



Moray Growth Deal

Full Deal Document



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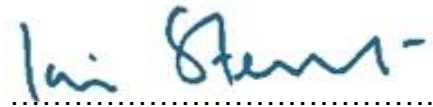


Our signing of this document confirms our joint commitment to achieve full implementation of the Moray Growth Deal.



.....

Kate Forbes MSP
Cabinet Secretary for
Finance and the Economy
Scottish Government



.....

Iain Stewart MP
Parliamentary Under Secretary
of State (Minister for Scotland)
UK Government



.....

Cllr Graham Leadbitter
Leader of Moray Council

On behalf of the Moray Growth Deal Partners, including:

The UK and Scottish Governments; Moray Community Planning Partnership; Moray Council; Highlands and Islands Enterprise; University of Highlands and Islands; Moray College UHI; Digital Health Institute; Boeing and various business and community representatives associated with the projects.



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1. Executive Summary

‘Innovation from Tradition’

The Moray Growth Deal will deliver transformational investment to drive economic growth across the region by investing over £100 million in eight strategic projects that will maximise Moray’s future economic competitiveness. The Deal provides an unrivalled opportunity to build on the existing strengths of Moray’s culture, tourism, and world-renowned manufacturing sectors, while also addressing transport and housing challenges to facilitate economic growth that’s sustainable, fair and inclusive.

The Growth Deal will also support major new developments in key sectors of health and aerospace, as well as early years education, all of which will expand Moray’s Science, Technology, Engineering and Mathematics (STEM) skills-base to enable local people develop the skills needed to access high quality jobs, and tackle gender imbalances in key sectors of our economy.

The Deal brings together the Scottish and UK Governments, Moray Council, partners from across the public and third sector and businesses to work innovatively and collaboratively in delivering the Moray Growth Deal’s vision for the area:

“By the year 2030 Moray is a destination of choice, the area being known and recognised as an outward-facing and ambitious community with a thriving and well-connected commercial base, and an environment in which quality of life is valued and supported.”

The Deal represents a combined investment of over £100 million, with the Scottish Government and UK Governments each investing up to £32.5 million over 10 years, and regional partners contributing up to £35.8 million over the same period. The Deal is expected to directly support up to 450 jobs.

Each of the Moray Growth Deal projects delivers against the strategic objectives of the Moray Economic Strategy, supporting increased qualification levels in key local sectors, delivering small business growth, and providing highly-skilled employment opportunities that reduce outward migration of young people.

Underpinning the Deal is the strategic objective that the area is seen as particularly attractive for young people, professionals and families, providing opportunities for them to pursue challenging and rewarding careers while enjoying the benefits of an exceptional, connected and cultural environment in which to live, work and relax.

This document specifically relates to the Moray Growth Deal projects contained within the Heads of Terms, signed on Monday 24th August 2020, by Iain Stewart MP (Parliamentary Under-Secretary of State (Minister for Scotland), Michael Matheson MSP, Cabinet Secretary for Transport, Infrastructure and Connectivity, and the Leader of Moray Council, Cllr Graham Leadbitter.

The eight projects are:

- **Moray Aerospace, Advanced Technology and Innovation Campus (MAATIC)**
- **Manufacturing Innovation Centre for Moray (MICM)**
- **Business Enterprise Hub**
- **Housing Mix Delivery**
- **Cultural Quarter**
- **Early Years STEM (Science, Technology, Engineering and Maths)**
- **Bus Revolution**
- **Digital Health**

2. Covid-19 Impact

We are fully committed to delivering the Deal and to ensuring its inclusive and sustainable growth impacts are maximised. The pandemic has had an unprecedented impact, and as the consequences of Covid-19 continue, we will monitor the impacts throughout the delivery of the Deal. Our strategic approach remains unchanged, however the challenges brought on by the pandemic further emphasise the importance of being able to adapt and make the most of new opportunities to deliver a successful and resilient regional economy.

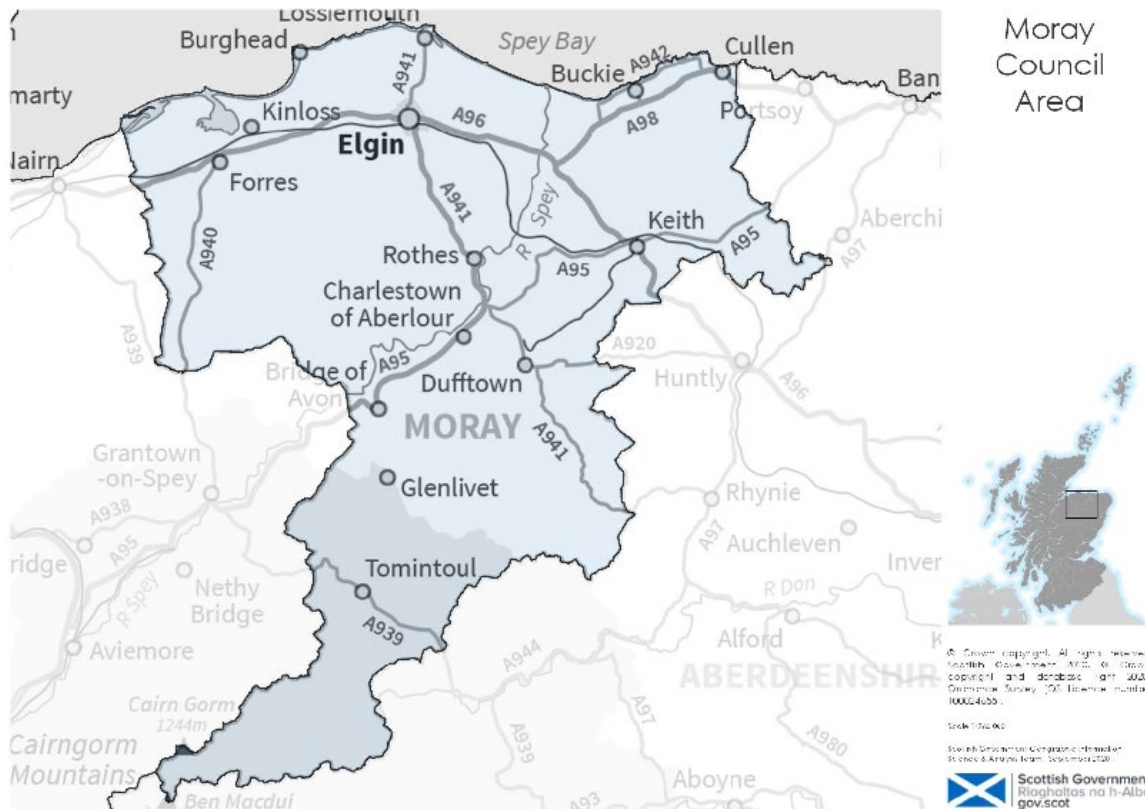
Our established partnership structure allows us to respond quickly and effectively to changes. This agility was demonstrated well with the initiation of the Digital Health project ahead of the full Moray Growth Deal signing. The Digital Health project was accelerated, recognising the immediate contribution the project could make to both the remobilisation and recovery of health and social care services as the country emerges from the covid pandemic, and the important stimulus it will bring to economic development in the Moray area.

All projects delivered through this Deal will be required to take account of Covid-19 when developing business cases ensuring all investments remain relevant and sustainable.

3. Introduction

3.1 Context

The Deal covers the Moray Council geographical area of 864 sq. miles (2,238km.sq). Of the 32 local authorities in Scotland, Moray is ranked the eighth largest in terms of area but is the seventh smallest in terms of population.



The Moray economy is integral to the strength of Scotland’s overall economy. It is home to approximately 95,800 people, and its produce includes quality food and drink brands renowned the world over. The natural landscape encompassing mountains, coast, forestry and a National Park, coupled with cultural market towns offer a huge selection of outdoor and indoor pursuits which makes it a popular destination for tourists.

While gross value added (GVA) in Moray is below the Scottish average, Moray’s manufacturing sector has higher GVA than Scottish manufacturing as a whole, driven by Moray’s world-class food and drink sector which includes the highest concentration of whisky distilleries in Scotland. The Moray Growth Deal will support this sector to thrive through innovation support whilst enabling other sectors to grow and add value.

At the inception of the Deal a quantitative analysis of the economic barriers to growth was prepared by Scottish Futures Trust, based on the Inclusive Growth Diagnostic created with advisers for the Scottish Government.

Overall the Scottish Index of Multiple Deprivation (SIMD) for Moray does not show a major problem with deprivation when compared with other areas, but there is an enduring issue with low wages and under employment, and the rural geography presents many challenges which SIMD data does not reflect such as the reliance on private transport in rural areas, and issues with lack of affordable housing and amenities contributing population decline and regional economic challenges.

The outcome of this economic analysis was used to plan and shape a number of workshops with a wide range of stakeholders from across the Moray region, to develop the vision for the Deal, the key objectives, and potential interventions that would drive a progressive step-change in economic growth for the area.

From these workshops emerged the four pillars on which the Deal is based, these are:

- Connections
- Business support, skills and employability
- Moray the place/brand
- Moray's key business sectors

Through prioritisation, and discussion with UK and Scottish Government officials, proposals were developed and agreed for the programme of eight interconnected projects to tackle barriers to growth and capitalise on significant opportunities to create jobs and prosperity.

3.2 Expected Impacts

The Deal will promote activity to address key growth challenges to:

- retain and attract young people/families (16-29yrs) to live and work in the area
- address occupational segregation and gender inequality in employment including the significant gender pay gap, and under-employment issues for women
- create new high-quality jobs in existing sectors and diversify the region's economy into new high value areas
- create opportunities across Moray which will help secure the future prosperity of its many communities

It is estimated that the Moray Growth Deal will:

- directly and indirectly create over 3500 jobs associated with the economic benefits accrued from growth deal projects.
- of these, 450 jobs will be directly created as part of growth deal project delivery.
- attract an additional 50,000 tourists.
- construct over 300 affordable new homes.
- support 450 businesses to scale up to increase the value of the Moray economy by £82 million.
- create new and improve existing facilities for businesses.
- create an enhanced culture and leisure offering for local people to make Moray a more attractive place to live and work.

These outputs are forecast as the Moray Growth Deal has been developed in conjunction with a wide range of local stakeholders and informed by a public consultation exercise.

These consultations were supported by analysing Moray's economy through baseline analysis, evidence gathering workshops, and inclusive growth diagnostic results to identify the interventions most likely to grow the local and regional economy.

The Moray Growth Deal programme has been developed to drive inclusive economic growth across the region. This approach is aligned with the UK Government's Industrial Strategy which aims to boost productivity by backing businesses to create good jobs and increase the earning power of people throughout the UK with investment in skills, industries and infrastructure. The Deal also aligns with the ambitions of the Scottish Government's National Strategy for Economic Transformation and its priorities of sustainable growth in Scotland and its external markets to boost competitiveness and tackle inequalities.

The Deal will bring wide-ranging benefits across many facets of Moray's economy, these include:

1. Addressing inequalities

Each project supported through the Deal will undertake an equalities impact assessment and will be expected to demonstrate the contribution it will make to tackling inequalities, including for example:

- stimulating and supporting women's entrepreneurship
- encouraging women to pursue STEM careers
- helping women travel to work
- providing supportive transportation for people with disabilities and from all socio-economic backgrounds to fully participate in society
- assisting entry, retention and progression of women in the manufacturing sector
- retaining and attracting young people by highlighting the payment of the Real Living Wage
- providing accessible housing for people with disabilities
- supporting women and younger people entering into and progressing in new tech start-ups
- supporting older people and those with disabilities to stay in their own homes for longer

2. Increasing Business Start-Ups

Although businesses that set up in Moray have a good rate of survival, businesses are less likely to start up in Moray compared with other areas of Scotland.

Moray has a small number of large enterprises with more than 250 employees, but over 3,000 small (10-49 employees) and medium sized (50-249) enterprises,

with micro enterprises of less than 10 employees forming over 88% of all Moray businesses. This represents a massive potential for business growth.

The Business Enterprise Hub will support 450 Moray-based SMEs to scale-up and achieve growth of 20% or more in either employment, turnover, or social outcomes (dependent on business model) year-on-year for at least two years, by 2036.

3. Increasing employment opportunities

Earnings in Moray are below the Scottish average in part due to the lack of professional opportunities available in the area. Based on Office for National Statistics data in 2020, wages in Moray are 15% below the average earnings of our neighbours in Aberdeen. Not only do these issues impact residents' quality of life, but they may restrain the flow of money within the regional economy, with the associated impacts on local businesses and opportunities for employment. We aim to address these issues through delivery of Moray Growth Deal Projects, such as:

- Moray Aerospace, Advanced Technology and Innovation Campus: a facility that will offer training and education that provides the skills needed by the aerospace and advanced manufacturing-based industries and pathways to highly paid, skilled employment for young people in the region
- Manufacturing Innovation Centre for Moray: providing innovation support for Moray businesses, leading them to become more innovation-active, and to a greater proportion of these businesses expanding as a result

4. Increased access to, and satisfaction with, public transport

Access to key services, public spaces and retail centres is poorer in Moray than Scotland generally, due in part to poorer public transport connections. This restricts residents' access to opportunities for employment and limits opportunities to spend on retail and leisure. The Bus Revolution project aims to reduce social isolation by improving access to the public transport network. This will offer particular benefits to groups who are otherwise isolated, notably people who are older, people who are younger, those at home with young children and lower income households.

5. Net Zero Carbon

All projects will be designed, constructed and operated in accordance with national and local climate emergency plans and associated carbon reduction targets. Moray Council has set a target of carbon neutrality by 2030, therefore all projects will aim to be operationally net zero by this date at the latest. Projects will also follow the Scottish City Region and Regional Growth Deals Carbon Management Guidance for Projects and Programmes produced by the Scottish Government.

6. Creating a regional effect which extends beyond Moray

A number of projects deliver benefits that will extend outside the Moray area itself and will build on regional partnerships that already exist to the east with NHS Grampian, and to the west with Highlands and Islands Enterprise, University of the Highlands and Islands and the Convention of the Highlands and Islands (CoHI).

By focussing on these areas the Growth Deal will create a step-change in the regional economy and help to address the obstacles to inclusive economic growth across Moray. Moray Council has utilised the Scottish Government's Inclusive Growth diagnostic to identify these key weaknesses in the Moray economy and inform the development of the Growth Deal. **Figure 1** highlights the project contributions to the programme benefits, linked to Deal programme objectives, inclusive growth and equalities objectives and Fairer Scotland duty responsibilities.

4. Investment Areas

4.1 Programme Summary

The Moray Growth Deal programme comprises eight interlinked and supporting projects and has brought together local, regional and national partners who are committed to invest in a better future for Moray.

All growth deal projects will be underpinned by full business cases developed using established Greenbook methodology. Funding for all projects will be subject to full business case approval by both Governments.

4.2 Projects

Moray Aerospace, Advanced Technology and Innovation Campus

The proposal is to develop a world-class bespoke Moray Aerospace, Advanced Technology and Innovation Campus (MAATIC) providing a training, innovation and research development facility supporting aerospace and other manufacturing enterprises in the region. It will develop advanced engineering skills in the region's workforce, with specialisms in aviation, aerospace, and digital manufacturing.

The MAATIC will stimulate and inspire innovative science, technology, engineering and maths (STEM) activity in the region's economy while offering training, education and research capabilities that respond to industry need and facilitate innovation.

The building will provide accommodation for the Aviation Academy and Advanced Technologies Institute, as detailed below, incorporating spaces for students, staff and businesses to co-mingle and share ideas and offering opportunities for co-working and cross-pollination of thinking and origination.

The Aviation Academy will:

- house an operational Boeing 737
- deliver a full range of aviation training - including engineering, maintenance, and air crew
- work closely with industry partners to develop programmes that respond swiftly to evolving workforce skill requirements
- attract apprentices, independent and commercial students from across the UK and overseas

The Advanced Technologies Institute will:

- provide training, research, and knowledge exchange in engineering, digital technology, advanced manufacturing, and related disciplines
- develop 'useful innovation' by exploring new technologies, identifying synergies and creating new knowledge in order to find solutions and overcome challenges facing industry
- develop close working relationships with commercial partners

- build on research conducted by the University of the Highlands and Islands, such as the Phoenix UAV project to develop an unmanned aerial vehicle for atmospheric satellite applications
- work with local and regional companies referred to it though the Manufacturing Innovation Centre for Moray (MICM)
- refer on innovating companies where appropriate into MICM incubator space.

The project will receive capital funding of £21 million from the UK Government, £3 million from Highlands and Islands Enterprise (HIE) together with an in-kind contribution facilitated by Boeing in the form of the provision of an operational Boeing 737 aircraft. Revenue investments from Highlands and Islands Enterprise (HIE) will also support the project.



Preliminary design MAATIC campus Lossiemouth

Manufacturing Innovation Centre for Moray (MICM)

MICM will bring world-leading research and development expertise in advanced manufacturing to increase productivity, create jobs, attract inward investment and grow the region's manufacturing outputs.

It will act as a local focal point for commerce to access best practice and identify how businesses can collaborate with universities and other research institutes, and be quickly assisted to access the right support to develop their operations.

The co-location of the centre and grow-on units within the MAATIC site provides the business 'front door' to MAATIC, creating a physical innovation centre to help business to keep abreast of, and deploy emerging technologies, enabling them to innovate, be more productive and grow.

The MICM team, working directly and in close co-operation with other partners, will deliver this in a number of ways:

- Supporting businesses to improve their access to the key resources available from the National Manufacturing Institute for Scotland, the Scottish Manufacturing Advisory Service and other centres of excellence across Scotland and the United Kingdom as a whole
- Helping businesses to work with UHI's Advanced Technologies Institute and Interface (the Knowledge Connection for Business) and enable businesses to access knowledge and assistance from universities and colleges across Scotland and elsewhere
- Helping Moray businesses to work through collaborative research and development projects and Knowledge Transfer Partnerships to translate ideas into workable prototypes, accessing relevant Catapult facilities as needed
- Working with Highlands and Islands Enterprise and Business Gateway to operate eight flexible incubator units totalling 8,000 sq. ft for new businesses, as well as a second phase comprising a further 8,000 sq. ft of grow-on space to support business acceleration
- Proactively linking to pre-incubation space and business start-up activities at the Business Enterprise Hub in Elgin
- Acting as a focal point for new investment in advanced manufacturing in the area, working with the Advanced Technology Institute at MAATIC and the Moray Enterprise Hub in Elgin to deliver networking events and other activities which will encourage and support more businesses to be innovation-active

The project will benefit from joint funding as follows: UK Government £3 million, Scottish Government £2 million (£0.75 million Capital, £1.25 million Revenue), HIE £3.14 million.



Preliminary design MICM campus Lossiemouth

Business Enterprise Hub

The project is designed to promote inclusive economic development in Moray (and the wider region), primarily by supporting scale-up of existing small and micro-businesses from all sectors present in the region, as well as providing support to start-ups, university spin-outs and inward investors. The proposal is to develop a Business Enterprise Hub in the centre of Elgin that will provide a vibrant, creative environment to inspire existing micro-businesses and SMEs (small and medium sized enterprises) as well as attracting potential new businesses to the region.

The hub will allow local business support agencies (HIE and Business Gateway) to co-locate with Moray College UHI, delivering a more streamlined and co-ordinated offer, and co-producing solutions that respond to business need. The environment will offer hot-desking facilities and pre-incubation space for new and growing businesses, as well as access to meeting rooms, studios, digital equipment and space for research and development.

There will be a co-ordinated offer of education, training and research support which will be agile and responsive to the needs of local businesses, and focussed on increasing resilience and growth.

It is intended that the Business Enterprise Hub will work closely with both the MAATIC and MICM projects to provide a seamless ecosystem of support for businesses, and also with the Digital Health Institute for Moray to support companies seeking to set-up or scale-up in Moray in the Digital Health and Care field, as a future growth sector for the region. .

The Business Enterprise Hub will benefit from joint funding as follows: Scottish Government £5.3 million (£3.3 million Capital, £2 million Revenue) and HIE £1 million Capital.

Housing Mix Delivery

The project will support delivery of 300 affordable homes. The three primary elements of the project are:

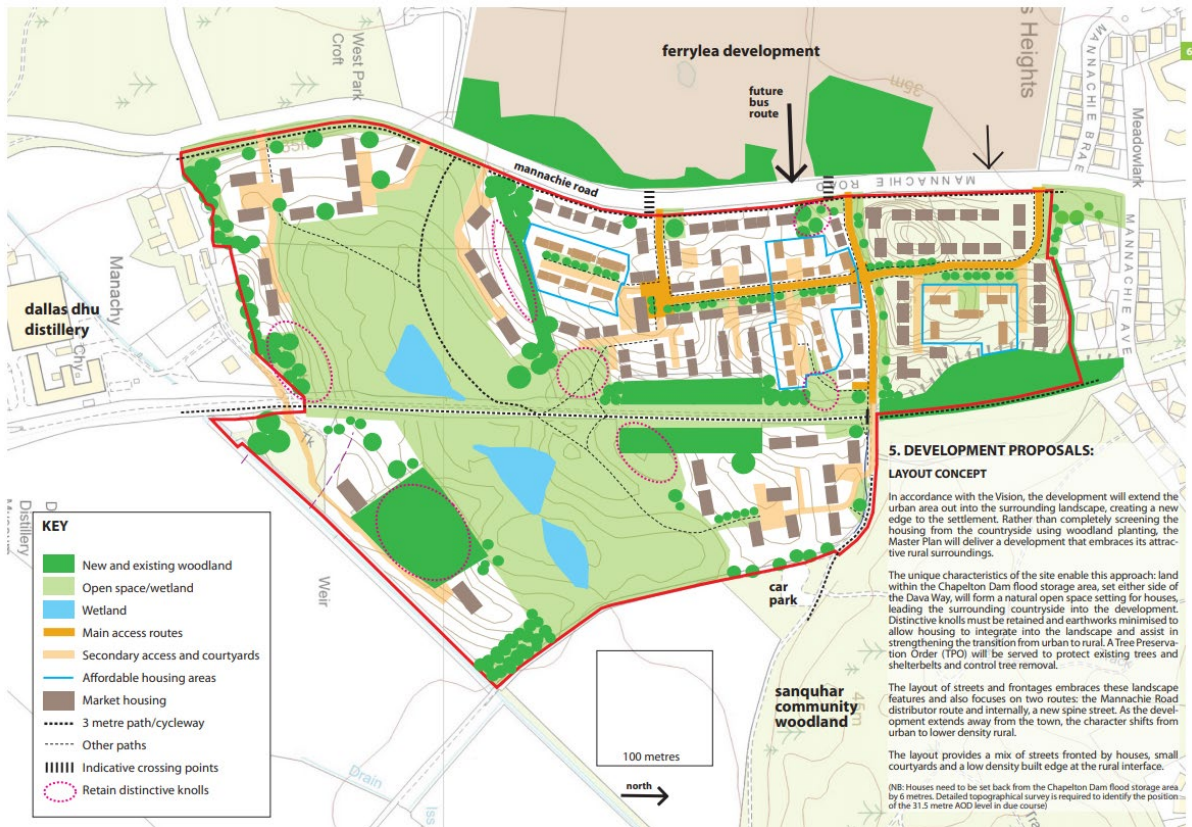
1. Town Centre Regeneration

This involves acquisition of empty and derelict land and properties in/on the edge of Moray's town centres and their refurbishment/conversion into affordable and private homes. This element supports town centre regeneration aspirations and will encourage more economic activity in town centres, supporting the development of an evening economy, providing housing to allow local people to get a foothold on the property ladder. The funding attributed to this element will be used to assist site viability by overcoming constraints and to support sustainable design and construction exemplar projects.



The project will acquire land at Dallas Dhu and work in partnership with a landowner/developer in Elgin city centre, to enable sustainable design and construction of affordable homes, delivering smart homes, smart places/communities and low cost self-build opportunities.

It will link with the Digital Health project and some homes developed will include technology to test assisted living support. This will benefit those needing assistance through the application of leading-edge technology in their homes to enable them to lead independent lives, and showcase Moray at an international level as best practice for rural assisted living.



The project also aims to deliver affordable housing projects in Moray’s rural towns and villages to support rural regeneration and help retain young people in Moray. The project will acquire land and provide the infrastructure and first phases of affordable housing on sites where the market is failing to bring them forward for development, provide low-cost self-build opportunities and stimulate the local housing market which will be simplified through Masterplan Consent Areas and design codes. Some of these sites may also be suitable for mixed use, supporting further local employment opportunities.

The project will benefit from joint capital funding as follows: Scottish Government £5 million, Moray Council £2.5 million.

Cultural Quarter

The proposal is to create a vibrant Cultural Quarter space in the heart of Elgin that will support inclusive economic growth and cultural expansion within the city and wider region.

The project will benefit from joint funding as follows: Scottish Government £12.7 million, UK Government £3.5 million, private sector investment £9.5 million, Moray Council £3.9 million, HIE £2 million.

The project has three key elements:

1. Refurbishment of Grant Lodge to create a high-quality heritage attraction

Grant Lodge is a B-listed building situated in Cooper Park built in the 18th century to a design by the Scottish Architect, Robert Adam. The building has been boarded up since it was damaged by fire in 2003 but plans have been developed to refurbish and extend to accommodate proposals to bring the building back into use.

The heritage experience will complement existing facilities, showcasing not just Speyside whisky but also our region's other outstanding food and drink, craft gins and beers, textiles, art, culture and heritage.

With retail and catering offerings the building will tell the region's stories using interactive exhibitions, installations and multimedia, offering visitors an authentic introduction to Moray Speyside.

The facility will signpost visitors to the region's other tourist attractions (e.g. distillery visitor centres, golf courses, coastal outdoor activities, beaches, mountain and forestry trails, history and heritage) and towns, encouraging longer stays and additional spend. The central location close to all major transport links is ideal for signposting to other attractions throughout Moray.



2. Refurbishment, extension, and rebranding of Elgin Town Hall

This will house a multi-purpose theatre/performance space, small cinema, rehearsal rooms and potential gallery space to create an improved cultural offering and support local creative industries.

The refurbished facility will have a flexible configuration to accommodate conferences and events for the business tourism market, complementing provision offered by the hotel which will also be part of the quarter, providing scope for expansion of existing events, such as the annual 'Spirit of Speyside Distilled' event.

The Town Hall will provide additional capacity and opportunity for the region's creative and cultural organisations, and practitioners, and will provide employment and training opportunities for students from Moray College UHI across a range of courses. This will enable residents to access better leisure opportunities and make Moray a more attractive place to live and work.



3. Provision of a high-quality hotel

A 60-100 bedroom quality hotel (privately-funded) will address the gap in the region's accommodation provision and serve both the leisure and business tourism markets, opening up Moray's growing tourism industry to a market not currently catered for within the region.

The hotel will address the ongoing demands from leisure visitors for high-quality accommodation, to service coach tour markets and to accommodate business conferences.

Each element will be linked together by enhanced public space including at the adjacent Cooper Park, as well as road traffic reconfiguration to ensure easy and safe walking and cycling connections to the town centre.



Early Years STEM (Science, Technology, Engineering and Maths)

The project will provide specialist facilities and learning environments in the eight Associated School Groups (ASGs) within Moray to facilitate STEM learning, positively change attitudes towards STEM and over time, the culture around how STEM is perceived in the region.

These facilities will have core learning equipment focused on early years that will be updated periodically and will allow inter-generational learning to take place. The expectation is that these innovative facilities will then attract further industry and sectoral investment that would allow the offering to be expanded to other groups of learners.

The intention of the project is to address rurality as a barrier to participation in STEM activities, and as such it will look to work with other Moray Growth Deal projects to maximise opportunities for innovative fun and engaging STEM learning experiences.

Working with our public and private sector partners, industry facilities and events will be developed to allow STEM learning to happen on-site. This will include opportunities with the Moray Aerospace and Advanced Technology Academy, Boeing and local manufacturing facilities, providing an inspiring environment for children and adults to learn in while allowing them to see STEM in practice.

A mobile facility will also be developed through the project to allow the latest innovations to be showcased around the region as they happen.

The project will benefit from joint funding as follows: Scottish Government £3.5 million, Moray Council £1.3 million.

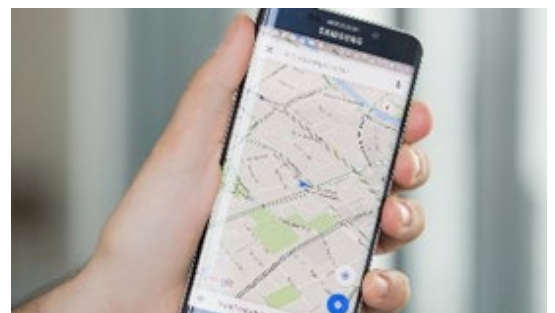
Bus Revolution

The Bus Revolution project proposes to:

- Increase the fleet of vehicles to enable bus services to operate an on-demand service 4am to midnight (Mon-Sat) and 7am to 10pm (Sun) for anyone travelling to or from the Moray area. This will be developed in phases with growth deal funding enabling service development and expansion and upgrading the fleet quality in-line with the brand development set out below – including consideration of facilities such as on board Wi-Fi.
- Provide a flexible demand responsive service, operating when and where needed in an easy-to-use way
- Innovate to create app-based technology that will allow real-time journey bookings ‘uber’ style
- Embrace low-carbon technology, ideally with fully electric vehicles to provide an environmentally-sustainable service
- Build on the existing brand identity of Dial M to create an engaging and responsive public transport network for all customer groups, and use intelligence-led marketing to generate business and communicate with customers
- Have excellent customer service at the heart of the operation
- Retain the current customer base which has a large proportion of elderly customers many of whom prefer to book by telephone, but use the above principles to target the younger and working populations of Moray to provide a real rural alternative to private car use and increase the number of passengers on local buses, reducing the number of journeys by private vehicle
- Reduce carbon emissions as the new fleet will be non-polluting and low-carbon

The project has two key elements:

1. The development of an ‘uber-style’ app to enable online customers to track the position of buses and book journeys within a reasonable response time (max. 1 hour).



2. An investment in quality green fleet (electric buses) to increase the flexibility and hours of operation of on-demand bus provision across Moray, with additional facilities such as on board Wi-Fi, charging facilities etc.



The project will benefit from joint funding as follows: Scottish Government £4 million, Moray Council £0.3 million.

Digital Health

This project, which is already in the early stages of delivery, will establish a centre for research and innovation in digital health, bringing commercial investments to Scotland and helping to establish new technologies in the health sector including technology for use in smart homes and independent living.

It will include a state-of-the-art Demonstration and Simulation Environment - a physical immersive facility anchored in the Alexander Graham Bell building in Elgin along with technical assets with which simulations can be developed at pace - leading to a range of demand-led Living Labs built in real world environments tested by the Moray community across the region.

In addition, a workforce development, future skills and research support programme is planned to build capacity and capability to continue to develop, implement and scale-up digital innovations that can be transferred across Scotland and the rest of the UK.

These assets are designed to nurture growth and diversification of the existing ecosystem of businesses and communities in Moray. In tandem, the project will attract inward investment from new industry players into the region to work collaboratively creating further opportunities for growth.

This will create high-value sustainable jobs, a cluster of leading edge digital health companies in Moray, an increased research, development and skills base in Moray and better, more inclusive and accessible health and social care services across the area. DHI will work closely with other relevant complementary initiatives and local partners. This includes the Housing Mix Delivery project, where DHI have agreed to work in partnership at two sites: Dallas Dhu, Forres and a central site in Elgin to be part of the smart communities/housing living labs, which will also be linked into the Business Enterprise Hub and STEM Moray Growth Deal projects.

The DHI project will benefit from £5 million of UK Government funding.

5. Delivering the Deal

The Moray Growth Deal is a strategic programme of investment and the UK and Scottish Governments, and local partners are embarking on a new and strategic

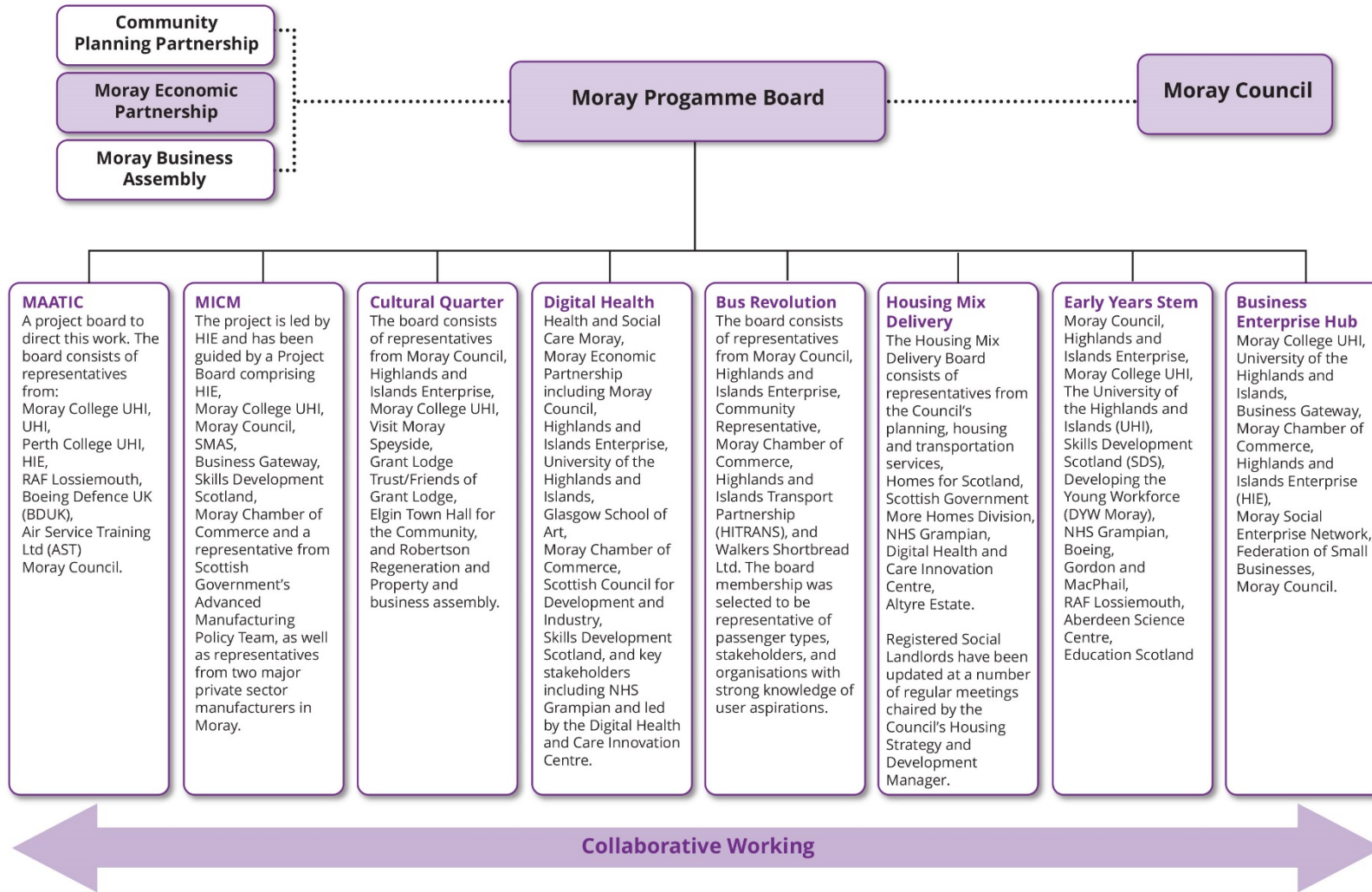
relationship that will create the lasting infrastructure to transform the region in the long-term.

Local partners have put in place the governance mechanisms to enable delivery of the investment while recognising the need for flexibility to be able to adapt to changes, and to respond to new opportunities over the life of the Deal.

A full business case will be developed for each project using Green book methodology for recommendation for approval by the Moray Growth Deal Programme Board and the UK and Scottish Governments and final approval by Moray Council prior to draw down of funding. In preparing the business cases Moray Council will ensure that all proposed activities meet relevant subsidy control procedures.

Figure 2: Moray Growth Deal Governance Structure

Key Decision Advisory



5.1 Governance

Moray Council: The Council is the lead authority responsible for delivering all of the Moray Growth Deal associated outputs, outcomes and impacts but also ensuring maximum value for money. As the lead partner the Moray Council is the accountable body for the Moray Growth Deal and will have authority to hold to account any partners within the governance structure or projects where they present a risk to the overall programme.

As the accountable body, Moray Council has a role in approving business cases once endorsed by the Moray Growth Deal Programme Board. Matters relating to the Growth Deal are considered at meetings of Moray Council. Through the Council's own project management process regular reports will also be reported to the Council's Transforming the Economy Board, consisting of nominated Elected Members across the political spectrum for the purposes of monitoring progress, risks and issues.

Moray Economic Partnership: This is a sub-group of the Moray Community Planning Partnership focusing on Moray's Economic Strategy and provides an opportunity for wider stakeholders to contribute towards maximising the impact of the Growth Deal in stimulating inclusive economic growth within Moray. The board is chaired by the Leader of Moray Council and membership includes representatives from Moray Council, Highlands and Islands Enterprise, Moray Third Sector Interface, Federation of Small Businesses, Moray Chamber of Commerce, NHS Grampian, Moray College UHI, Skills Development Scotland, Business Representatives and Visit Moray Speyside, with input from wider partners where needed. As the Growth Deal is a Community Planning Partnership programme, the MEP is also involved in approving business cases once finalised by the Moray Growth Deal Programme Board.

Moray Growth Deal Programme Board: The Programme Board is the governing authority for the Deal with the remit to provide strategic direction and exercise high-level oversight and overall control, serving as the forum for joint decision making at the highest level within the governance framework. This is led by the Programme Senior Responsible Officer (SRO) and attended by the Project SROs which includes representatives from Moray College UHI, Moray Council, Highlands and Islands Enterprise and the Digital Health Institute, The Chair of the Moray Business Assembly, the Chair of the Association of Community Councils and a representative from Developing the Young Workforce Moray. The Programme Board reports into both Moray Economic Partnership and Moray Council. Scottish Government and UK Government representatives have an open invitation to attend as observers, and/or to contribute information and advice to the discussions, as appropriate.

Project Boards: There are dedicated project boards for each of the projects whose roles and responsibilities are similar to that of the Programme Board. These boards oversee the delivery of the individual projects and are accountable

to the Moray Growth Deal Programme Board. Project Boards are formed of key stakeholders associated with individual projects as shown in the diagram above.

Moray Business Assembly: provides an interface between Moray Council and the local business community, acts as a lobbyist and demonstrates to both governments that the business community in Moray is engaged through providing input on the development and delivery of the projects which form the Deal. Membership draws together a range of representatives from businesses at all scales across Moray including the whisky industry, retail, property development, creative industries, manufacturing, service industries, Federation of Small Business, Moray Chamber of Commerce, and construction. Members of the assembly can also choose to participate in project boards as is the case in the Cultural Quarter project. Some Members are also represented on the Moray Economic Partnership, providing important business links.

5.2 Financial Summary

The eight projects are built around the four pillars on which the Deal is based, with the initial financial summary of the Deal outlined in **Figure 3** below. The project investment is subject to full business case approvals for each project by the Programme Board and governance bodies as well as the UK and/or Scottish Government. Business case information must satisfy the relevant Government(s) that the proposed activities are feasible, financially sustainable, provide value for money and will deliver suitable returns on investment.

Figure 3.

Project	Total (£0m)	Percentage of Programme (%)	UK and Scottish Governments (£m)	Local Partners (£m)
Capital				
Moray Aerospace, Advanced Technology and Innovation Campus	28.2	27.50%	21	7.9
Business Enterprise Hub	4.3	4.30%	3.3	1
Cultural Quarter	31.1	31.10%	16.2	15.4
Early Years STEM	4.8	4.80%	3.5	1.3
Manufacturing and Innovation Centre for Moray	6.75	6.70%	3.75	3.1
Bus Revolution	4.3	4.30%	4	0.3
Housing Mix Delivery	7.5	7.50%	5	2.5
Digital Health	5	5.00%	5	-
Revenue				
Moray Aerospace, Advanced Technology and Innovation Campus	2.6	2.60%	-	
Business Enterprise Hub	4	4.00%	2	2
Cultural Quarter	0.5	0.50%	-	0.7
Early Years STEM	0.5	0.50%	-	1.5
Manufacturing and Innovation Centre for Moray	1.25	1.20%	1.25	0.1
Total Funding	100.8	100%	65	35.8
Percentage of Funding by Contributor		100%	64.90%	35.10%

6. Monitoring and Evaluation

6.1 Programme Management Office

A permanent staffing structure is established within the Economic Growth and Development section at Moray Council. This comprises a dedicated Programme Manager who has access to support staff to assist in managing the Deal programme. The Programme Management Office (PMO) will ensure robust programme measures are in place at all stages. It will lead on the finalisation of the Deal and then its delivery.

The wider team will provide support in the following areas:

- Provision of such administrative and technical support services as may be required
- Preparation and circulation of meeting minutes and agendas
- Publishing of procedures and outcomes
- Facilitating engagement with stakeholders
- Managing communications for the Moray Growth Deal

6.2 Risk management

Each project will have its own risk register which will be subject to regular review and update by the Project Manager. A programme risk register will also be maintained by the Programme Manager and will be reported on to each Programme Board meeting.

All partners to the Deal are responsible for responding to any requests from or recommendations set out by Audit Scotland or the National Audit Office in relation to any audit undertaken on the Deal. The partners will also take account (where appropriate) of recommendations in relation to audits of the wider City Deals programme.

6.3 Progress Report

The Moray Growth Deal Programme has in place a robust system to assess the performance of its processes and projects. This will include audits and independent assurance reviews as required.

Progress Reporting to Governments

Both the UK and Scottish Governments will continue to have regular interaction with the PMO to monitor progress on the deal.

The approval of both Governments is required to enable progression to Full Business Case, and approval of full business cases is required for the release of project funding.

In-line with the Grant Offer Letter from the Scottish Government, the Programme will provide the following to support financial monitoring:

- a monthly financial forecast

- a quarterly performance report to go alongside a quarterly financial performance meeting
- a financial forecast for the remainder of the Deal term, submitted biannually in August and February each year
- an annual statement of compliance with conditions of grant
- grant claim forms detailing evidence of expenditure for the project outlining what the expenditure has actually been used to fund and signed off by relevant signing authority

The programme management office will also provide further information to support progress monitoring on project and programme implementation, including:

- an annually updated benefits realisation plan
- an annually updated implementation plan
- an annual performance report and financial forecast

Progress Reporting to the Programme Board

The Programme Board will present a quarterly progress report to the Moray Council Transforming the Economy Board. This report will:

- Present a financial summary
- Highlight programme risks/issues for consideration by the board
- Provide a progress update on implementation and delivery
- Highlight any change requests

Progress Reporting by Projects

Each project will report to the Programme Board with monthly progress reports. The projects will report against their individual milestones and implementation plans. These reports will be completed in advance by each Project Manager and be reviewed at the monthly Programme Board meeting. Where risks/issues are identified, these will be considered and resolved.

6.4 Benefits Realisation

The Moray Growth Deal Programme will utilise existing learning from other Deals gathered through the National City Region Deal PMO Group whilst working in collaboration with the projects, partnerships and in consultation with the Governments, to develop a Benefits Realisation Plan which will be agreed by both Governments.

The Benefits Realisation Plan will:

- be part of the monitoring and evaluation framework to define the approach to realise the benefits
- track and report on the realisation of benefits across the Growth Deal programme
- detail the schedule for when each benefit will be realised based on the relationship with the programme outcome or project outputs

- set benefits review milestones to ensure that the programme is delivering the benefit
- reference how the benefits realisation will be maintained following completion of the programme
- detail when baselining will be completed to minimise the impact of external factors

6.5 Evaluation Framework

The Programme Manager will draft a Monitoring and Evaluation Framework to monitor and report against the objectives agreed in the business cases.

The Programme Board will consider with both Governments the need to conduct check-point reviews at appropriate intervals throughout the Deal at project, programme or thematic level. These reviews will enable progress towards prescribed milestones as set out in the Implementation Plan to be reviewed and evaluated and draw on the information provided through the Benefits Realisation Plan to ensure the agreed benefits are delivered.

At regular intervals, to be agreed with both Governments, the Programme Board will carry out a thorough review and evaluation of the Deal to capture progress and identify priorities for the next phase of delivery.

Both Governments will work with the Programme Board to set the terms of the evaluation and consider its recommendations. Both Governments reserve the right to request changes or to halt or recover public funding in the event that outcomes and targets are not being met.