

Agenda Item	6
Report No	ECI/8/20

HIGHLAND COUNCIL

Committee: Economy and Infrastructure

Date: 1 July 2020

Report Title: Economic Recovery

Report By: Executive Chief Officer Infrastructure and Environment

1. Purpose/Executive Summary

- 1.1 As the area moves towards economic recovery, the Council has a key role to play in supporting Highland businesses. This report sets out the activity that has been carried out in recent weeks, and sets the context for the short, medium and long term actions required.

2. Recommendations

- 2.1 Members are asked to:
- i. note the work already undertaken across the Service to support economic recovery; and
 - ii. agree the submission of the Regeneration Capital Grant Fund stage one applications to Scottish Government.

3. Implications

- 3.1 **Resource:** There will be resource implications to the delivery of economic recovery, but these will be regularly reported to the Committee and to the Council's Recovery Board. Coordination and prioritisation of resources with partners is likely to put us in stronger position to lobby for national funds.
- 3.2 **Legal:** none
- 3.3 **Community (Equality, Poverty and Rural):** Economic Recovery must be built around ensuring full community engagement and partnership working.
- 3.4 **Climate Change / Carbon Clever:** The Scottish Government has committed to ending Scotland's contribution to climate change by 2045 at the latest, and the public sector is legally required to support this ambition. To support this aim, the Scottish Government

has established a Just Transition commission to advise Scottish Ministers on how to apply the Just Transition principles to Scotland. Whilst this work was commissioned and much of it undertaken prior to the outbreak of COVID-19, the principles could directly support economic recovery post-COVID-19, and ensure that Highland takes a lead in moving towards a net zero economic model.

3.5 **Risk:** there are no direct risks arising from this paper

3.6 **Gaelic:** Gaelic will be an important strand of the tourism and culture workstreams that will be taken forward as part of our economic recovery strategy.

4. Background

4.1 Members of the Committee have been kept up to date with the week to week work undertaken by the Service during this very challenging time. Activity across all teams has been focussed on both the immediate response activities, as well as continuing to work to support activity that will be critical as we enter the recovery period. Some highlights of the work undertaken by the service is outlined below:

- Business Grants – as of last week, the small business and self-catering grant scheme, set up to help companies stay in business during the coronavirus crisis, has paid out over £65m to 6,000 Highland businesses. This has been a fantastic achievement for the Council's cross-Service team, and has gone a long way to support these businesses through the immediate challenges imposed by lockdown;
- Spaces for People – the cross-Service team that has put in place the bids for the Spaces for People funding have demonstrated the real benefit of working across the Service and meeting challenging deadlines. This is a real example for the recovery process, with active travel and low carbon outcomes likely to a key requirement of future funding. A separate report on this initiative is considered elsewhere on the agenda;
- Housing Development and Project Design Unit – the teams responsible for housing development and infrastructure delivery have largely continued working on projects that will assist with the economic recovery. A number of contracts are ready to be brought forward to tender and this will be an important signal to business that investment in critical infrastructure for the Highlands will continue;
- Planning, Building Standards, Transport Planning and Environment – work has continued as normal for the teams involved in this area of work, both to process cases submitted during the lockdown period and to clear some of the backlog that had build up. Although numbers of applications did initially significantly reduce, it is critical that work continues in delivering an efficient and open for business approach;
- Roads Maintenance and Street Lighting – whilst work was concentrated on emergency works during lockdown, the gradual lifting of restrictions is enabling a wider variety of work to be carried out, and delivery of key area priorities remains an important focus over the coming months;
- Public and School Transport – the challenges associated with the delivery of school and public transport because of the crisis are significant. The team has been working closely with colleagues in Education, to ensure that the return to school is supported, as well as working with public transport providers; and
- Climate Change and Energy – the teams responsible for climate change and energy have continued to work on various schemes that will bring more investment into the region, whilst ensuring that zero carbon ambitions are

addressed. Much remains to be done, and this will form an important part of the economic recovery strand.

5. Supporting the Council's Recovery Board

- 5.1 It is now critical that, as part of our overall recovery strategy, a plan is set out for engaging and working collaboratively with public, private and third sector partners to ensure that economic recovery can be supported, but that we also take cognisance of the need to plan for and invest in the shift towards a net zero economy in line with the Council's commitment to achieving a carbon neutral Highland by 2025. The Service has been supporting the work of the Council's Recovery Board to achieve this task, and the work required will form an important part of the Committee's workload over the coming year.
- 5.2 Examples of the types of tools available that can play an important role in outlining our short term recovery plan while also supporting long term plans for the future for both for the Council and its various partners, include:
- The Development Plan at the national and local level. These are playing an increasingly vital role in spelling out our corporate, coordinated and collaborative approach to development and investment across the region and in the national context. Our ambition for the future can also provide confidence to communities, employers and investors at the local level. Importantly, these plans provide the opportunity to gauge public opinion on these matters;
 - [Just Transition Principles](#) – the Just Transition Commission is developing plans for growing an inclusive, net zero economy, and its work reflects that Scotland's Economic Strategy sets out the ambition to create a more cohesive and resilient economy that improves the opportunities, life chances and well-being of every citizen of Scotland;
 - National Transport Strategy – sets out an ambitious vision for Scotland over the next 20 years, taking into account a transport system which reduces inequalities, tackles climate change, delivers economic growth and improves health and well-being; and
 - Programme Alignment Work – the Council commissioned work prior to lock down to examine how to better align its programme and workstreams with those of the Scottish Government, particularly in respect of climate and ecological action. It is anticipated that this work will put the Council and partners on the front-foot to secure additional funding for initiatives which move the region towards a net zero future. An informal meeting of the Climate Change Working Group has taken place during lock down and work will continue with Members over the coming months.
- 5.4 As Members will be aware, the Recovery Board has agreed to the establishment of an Economic Recovery Task Force/Partnership to bring together partners from across the private, public and third sectors to promote the actions required for economic recovery. The first meeting is in the process of being arranged. The work of this strategic partnership will be informed and strengthened by engagement at area level, ensuring that partnership working is right at the heart of the efforts to grow the Highland economy.

6. Supporting Economic Recovery

- 6.1 The Council will play a strong role in supporting economic recovery, whether through the training and advice provided through Business Gateway, the continued delivery of

general grant schemes such as Leader or specific focus areas like the Town Centre Regeneration Fund or the Rural Tourism Infrastructure Fund, or through the Council's own capital programme.

- 6.2 One specific funding stream that has been running throughout the lockdown period is the Scottish Government's Regeneration Capital Grant Fund (RCGF). The purpose of the RCGF is to provide financial support to projects that will help to deliver large-scale improvements to deprived areas. It focuses on projects that engage and involve local communities and those that can deliver sustainable regeneration outcomes. The available budget for RCGF will be subject to the Scottish Government's spending review but typically the budget for each round of the RCGF has been between £20m and £25m. Stage one is for the Scottish Government to establish which projects are sufficiently developed and meet the objectives of the fund, to enable them to proceed to the second stage of the application process.
- 6.3 Twenty projects seeking Scottish Government Regeneration Capital Grant Fund (RCGF) assistance have been received by the Council (see **Appendix 1**). Normally the Scottish Government expect local authorities to review all applications closely, consider how the projects will meet RCGF criteria, and, in particular, how they can deliver the outcomes within the required timeframes. If appropriate, project proposals should be prioritised accordingly. Given the extenuating circumstances posed by Covid-19, it was not possible to undertake such an exercise in the constrained timeframe. Consequently, the Expressions of Interest received were converted into full Stage 1 applications and submitted to the Scottish Government by the deadline on 19 June 2020. It has been made clear that this submission was dependent on agreement by this Committee, and that there is no guarantee of any funding commitment from the Council.
- 6.3 The Council's role is far more involved than simply submitting the funding application. Not only does the Council provide advice in respect to creating a competent and competitive application. It is often the first step in what is often a long-term relationship between the Council and the project lead. The Council is responsible for administering the RCGF grant and ensuring that the project is delivered successfully as per the approved application and in accordance with the grant obligations between the Council and the Scottish Government. Members are asked to agree the submission to Stage 1.

7. Looking Forward

- 7.1 Economic recovery is going to be a critical work stream for the Council over the coming months. The work set out in this report will go some of the way to achieving that, with regular updates provided to the Committee as appropriate.

Designation: Executive Chief Officer Infrastructure and Environment

Date: 21 June 2020

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Appendix 1 – Regeneration Capital Grant Fund Stage 1 Applications

Project Lead	Name of Project	Total Value of RCGF requested	Total value of Project (inc. RCGF)
Broadford and Strath Community Company	Skye Rural Enterprises	£500,000	£500,000
Caol Regeneration Company	Thomas Telford Corpach Marina	£800,000	£1,500,000
Clyne Heritage Society (CHS)	Old Clyne School Restoration and new Heritage Centre	£1,180,750	£3,558,000
Dornoch Area Community Interest Company (DACIC)	The Dornoch Hub – Phases 3b & 4	£172,646	£295,372
Dornoch Area Community Interest Company (DACIC)	DACIC Project Curlew Masterplan Phase 2 - MUGA	£321,111	£620,311
Elsie Normington Foundation (ENF)	The Haven Centre	£350,000	£3,925,000
Glen Urquhart Rural Community Association	Glen Urquhart Public Hall redevelopment	£750,000	£775,000
Go Golspie	Go Golspie Intergenerational Hub	£220,000	300,000
HITRANS	Black Parks Active Travel Route	£162,461	£324,922
Ionad Thròndairnis	Ionad Thròndairnis	£4,380,000	£4,426,000
Isle of Rum Community Trust	Rum Community Hub	£1,340,000	£1,490,000
Mallaig Pool & Leisure	Mallaig Community Hub for Sport, Leisure & Enterprise	£980,000	£1,200,000
Morvern Community Woodlands	Renovation of The Lodge, Killundine	£120,000	£120,000
Nairn Improvement Community Enterprise (NICE)	Nairn Regeneration Hub	£700,000	£1,200,000
Lochaber Environmental Group	Active Travel Fort William - E Bike Share Scheme	£134,379	£671,895
Raasay Development Trust	Raasay Community Pontoon	£540,000	£600,000
Scourie Community Development Company (SCDC)	Scourie Rocks	£800,000	£3,722,600
St Andrew's Cathedral, Inverness	Kenneth Street Hall Rejuvenation	£250,000	£275,000
The Garve & District Development Company (TG&DDC)	Garve Public Hall – “Reshaping our future!”	£170,000	£680,000
The Highland Council	Invergordon Cruise Management	£50,000	£80,000
	TOTAL	£13,723,390	£25,496,143