

Moray Growth Deal

Heads of Terms Agreement

24th August 2020



Scottish Government
Riaghaltas na h-Alba
gov.scot



UK
Government



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



.....
Mr Michael Matheson MSP

Cabinet Secretary for Transport,
Infrastructure and Connectivity
Scottish Government



.....
Mr Iain Stewart MP

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



.....
Cllr Graham Leadbitter

Leader of Moray Council

EXECUTIVE SUMMARY

1. 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 & drink brands renowned the world over. With over 55 distilleries, it boasts the largest concentration of whisky distilleries in Scotland. The mountains, coast, forestry, National Park and market towns also offer outdoor and indoor pursuits. This Growth Deal provides the opportunity to build on these existing strengths in culture and tourism sectors, as well as growing Moray's manufacturing sector, transport and, housing. The Deal also supports major new developments in health and aerospace, as well early years education, all of which will expand Moray's STEM skills-base.
2. All of the partners who have worked hard to agree this deal share a vision for Moray to be vibrant, outward looking, confident, attractive to investors and visitors and making a major contribution to Scotland, and the UK's growth.
3. This Deal will help drive inclusive economic growth across the region. It will help both retain and attract young people to live and work in the area; address gender inequality in employment; and create new high quality jobs and opportunities across Moray which will help secure the future prosperity of its many communities.
4. Led by Moray Council, the partners (supported by the Moray Growth Deal Business Assembly) have developed their vision by using the Inclusive Growth Diagnostic tool developed by the Scottish Government, and through engagement workshops with a wide range of local stakeholders informed by a public consultation exercise have identified the interventions most likely to grow the local and regional economy. Through the key new investments outlined in this document, this Deal will help deliver on that vision and secure transformational inclusive growth for the region. These projects reinforce the importance of investing in health and our town centres as we continue to recover from the impacts of the COVID pandemic.
5. This Heads of Terms document commits the Scottish Government and UK Government to work collaboratively with Moray Council and other regional partners to deliver a Deal that will help transform the Moray economy.
6. The Scottish Government and the UK Government will each invest up to **£32.5 million** in the Deal over 10 to 15 years, subject to approval of final business cases for each project outlined in this document. Regional partners will match this investment with up to **£35.8 million**. This will result in a Deal worth over **£100 million** over 10 to 15 years.
7. Moray partners believe that over the next 10 to 15 years these interventions will unlock private investment worth in excess of £200 million and deliver over 450 new jobs across a wide range of sectors.
8. The vision for the deal is built on 4 pillars; Connections; Business Support, Skills and Employability; Moray the Place/Brand; and Moray's Priority Business Sectors.

9. The table below summarises the contribution of the projects to each of the pillars of the deal:

Connections	Business Support, Skills and Employability	Moray - the Place/Brand	Moray's Priority Business Sectors
including transport, digital, and internationalisation	including fair opportunity, upskilling, productivity and competitiveness	including housing, land availability and use	existing sectors and opportunities for growth
Moray Aerospace, Advanced Technology and Innovation Campus	Moray Aerospace, Advanced Technology and Innovation Campus Business Enterprise Hub	Cultural Quarter	Moray Aerospace, Advanced Technology and Innovation Campus Business Enterprise Hub
Bus Revolution	Early Years STEM	Housing Mix Delivery	Manufacturing and Innovation for Moray
Digital Health			Digital Health

THE COMMITMENTS

Innovation

- To support Moray as a modern, outward facing and ambitious community, creating opportunity for those who choose to live and work in Moray, the Deal will support development of two Moray College UHI Growth Hubs: a Business Enterprise Hub in Elgin, and the Moray Aerospace, Advanced Technology and Innovation Campus (MAATIC) based in Lossiemouth to take advantage of the close links with RAF Lossiemouth. These will create an additional 340 student places and assist 45 businesses per annum to achieve growth aspirations. Both hubs will be delivered by Moray College as part of the University of the Highlands and Islands.
- The Moray Aerospace, Advanced Technology and Innovation Campus is exploring options collaboratively with the RAF and Boeing to create a skilled workforce for the Moray Region and will be supported with investment of £21 million from the UK Government, supplemented by an additional £12.3 million from local partners.
- The Business Enterprise Hub will focus on education, research and co-location of business support functions in Moray to support new business start-ups, and the upscaling of existing micro businesses to develop Moray's rural economy, and be supported with investment of £5.3 million from the Scottish Government plus £2 million from local partners.

STEM Skills

13. To support Moray's aspiration to be sector leader in the development of Early Years STEM (Science, Technology, Engineering, and Mathematics), the Deal will build on the innovative work of the Moray Skills Pathway and RAiSE (Raising aspiration in Science Education) programmes. This investment will support the development of creative indoor and outdoor hubs as a means of breaking down the barriers to STEM in young people (ages 3-8), and ultimately improving on interest and participation in STEM, particularly amongst young girls, and so rebalancing the regional economy.
14. The project is part of a long term strategy to systematically change cultural preconceptions and build STEM capital, benchmarking best practice for future developments across Scotland.
15. The project will be supported by £3.5 million investment from the Scottish Government and £1.8 million from local partners.

Manufacturing and Innovation

16. To enable Moray businesses to keep abreast of and deploy emerging technologies, leading to improved production outcomes and profitability, the Deal will provide investment for the creation of a Manufacturing Innovation base for Moray (MIM), that will have strong links to the National Manufacturing Institute for Scotland and will support a much-needed cultural shift through innovation and modernisation across technologies and sectors over a decade. The facility will be co-located with the Moray Aerospace, Advanced Technology and Innovation Campus to maximise synergies.
17. The project will be supported with investment of £3 million from the UK Government and £2 million from the Scottish Government. Local partners in the MIM project will invest £2 million.

Culture, Tourism and Town Centre Regeneration

18. In recognition of the very significant opportunities to strengthen the regional economy's offering, investment in culture, heritage and tourism will form a key part of the Moray Growth Deal. The Scottish Government, subject to approval of a programme business case that demonstrates long term financial viability, will make available up to £12.7 million to support the Cultural Quarter in Elgin that will support inclusive economic growth and cultural expansion within the town and wider region through investment in key economic assets in culture and tourism, including the refurbishment of Grant Lodge and the Town Hall and investment in the region's tourism infrastructure. This will increase the area's cultural offering supporting the quality of place and supporting partners' ambition to attract and retain young talent, as well as ensure that the entire region can continue to develop its national and international visitor offer.

19. In addition, and subject to approval of a business case that demonstrates long term financial viability, recognising that there can be no expectation of public support for ongoing running costs, the UK Government will invest up to £3.5 million to support the development of Grant Lodge, a visitor attraction in Elgin that will be part of a culture and tourism-led regeneration of the city centre. Moray Growth Deal partners will be supplementing the investment with an additional £14.9 million.

Transport

20. Building on the existing innovative and award-winning local authority run bus services in Moray, the Bus Revolution project will work to provide comprehensive and cohesive public transport links tailored to the region's largely rural economy. This will include an investment in fleet numbers to increase service flexibility, adoption of low-carbon technologies, use of app-based technology to improve response times and the customer experience, and consideration of facilities such as on board Wi-Fi.
21. The project will be supported by £4 million investment from the Scottish Government and £0.3 million from local partners.

Housing

22. The Housing Mix Delivery project provides an innovative approach to support national and local objectives to accelerate delivery of more homes in Moray (including affordable homes) through proactive public sector intervention to address market failure and overcome barriers, stimulating housing development in town centres, unlocking constrained sites, delivering affordable homes in rural towns and villages, and promoting pilot exemplar sustainable design and construction projects.
23. The project will be supported by £5 million investment from the Scottish Government plus an additional £2.5 million from deal partners.

Digital Health

24. To support the increasing demands and service capacity challenges on public health services, the Deal will support Moray to create a dynamic and creative digital health and care cluster that will secure the provision of sustainable public services whilst creating inclusive growth through the creation of new jobs, future skills and equitable access. This will include creation of an anchored demonstration and simulation environment (DSE) and Living Lab testbeds for the Moray region, based at Moray College.
25. Subject to approval of a programme business case, the UK Government will make available up to £5 million of capital grant investment to support the programme.

GOVERNANCE AND ASSURANCE

26. Strong and effective leadership and governance is paramount to both successful implementation and in providing assurance to governments, local authorities and wider regional partners. To date, the Deal has been developed through the Moray Council working with partners who have been consulted and engaged extensively to develop proposals and a governance approach which will deliver transformative inclusive economic growth.
27. Local partners will demonstrate the value for money case for each project and programme before funding is made available. As such, all commitments in this document are subject to the approval of final business cases from the relevant Government, or from both Governments in the case of jointly funded projects.
28. Partners have a model of governance through the Moray Economic Partnership which meets with the expectations set out in the Regional Partnerships work stream of phase 2 of Scotland's Enterprise and Skills Review. As part of the Scottish Government's award of significant new investment in the regional economy, Ministers are aware that the regional governance arrangements include a role for effective engagement with Highlands & Islands Enterprise, Skills Development Scotland, the tertiary education and third sectors, and with meaningful input from senior business and industry leaders.
29. Local partners will work with both the Scottish and UK Government to develop a final Deal document, a detailed implementation plan, a financial plan that takes account of affordability over the 10 to 15 year lifespan of the deal, together with monitoring and evaluation frameworks and associated business cases for all projects and/or programmes receiving funding from the UK and/or Scottish Governments.
30. The Scottish Government is developing an Inclusive Growth monitoring framework, which will incorporate indicators to measure progress towards the five high level inclusive growth outcomes (Productivity, Participation, Population, People, and Place) and will expect the Regional Deal evaluation and monitoring reports to align with this.
31. Local partners will work with both the Scottish and UK Government to agree and implement a communications strategy and an operating protocol. Both documents will set out how communications about the Deal and its associated activities are taken forward, in a way that meets the needs of the regional partners as well as the Scottish and UK Governments.

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