2018 will aid this work.

### **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

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 quarter 1 and emerging activity are detailed below.

## 5.2 Business Gateway

### 5.2.1 During the quarter:

- 121 people attended start-up workshops;
- 69 new businesses were assisted to commence trading;
- 453 businesses accessed local advisory services; and
- 14 growth businesses secured specialist support from the Council's ERDF funded Local Growth Accelerator Programme, including three businesses who have progressed on to become HIE Account Managed businesses.

These figures continue the positive performance seen over the last year, reflecting both 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.

5.2.2 The Scottish Government funded Digital Boost Programme, delivered by Business Gateway, seeks to encourage businesses to utilise digital technologies allied to the ongoing development of Superfast Broadband infrastructure. During the quarter the new programme in Highland has seen the delivery of 14 workshops attended by 101 businesses. These cover a range of topics that are adapted regularly in recognition of the fast moving nature of technological development. The new phase of the programme includes workshops on topics such as how to 'Enhance your Business with Digital', Pinterest, Instagram and Photography / Video Production for Social Media. In addition, 16 businesses have secured specialist individual 1-2-1 advisory sessions.

## 5.3 Enterprise Europe Network

5.3.1 The Council currently host 3 staff members who, in partnership with Scottish Enterprise colleagues, deliver the Enterprise Europe Network (EEN) contract across Scotland. This service contract seeks to help Scottish businesses make the most of business opportunities in the EU and beyond, with research on international markets, help to find business partners abroad and innovation support.

5.3.2 While much of the work of the team is to support businesses across Scotland, the opportunity has been taken to work closely with the Inverness Chamber of Commerce and HIE to deliver events on exporting, market awareness and EU funding opportunities. They attend all of HIE's Preparing to Export Workshops, outlining the services they provide to businesses and they support the Chamber's technical assistance relating to export licensing, documentation and certificates with EU business information including information on labelling, VAT and tariffs etc. The team has also engaged with EEN colleagues in Bavaria to support economic development related town-twinning initiatives, and in particular current efforts to promote economic opportunities between Inverness and its twin city of Augsburg.

5.3.3 The Council has offered to continue its partnership with Scottish Enterprise. To this end a proposal to continue to deliver EEN contract in 2019 was submitted to the European Commission in June 2018 with an outcome expected to be known in the autumn 2018. It is anticipated that UK businesses will be seeking greater support to innovate and grow internationally post-Brexit and that demand for EEN services will be increased during the transition period.

## 5.4 Access to Finance

5.4.1 During the quarter, 31 businesses have been supported with direct guidance and help, along with a number of others receiving general advice on issues relating to

finance, for example, credit control, online options etc. This has enabled 10 of these organisations to successfully access project funding of a total value of £1.9m. This has resulted in a forecast of 48 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 3 businesses have been directly supported in the quarter with funding of £150k against project value of £542k. A current pipeline of 19 cases in Highlands, conservatively estimated at lending value of over £536k from HOIL and BLS is being taken forward.

## **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 put 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 1, through Council, third sector partner and ESF resources the Council has:
- supported businesses to employ 7 unemployed people.
  - provided 7 new Youth Trainee posts across the Council as well as mentoring 8 Youth Trainees in post.
  - supported 32 new young people with Activity Agreements.
  - through its management of ESF, has contracted third sector providers to provide all stage employability pipeline support to 60 new participants.
  - contracted third sector providers to provide 63 new participants with short-term employability support.
- 6.4 As previously advised, opportunities currently exist to apply for and secure continued European funding up until 2021/22. To this end work is underway to inform the Council's own funding applications and discussions have commenced with Third Sector Providers, who provide their own match funding, as to how best the Council can access and manage European funding to part fund their activities to deliver long-term specialist employability services.

## **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 seven projects:

1. Lady Ross, Ardgay, redevelopment. Grant approved - £530k
2. Midmills Creative Hub. Grant approved - £1.2m
3. Redevelopment of the Gairloch Anti Aircraft Operations Room site. Grant approved £350k
4. 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
5. 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
6. 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 approved - £788,000
7. 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 On 29 June 2018 the Council submitted thirteen Stage 1 applications to the Scottish Government (RCGF Round 6) for projects in the Council area. Those projects proceeding to Stage 2 will be announced in September 2018 and reported to Committee in November 2018.

## 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, four grants have been awarded to eligible properties. Three are complete and the fourth is now underway, with the first phase of works to the mosaics of Al Welders commencing on 22 July 2018. It is anticipated that the £2.3m project will be complete by autumn 2019.

## 7.4 Wi-Fi Project

7.4.1 The installation of the Council's Wi-Fi project is now reaching completion. This has seen free Public Wi-Fi access introduced into 14 Highland Towns across the region, and has been led by the Highland Council with funding secured from the Inverness and Highland City-Region Deal. The free Wi-Fi, called "High-Fi", is aimed at stimulating economic growth and will increase digital inclusion across the Highlands. Easy access to digital connectivity is seen as essential if Highland is to be innovative and keep its competitive place in the tourism market.

## **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 wider efforts to improve talent attraction, the Enterprising Highland website ([www.enterprisinghighland.com](http://www.enterprisinghighland.com)) is currently undergoing a review of how it is utilised. The site acts as a portal, providing links to exist information websites rather than duplicating them. It provides a service to potential inward investors, businesses and individuals looking to locate in the Highlands. As well as information related to businesses it also signposts to important sources of information on educational opportunities, sporting and recreational opportunities all of which are important when deciding upon relocating to the Highlands. The update will include modernising the format, making better use of video content and generally ensuring that the text and the hyperlinks are up to date.
- 8.3 Film
- 8.3.1 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 received and the first quarter of 2018/19 suggests similar levels of interest with 63 enquiries handled by the Council's Film Unit – just one short of last year's figure.
- 8.4 Tourism
- 8.4.1 Full year reports for 2017 are still not available but as reported previously anecdotal evidence suggests it was a very busy year and early indications for 2018 are similar. As has also been reported previously this has led to capacity issues, particularly at a number of popular locations which in turn led to the Scottish Government announcing its £6m Rural Tourism Infrastructure Fund to support improvements. Following a call for projects and further discussion with the Council's Tourism Working Group, 12 Expressions of Interest were submitted of which 11 were deemed suitable to take to the full application stage.
- 8.4.2 Work has continued with Council Services and communities on gathering evidence and further information required for the full applications. Decisions on the first round of applications will be made in late September. This has resulted in 9 applications being submitted by the 27 July 2018 deadline. 3 projects were not taken to full applications as they were not sufficiently developed (for example, where land transfers had not taken place or match funding had not yet been identified or confirmed). However, assuming the communities concerned resolve these issues, it is anticipated that these will be submitted as second round applications (with Expressions of Interest required by 26 October 2018). Work is now under way on a number of further projects that will also be the subject of second round applications.

## **9. Implications**

- 9.1 Resource – The Economy and Regeneration team seek 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.
- 9.4 Climate Change/Carbon Clever – No implications
- 9.5 Gaelic – No implications

Designation: Director of Development and Infrastructure

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