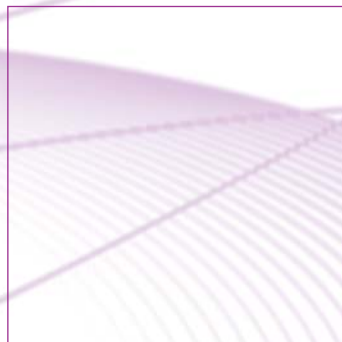
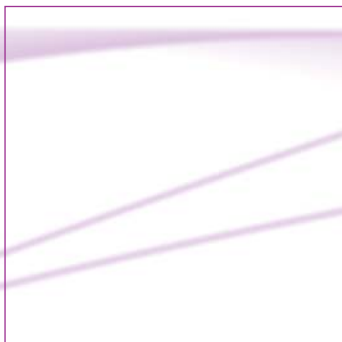


MORAY 2020

STRATEGY FOR THE DIVERSIFICATION OF
THE ECONOMY OF MORAY FOLLOWING
RESTRUCTURING OF THE RAF BASES AT
KINLOSS AND LOSSIEMOUTH



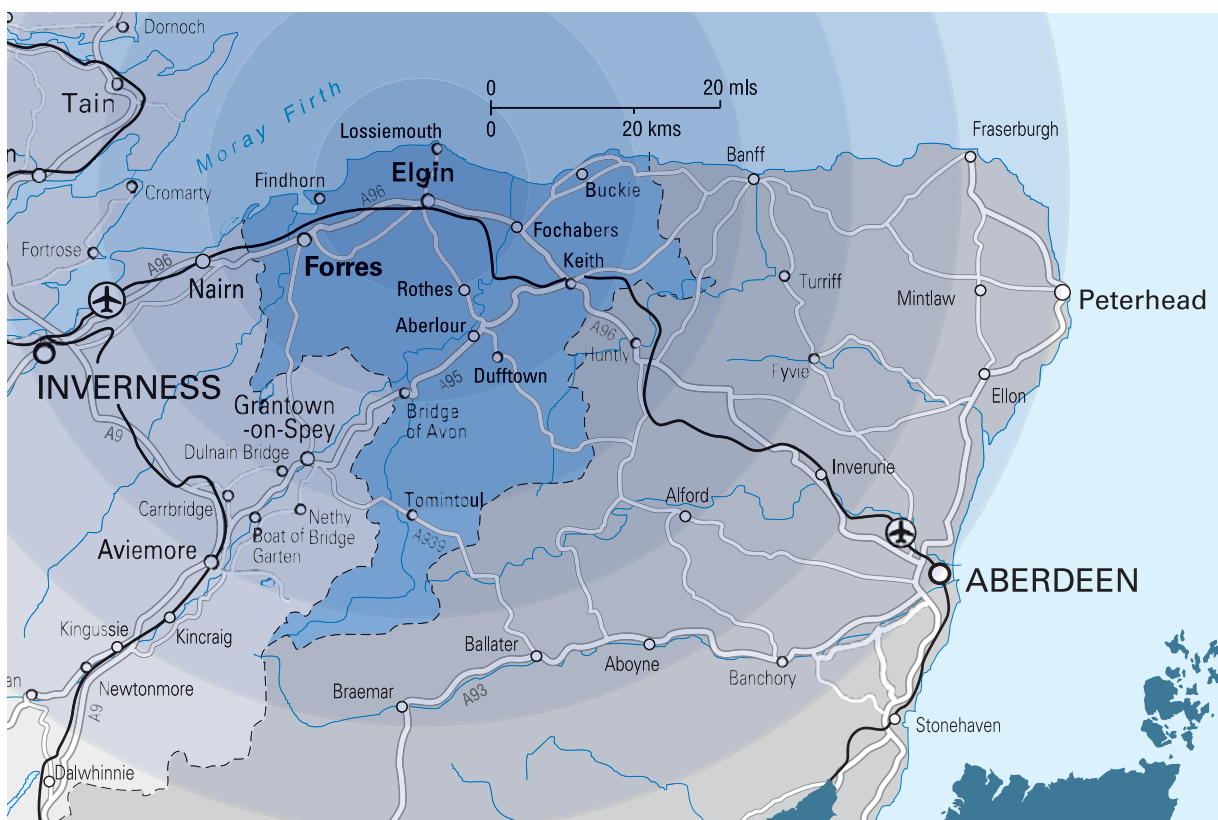
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TRAVEL TO WORK TIMES BASED ON 15 MINUTE INTERVALS



ELGIN TO INVERNESS 1 HOUR
ELGIN TO ABERDEEN 1.5 HOURS

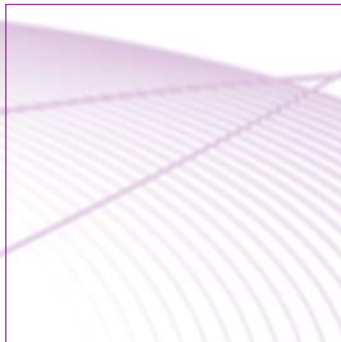
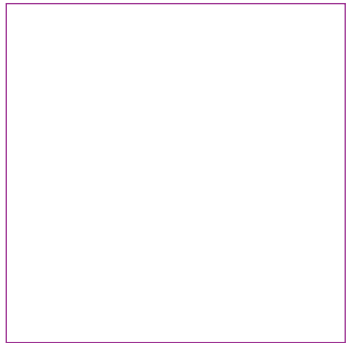


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2



Executive Summary

This document presents a Strategy and Action Plan for diversifying the Moray economy. It has been produced at the request of the First Minister in the light of announcements about significant reductions in the workforce at the two RAF Bases in Moray at Kinloss and Lossiemouth.

The scale of the announcements to date in the context of the Moray economy should not be underestimated. A proportionate loss in Metropolitan Glasgow would involve 20,000 jobs. An economic impact study published in March 2005 concluded that Moray had a defence-dependent economy. In developing a coherent response to the reductions the partners are clear that there is a need to intervene on a significant scale not just to diversify the economy but also to exploit opportunities to respond to a range of current vulnerabilities and create an economy with a significantly higher proportion of knowledge-based jobs.

The strategy and action plan set out in this document draw on five strands of work. We have undertaken a detailed economic analysis and an associated assessment of the strengths, weaknesses, opportunities and threats in the Moray economy (Chapter 2). We have consulted extensively to gather insights and develop a clear vision for the Moray we wish to see in 2020 (Chapter 3). We have explored what we could learn from other communities which have responded effectively to similar situations (Chapter 4). We have used the analysis and the vision to develop a strategy which articulates the collective aims of the principal public and private sector partners in Moray¹ (Chapter 5). And finally we have drawn on this strategy to develop a range of detailed actions – wherever possible through partnerships between the public and the private sectors (Chapter 5 and summary of projects in Appendix 2).

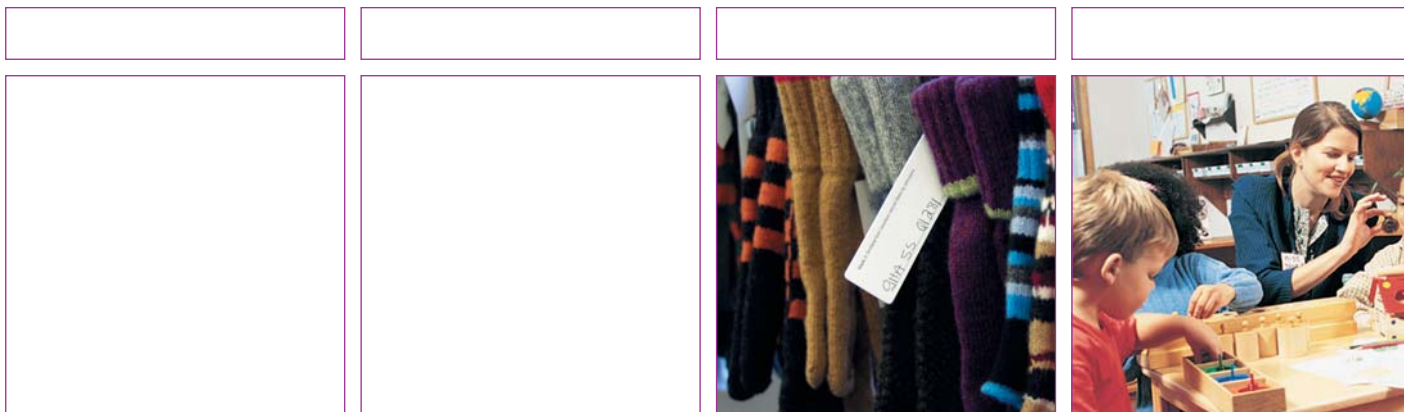
The key points emerging from our economic analysis are:

- The population of Moray has grown in recent years but most of this growth has been fuelled by the in-migration of armed forces personnel and supporting staff.
- Young people are leaving the region in increasing numbers due to the expansion of higher education in the last 10 years.
- Fewer graduates are employed in the region compared to Scottish norms and business research and development is extremely low.
- Wages and output are well below the Scottish average.
- Food and drink are the dominant focus of the private sector.
- Tourism, forest products, textiles and specialised metal-working are highly distinctive clusters in the economy.
- Managerial and professional occupations and the business services sector employment are under-represented.

Our strategy therefore needs to take account of the following requirements:

- We need to transform the infrastructure of the area in terms of transport links and business accommodation to enhance our appeal as a location for inward investment, government dispersals and growing businesses.
- We need to invest in creating a stronger knowledge based economy to drive up incomes and GVA and to provide a wider range of jobs for young people and those who wish to move to the area.
- We need to do what we can to ensure that our key brands are fully supported in their commitment to the area and that the business benefits of a Moray location are reinforced.
- We need to capture a greater share of growing sectors by some bold investments in new assets and people.
- We need to make sure that we are helping those smaller businesses which have potential to grow.

¹ HIE Moray, The Moray Council, Moray College and the University of Highlands and Islands Millennium Institute, Jobcentre Plus, Careers Scotland, VisitScotland, Communities Scotland, NHS Grampian, the Moray Chamber of Commerce and the other statutory partners.



4

Our consultations produced a clear consensus about the vision we have for Moray in 2020. The Moray we wish to see in 2020 will have:

- High quality regional, national and international connections from the development of fast and safe road, rail and air connections to and through Inverness and Aberdeen and by the active use of Broadband and its successors.
- A higher value economy with a network of rejuvenated communities with flourishing new businesses and a growing community of outstanding entrepreneurs and researchers, who have been attracted by our business infrastructure and quality of life.
- A positive international reputation as a place to live, work, learn, invest and visit; with a lively arts and culture scene and an outward looking, internationally connected population.
- Key brands that are thriving and contributing even more to the economy supporting strong sectoral specialisms that build on Moray's unique assets of:
 - Food and drink skills and technology.
 - Leading-edge sustainable technologies, particularly those appropriate to northern climates.
 - Timber and biomass crops.
 - Tourism built on Moray's superb and varied environment.
 - The strength of the learning sector including medical training for remote and rural areas, integrated community care management skills, sustainable development including sustainable design and construction.
- High performing schools and more young people staying locally or returning after further education, training and work elsewhere.
- Enterprises built on the specialist and management skills of RAF personnel.
- A regional capital in Elgin that is a thriving research and learning-based city, with a major new city centre campus, exporting learning around the world and benefiting from associated and spin-off companies.

This vision for Moray is shared by all the partners of the Local Economic Forum, and they will be using it as the basis for their long-range development plans over the next fifteen years. The strategy which flows from this vision will be used to guide the public sector partners' development plans.

The recently published Smart Successful Highlands and Islands provides our strategic context, particularly in terms of its emphasis on developing a knowledge based economy and building more significant local businesses of scale. Our approach to the achievement of our vision is to:

- **Develop new assets** to contribute to the long term transformation of the economy.
- **Develop our business and sectoral assets** by building on the success of our larger businesses and sectors.
- **Develop our people** so they can achieve their potential to contribute to the local economy and the community and in particular help those leaving the RAF to find rewarding long term futures in Moray.
- **Develop our nascent assets** by supporting entrepreneurial behaviour and helping our smaller businesses to realise their potential.
- **Manage and communicate our progress** and ensure wide ownership through effective engagement, facilitation and monitoring.



In the light of our vision and approach we have identified a wide range of actions which were designed to build on the strengths of the area and exploit the opportunities we face to achieve this vision. We have carefully prioritised these to ensure that we are intervening in ways that bring the greatest impact.

We expect the implementation of the Strategy and Action Plan to produce the following impact by 2020:

- **Population Growth.** The forecast population decline has been confounded and instead the population has grown to well over 90,000. Moray's population has a young profile with net increases in the 16-25 age group.
- **Job Creation.** Over 3,000 local jobs have been created, with 2,000 of them working in the knowledge industries and located on new business parks around the area.
- **Average earnings.** The higher earnings related to these jobs have helped to lift the average wage to the Scottish average and significantly improved the proportion of graduate jobs.
- **Productivity.** Productivity has increased by an average of nearly 6% per annum.
- **Re-invigorated Elgin.** The regional capital, Elgin, is fulfilling its function for the whole of the region as a thriving learning and arts centre focused on a major new city centre campus with a significant residential component and with an international status in medical training and the management of care for remote and rural areas.
- **Sustainable Development.** We have built on our natural resources and skills to create a real focus for sustainable development research and training, and we are a leading European exemplar of sustainable communities and sustainable design and construction techniques.
- **Changed perceptions.** Moray is perceived as a place of opportunity for living, studying and working and an outstanding place to visit.

Moray cannot succeed without a driving city presence or in isolation from nearby cities. We are clear that the success of Moray will be strongly linked to our ability to strengthen Elgin's role as a vital focus for higher order services and a key destination for inward location, attracting people and businesses who will only go to a thriving city. And we recognise that the relationship between the Moray economy and the cities of Inverness and Aberdeen will also be vital: situated between them, Moray in general and Elgin in particular can play an important Scottish role by drawing on and contributing to their success.

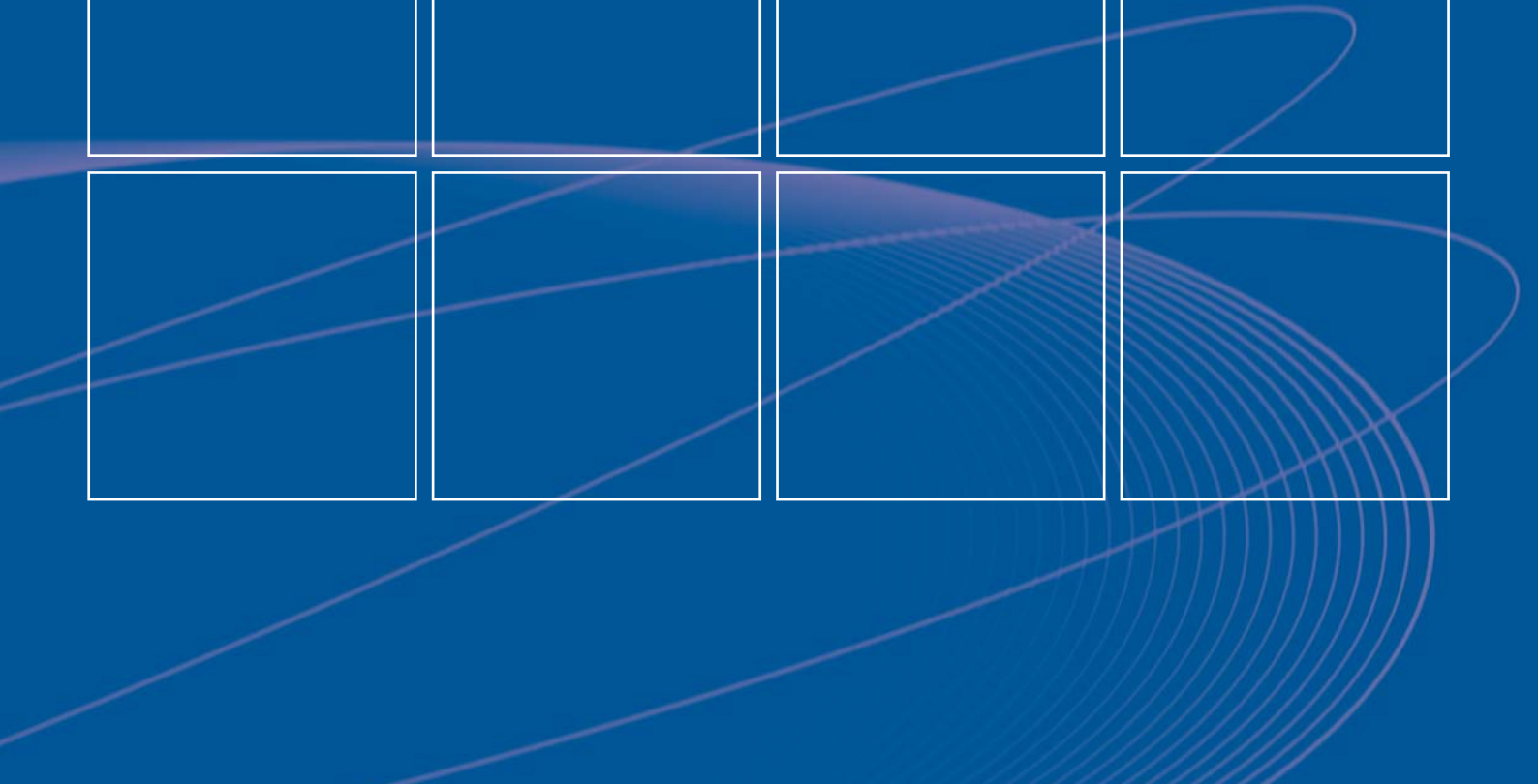
We will drive the implementation of the Action Plan within the overall local framework of the community planning process in a focused and energetic way in order to create a more robust economy. We have therefore created a clear and accountable management structure, led by HIE Moray and reporting through the Local Economic Forum (LEF). The Action Plan allocates specific roles to each agency which will then be accountable through the LEF for its delivery. The actions will be coordinated by HIE Moray using the dedicated Task Force to develop its links with the two Bases and the MOD. This team will monitor and report on progress and its impact, so allowing the LEF to review and refine the activities that will deliver the wider strategy.

In both the design and delivery of this strategy we intend to be a leading practitioner of effective community planning. This has started with our extensive consultations and is reflected in the design of the management and reporting structure. It will be reinforced by our intention to consult and communicate widely as the strategy is implemented, and by our determination to join up service delivery and project implementation to ensure that Moray gains full benefit from the investment and to help those living locally to receive the quality of services that they demand.

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MORAY 2020

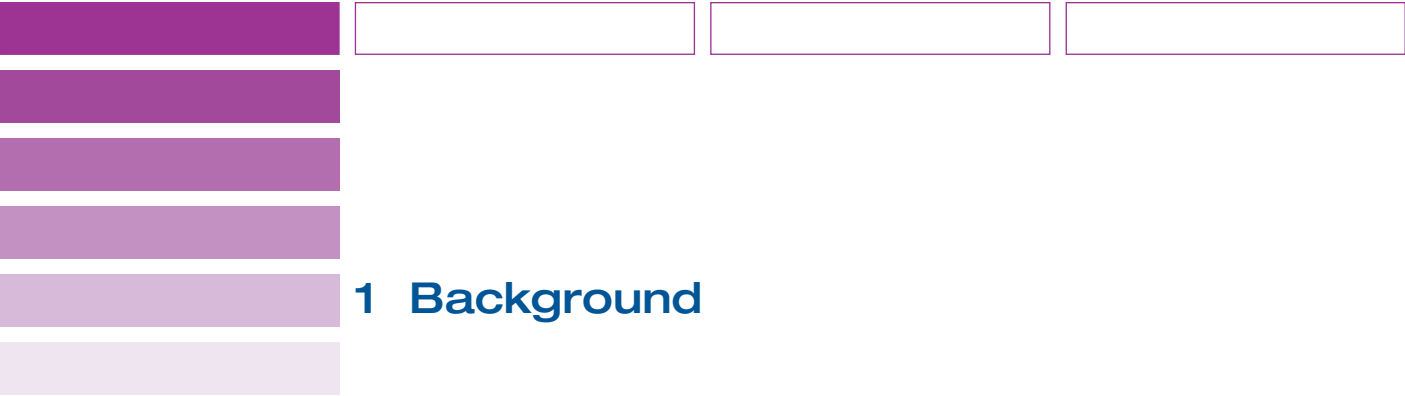
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SECTION 1

BACKGROUND



1 Background

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In March this year the Ministry of Defence announced a reduction of 935 jobs (including both civilian and uniformed personnel) at the two RAF Bases in Moray at Kinloss and Lossiemouth (350 of which had already been announced in September 2004). This followed an announcement concerning the scaling down of the RAF to a new level of approximately 40,000 personnel (from an existing level of approximately 47,000). The First Minister subsequently announced the formation of a Moray Task Force to develop a strategy to diversify the Moray economy over a 15 year period. The strategy would be presented to the Scottish Executive and HIE Moray was given responsibility for drafting it. This document is the result.

The two RAF Bases account for 21% of employment and £156m of gross household income (£76m net) to the area. 5,289 people are directly employed at the Bases with many thousands of others highly dependent on the income that the Bases bring with them. Alongside these direct economic impacts, it is estimated that 15% of local school pupils and 15% of the medical staff at the local hospital are directly related to Base personnel. It is estimated the RAF cuts already announced will result in a permanent loss of around £15m-£20m per annum net spend to the Moray economy.

Over the next 15 years, Moray will face significant opportunities and challenges as its economy and populations evolve and as its businesses face increased international competition. Moray is a unique place, stretching between upland areas bordering the Cairngorms to the Moray Firth. Its food, drink and textiles products are known across the world and its natural environment and cultural heritage support a substantial tourism economy and excellent quality of life.

Moray is relatively short of young people in their late teens and early twenties, especially young women. Almost three-quarters of those brought up in the area leave, often for work or education in the cities. Much of the population growth experienced in the region in the past twenty years has been fuelled by the in-migration of armed forces personnel and support staff.

Incomes are relatively low, partly because there are many part-time and fewer qualified workers and fewer managerial and professional jobs, and because the Moray labour market is geographically isolated.

The announcement in December 2005, as part of the Defence Airfield Review, indicated that the new Joint Strike Fighter would be based at Lossiemouth and the new Nimrod MRA4 reconnaissance aircraft would be based at Kinloss. This will assure the presence of the Bases for approximately another twenty five years. Whilst this was very welcome news for Moray the loss of 935 jobs has still removed approximately £20m of income each year from the local economy.

A report produced in March 2005 assessed the impact of rationalisation at RAF Kinloss and RAF Lossiemouth². Three scenarios of base contraction assessing the likely implications for the Moray economy encompassed the current plan of 935 job losses. These were associated with a significant loss of pupils to local schools and of staff in local public services – especially in the health service – because of the loss of RAF families from Moray.

These scenarios were developed against a background of considerable uncertainty about the way in which contraction or closure would occur and, although closure has been averted, contraction may continue under the End-to-End Review³. The precise nature of any impacts to the area is likely to be determined by a number of factors (beyond bald redundancy figures) that are capable of either exacerbating or mitigating the negative effects on the local economy.

These factors include:

- The timescale over which scaling down occurs and its phasing. This will have important implications in determining whether Moray has time to adapt to a gradual contraction of the RAF presence, or is faced with a sudden 'shock' on a larger scale.
- The extent to which RAF personnel remain in Moray following contraction or closure. This is likely to be determined by presently unknown factors such as the packages offered to RAF personnel, which may include offers of employment elsewhere in the UK.
- As the review continues, the prevailing economic context at the time of any future reductions. Although conditions have recently been quite favourable (with relatively low levels of unemployment), the general situation across Moray, Scotland, the UK and the rest of the world may be different at some point in the future when reductions are taking place and could therefore exacerbate the effects.
- The amount of advance warning of any reductions provided by the MOD, and the extent to which this is communicated to local and national agencies.
- Changes in the way the RAF runs its operations at Bases across the UK, regardless of any specific developments in Moray. Examples might include transferral of administrative functions away from individual Bases to centralised facilities, or moves towards delivering engineering support via third party contractor companies.

The situation is traumatic for the local economy. There are a number of reasons why the impact of the reductions are so great; much greater, and much more dangerous socially and economically, than other high-profile closures such as that of Motorola in Bathgate or of Rover in the Midlands.

- The first is sheer size. These reductions are happening in an economy with fewer than 40,000 people employed. For Moray to lose 1,000 jobs is akin to Metropolitan Glasgow losing more than 20,000 jobs.
- The second is the economic diversity. When job losses occur in an area which has a rich structure of employment, the market is able to adjust with both people and businesses finding opportunities to use the resources released. Moray (as later chapters show) has an unusually specialised economy. It is particularly short of the diverse service industries that ease adjustment, and has a very small knowledge-oriented private sector. Moray has many smart people, but not enough, and highly qualified people of working age are almost all engaged in public service.
- The third is economic density and connectivity. Moray covers a large geographic area and road and rail connections are very poor. Simply to traverse the District takes the same time as a return journey between Glasgow and Edinburgh. To access higher level business or community services and customers in the nearest large city, Aberdeen, is a four hour round trip.
- Fourthly, there is the question of cumulative effect. A recent study⁴ showed that the growth of Inverness over 30 years was a result of successive waves of positive stimuli – infrastructure development, public investment and relocation, private inward investment, and community resurgence – merging to form a tide that lifted the whole economy. In Moray, following on previous closures and uncertainties in fishing, food and textiles there is a risk of the reverse phenomenon: successive blows to the economy combining to knock it down and out.

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² MBSE and The Moray Council (2005) *Assessing the Impact of Rationalisation at RAF Kinloss and RAF Lossiemouth*, Reference Economic Consultants.

³ An ongoing MOD review seeking best value in providing UK defence. "Lean Defence".

⁴ *Accounting for success: understanding and monitoring the growth of Inverness*. Cogentsi (2004) for Inverness and Nairn Enterprise and Highlands and Islands Enterprise available at www.hie.co.uk/the-growth-of-inverness.pdf

1 Background

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Managing implementation

The range of actions we have identified comprises 56 projects. We have carried out a detailed prioritisation exercise to generate an achievable plan that reflects the urgency of the situation, husband's resources, and addresses the most important matters with the highest economic impact. To phase the work each project has been individually prioritised, although of course before commitment a full appraisal will be required. Factors in the prioritisation include urgency, economic impact, and resource requirements, the extent to which each project is able to build on the proven skills and specialisms of the Moray economy, the extent to which it reflects the unique geographical and economic circumstances, and its perceived direct policy in relation to the current circumstances.

Thus amongst the highest priority projects are a number of relatively inexpensive initiatives to ensure that what can be retained and reoriented of the skills released from the RAF is retained. Structures and initiatives must be put rapidly in place to channel as much as possible of the skills and energy of the people released into local economic endeavour.

The transport infrastructure, whose inadequacies compound the relatively remote geographic position of Moray, is the most all-pervading structural limitation on Moray's prosperity, and its improvement is therefore a high priority, although the capital expenditure on road and rail improvements needs to come from other budgets.

Also amongst early high priority projects are some pieces of strategy-setting work to follow on from the current strategy and to target, design and appraise the practical work to follow. That practical work is targeted to broaden and deepen the existing economic strengths of Moray's communities and businesses.

We estimate that, fully implemented, the Action Plan will have a significant impact on the local economy and be making an impact both at the wider Highlands and Islands and North East of Scotland scale, but also at the Scottish scale.

HIE Moray is leading the production of the Strategy and the Action Plan on behalf of the Moray Local Economic Forum.

The structure of this document

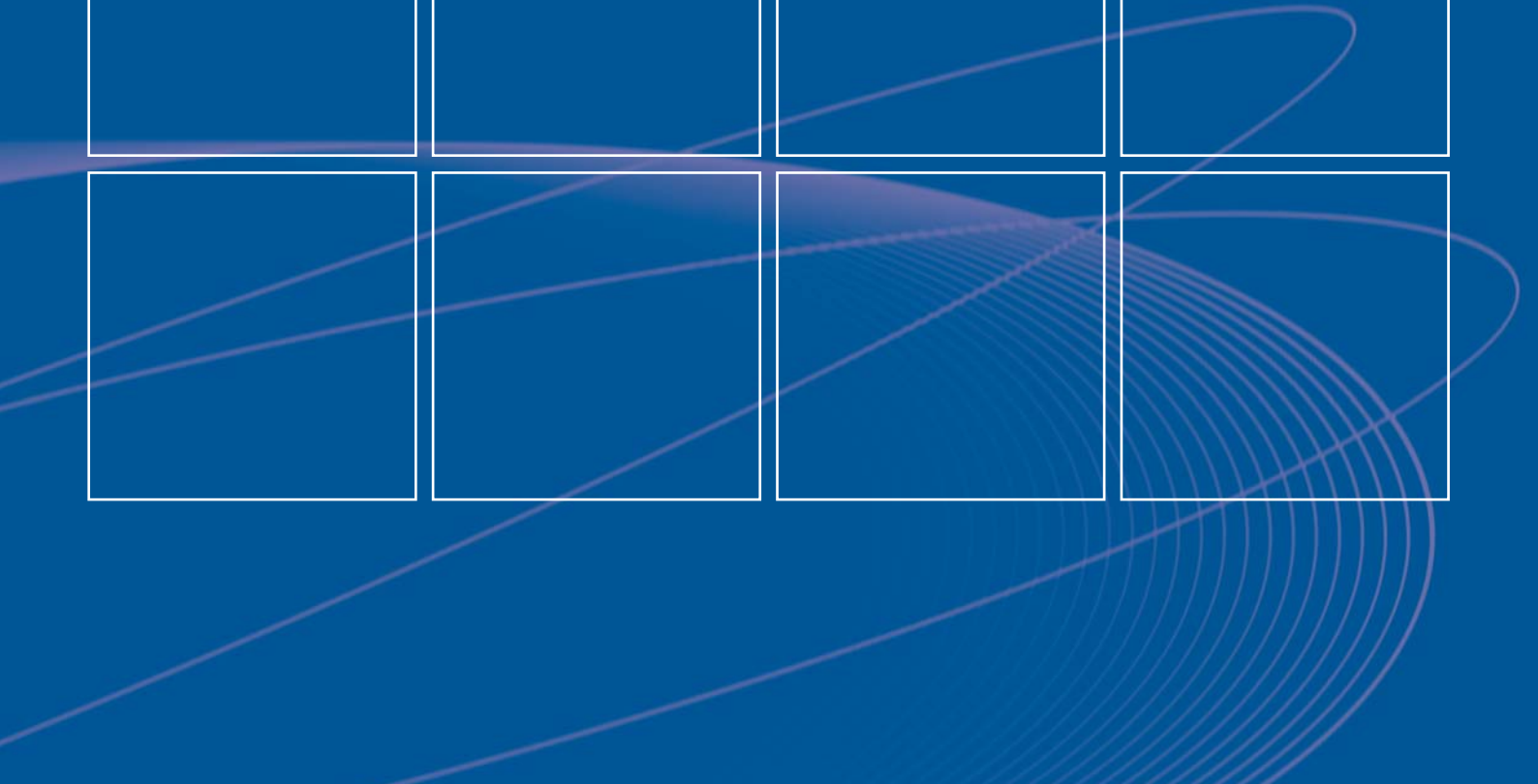
Our strategy and action plan has been built on a strong evidence base and extensive local consultation. In Chapter 2 we present the foundation for our work which has been a detailed analysis of the local economy. This has enabled us to identify key sectors with scope for growth and also weaknesses that the strategy needs to tackle. This work has been complemented by extensive local consultation which has identified a range of specific ideas and opportunities in the light of the approach set out in Smart Successful Highlands and Islands.

The shared vision of the Moray we need to create by 2020 was the outcome from these consultations and in Chapter 3 we describe this vision. In Chapter 4 we draw on a major review of defence and large scale civilian closures and contractions world wide to identify lessons for Moray in terms of strategy, action and management. These insights have helped us refine our strategy which is described in Chapter 5. In Chapter 6 we consider the impact of these actions and what will happen to Moray if we are unable to respond to the current situation. Chapter 7 describes our arrangements for managing the implementation of the action plan and the key partners involved.

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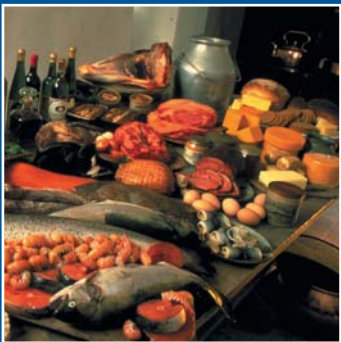
MORAY 2020

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SECTION 2

THE ECONOMY OF MORAY

2 The Economy of Moray

Our strategy has been built on a detailed analysis of the Moray economy by Cogent Strategies International. In this section their key findings are presented together with the implications for our strategy.

The Geography

Moray is located between Aberdeen and Inverness. It is bordered on the north by the Moray Firth with its coastal plain, the Laich of Moray, extending approximately 12 miles inland. To the south the ground rises and is dissected by a network of steep valleys and river systems that drain north into the sea. The largest of these is the Spey.

Moray's principal town is the ancient city of Elgin (population approximately 22,000) which is the central node in a network of smaller market towns including Buckie (approx. 9,000) and Keith (approx 5,000) in the East, and Lossiemouth (approx 7,000) in the North and Forres (approx 9,000) in the West. All are within 15 miles of Elgin and have the potential to form a mini-city region, strategically positioned between Aberdeen (65 miles) and Inverness (40 miles).

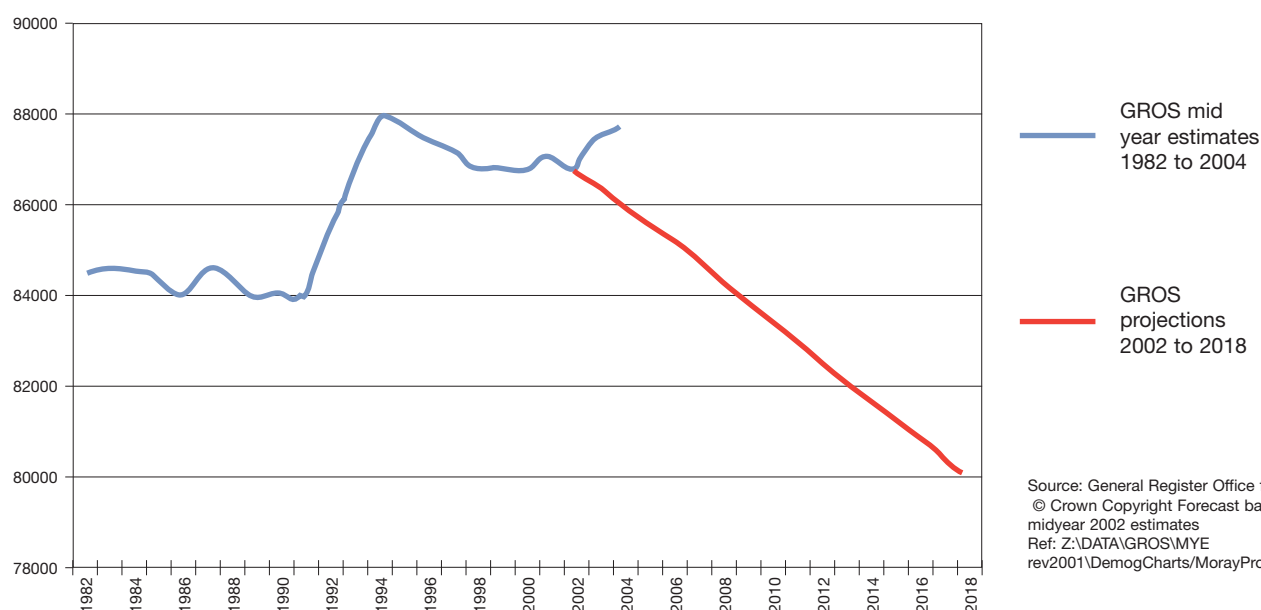
In upper Moray the Spey river system has a network of small towns which are important to local prosperity and include Rothes (approx. 1,600), Aberlour (approx. 900), Dufftown (approx. 1,700) and Tomintoul (approx 400).

The People of Moray

The population of Moray was 87,700 in 2004 – this was 1.7% of the Scottish population. Its population density of 39 people per square kilometre is well below the Scottish average of 65 per square kilometre. Elgin is the largest town in the region with a quarter of the region's population (22,000 people).

The blue line in the chart opposite shows how the population has changed since 1982. Moray has gone through three distinct phases of population change: two periods of low growth from 1982-1990 and 1995-2002 and a period of high population growth between 1991 and 1994. This period of high growth is attributed to a positive net migration of about 3,300 people. A major component was the relocation of some RAF Nimrod activities from Cornwall to Kinloss and the replacement of Buccaneers by Tornados at Lossiemouth, both generating an influx of armed forces personnel and increase in support staff.

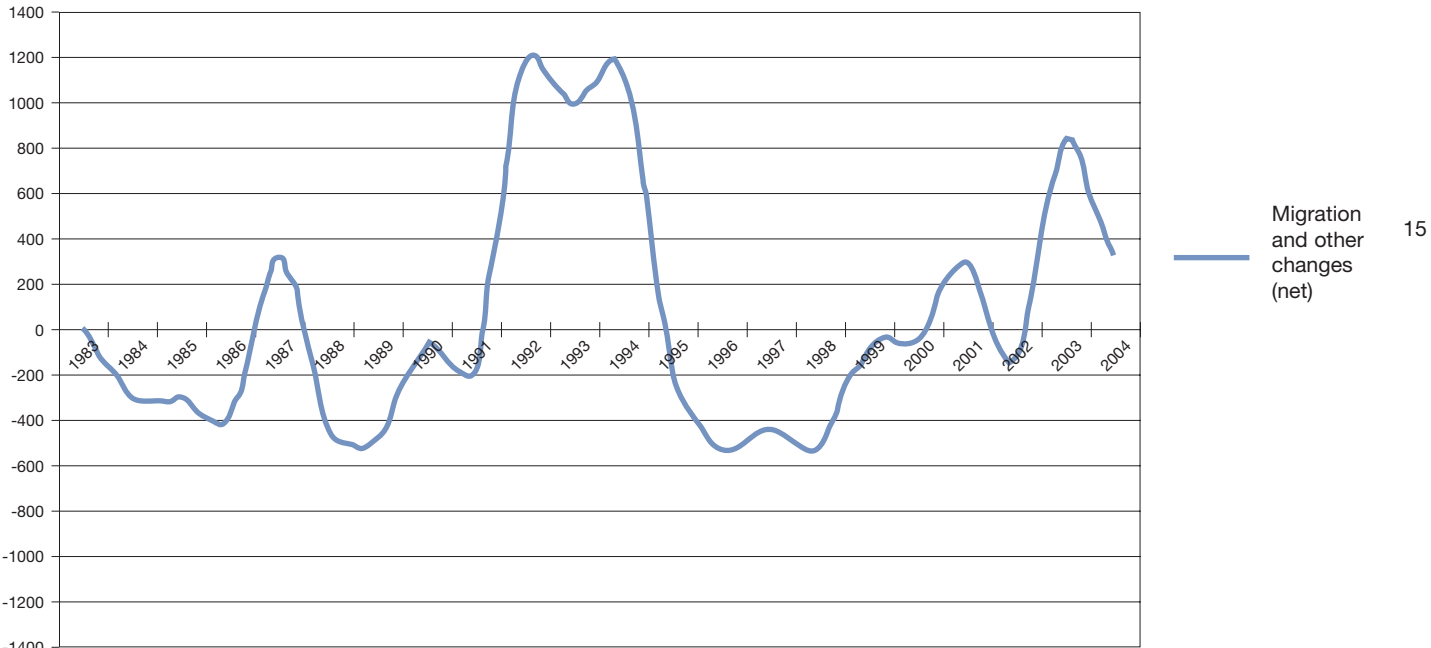
Moray population: history and official forecast



Population growth has been faster to the West of the region and Elgin and Forres have both grown by more than 7% in the last ten years. During the same period Buckie and Keith have seen their population decrease by 4%.

The red line in the previous chart shows the latest available official forecast from the Registrar General's Office. Recently the population increased by 1,000 people (between 2002 and 2004) due to civilian in-migration and changes in the number of armed forces personnel, and the deviation which has already occurred indicates the precarious nature of the official projection and underlines the dependence on the Bases.

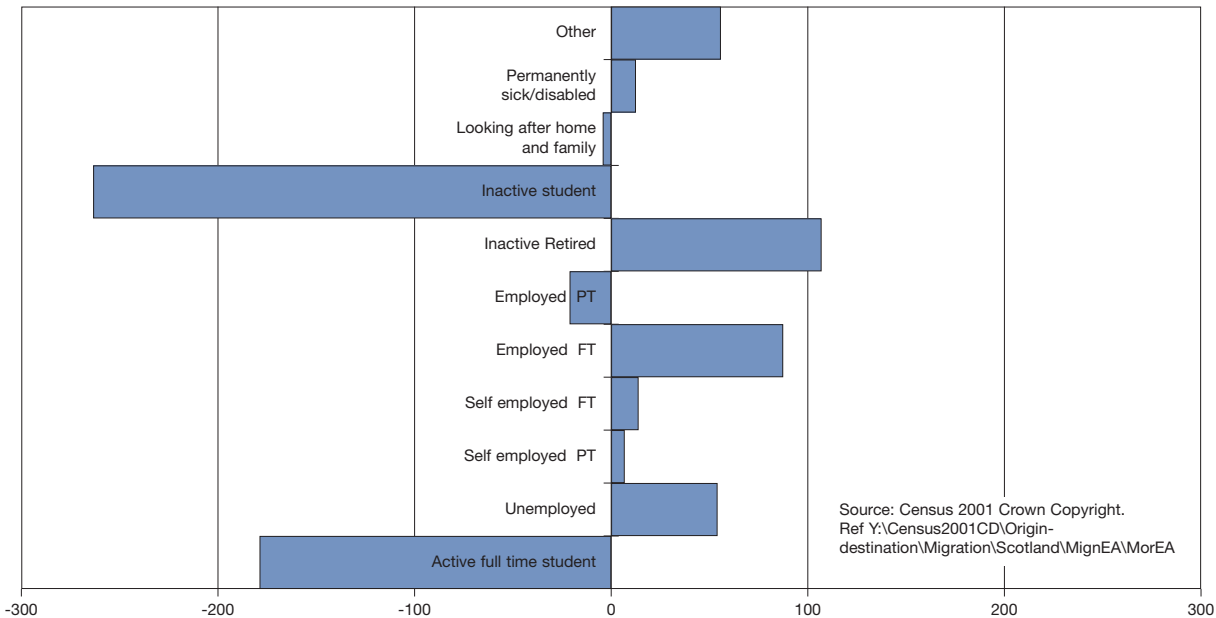
Migration and other population changes in Moray



Source: General Register Office for Scotland © Crown Copyright. Ref: DATA\GROS\council1982to2002cc\Moray2

The chart below shows net-migration by economic activity in the year leading up to the last Census in April 2001. It shows that some 600 people left the region to study elsewhere. Those moving in to the region do so to retire, take up full-time employment or are unemployed. A significant proportion of those moving to the region for full-time employment will be either in the armed forces or support staff at the Bases.

Net migration by economic activity (16-74 year-olds)

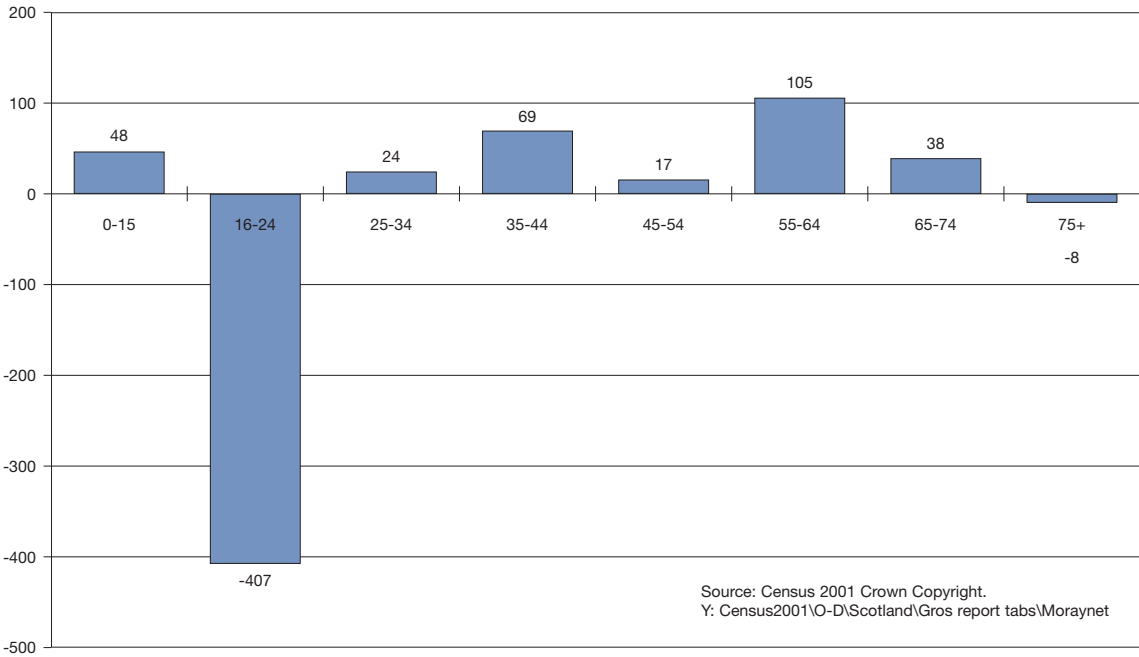


Source: Census 2001 Crown Copyright. Ref Y:\Census2001CD\Origin-destination\Migration\Scotland\MignEA\MorEA

Youth out-migration

Almost three-quarters of 17/18 year olds brought up in the area leave. Youth out-migration has grown since the mid 1990s reflecting increased participation in higher education and the attraction of well-paid employment in city regions. Those moving to the region are in their thirties bringing family with them (armed forces related) and those approaching retirement in their fifties and sixties.

Net migration by age



Education and qualifications

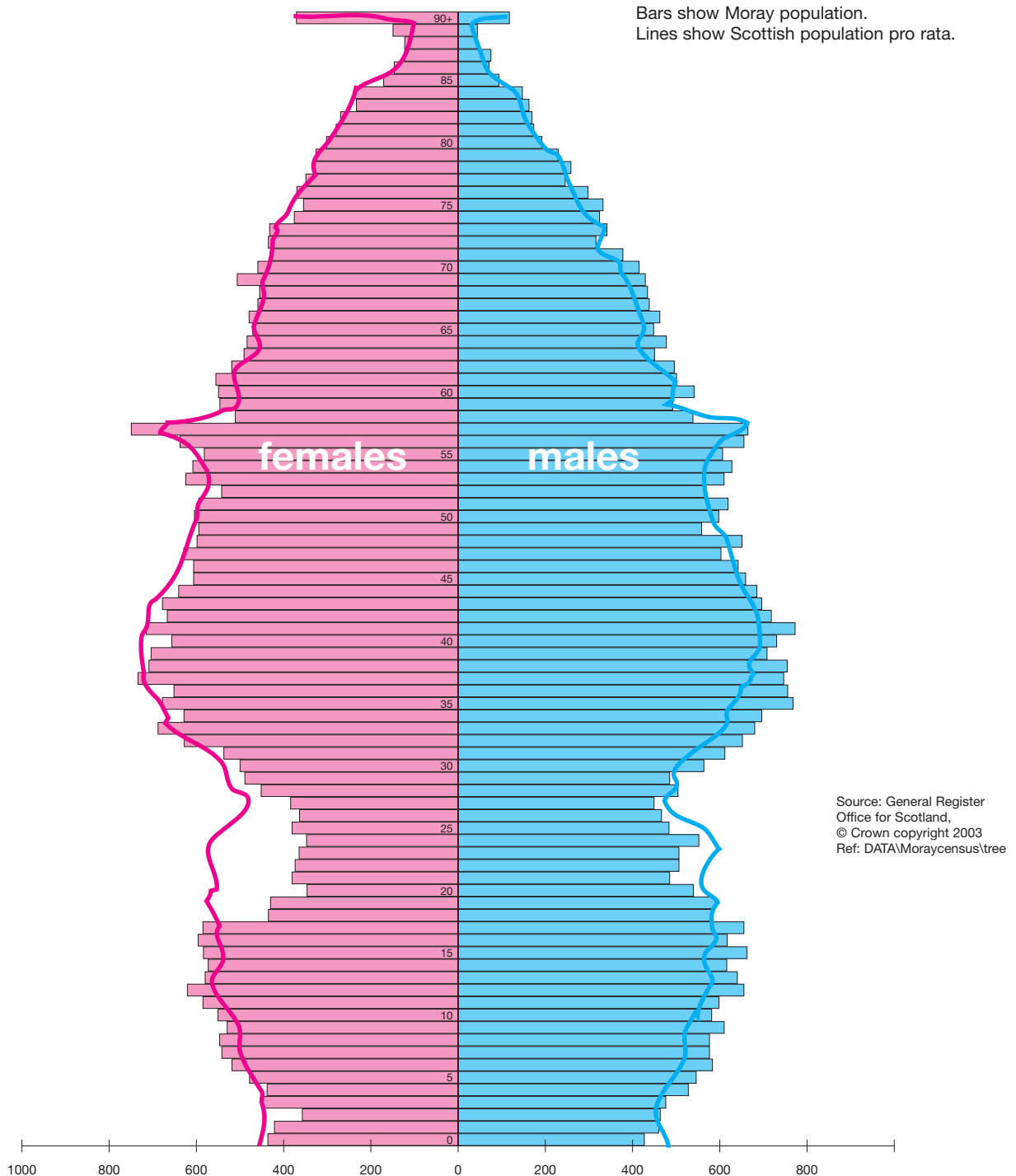
The region produces around 1,100 school leavers per annum. Around half of these enter further or higher education. Many more enter employment straight from school (35%) than in Scotland as a whole (25%). Fewer enter training or are unemployed.

Destination of School Leavers 2003-2004	Moray%	Scotland %
Entering full time higher education	27	29
Entering full time further education	21	21
Entering training	1	5
Entering employment	35	25
Unemployed and seeking employment or training	7	13
Unemployed and not seeking employment or training	2	3
Whose destination is unknown	8	4

Structural consequences

The consequences for the structure of the population are profound in both social and economic terms. Moray is relatively short of young people in their late teens and early twenties, especially young women.

Gender and age distribution in Moray in 2004



Moray has less than two-thirds the proportion of graduates of the average Scottish council area – only West Dunbartonshire is lower. In 2004 some 13% of the Moray workforce was qualified to graduate level compared to 22% of the Scottish workforce.

Population – practical implications for our strategy

These figures drive home the significance of defence related personnel to our economy, with most of the recent increase in population directly related to incoming defence related personnel and their families.

Our strategy needs to take account of the following requirements:

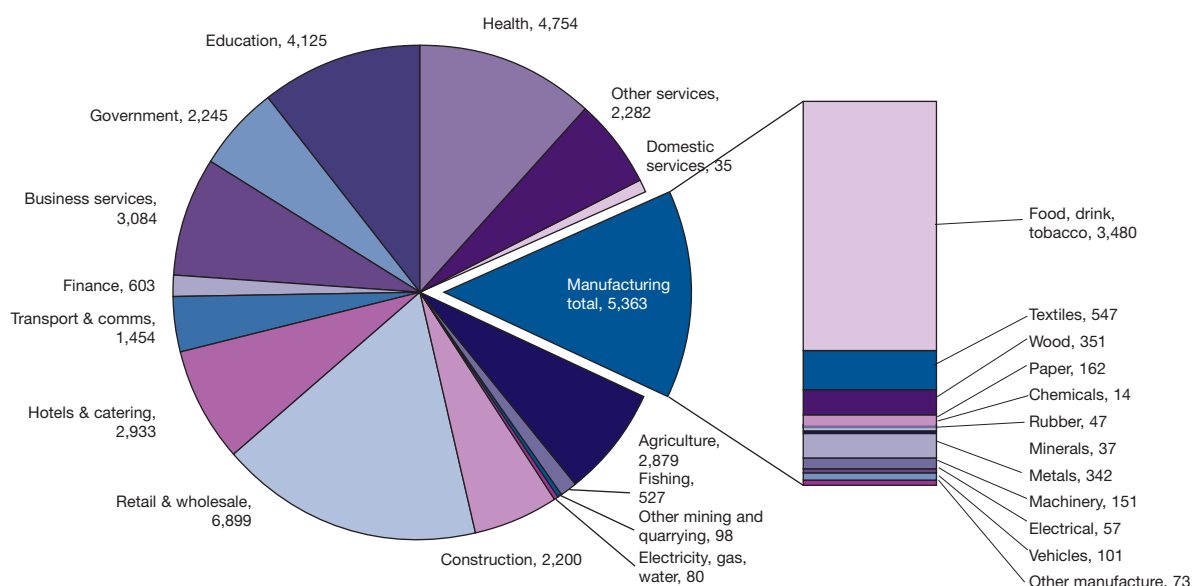
- The regional capital of Elgin is Moray's greatest centre of population, with a quarter of the area's residents. We need to build on this base to create a thriving city with a wide range of services and facilities that will serve the whole area in way that no other town can.
- We need to invest in the East of the region to stem the declining population in that area, notably in Keith and Buckie and we need to support the communities of Lossiemouth and Forres/Findhorn/Kinloss where much of the impact of the RAF reductions will be felt.
- We need to drive up the proportion of young people who move from school to further or higher education. The development of UHI should contribute to this ambition, and to enhancing the levels and range of qualifications offered by Moray College.
- We need to provide a wider range of appealing opportunities and activities for young people in order to retain more, to attract back those who leave to study or work, and to attract vital new residents. In particular we need to support the creation of more graduate level employment.

Employment

There are almost 40,000 people working in the region, some 34,000 employees and 6,000 self-employed. Out of a total employment of 34,000, 31% work in the public sector, compared with 27% in Scotland and 25% in the UK (these figures exclude the armed forces). One third of all jobs are part-time. More than half of female workers work part-time (57%) compared with 47% of female workers who work part-time in Scotland.

There are fewer managerial and professional jobs (18%) compared with Scotland (23%) and many more people work in skilled trade and processing occupations.

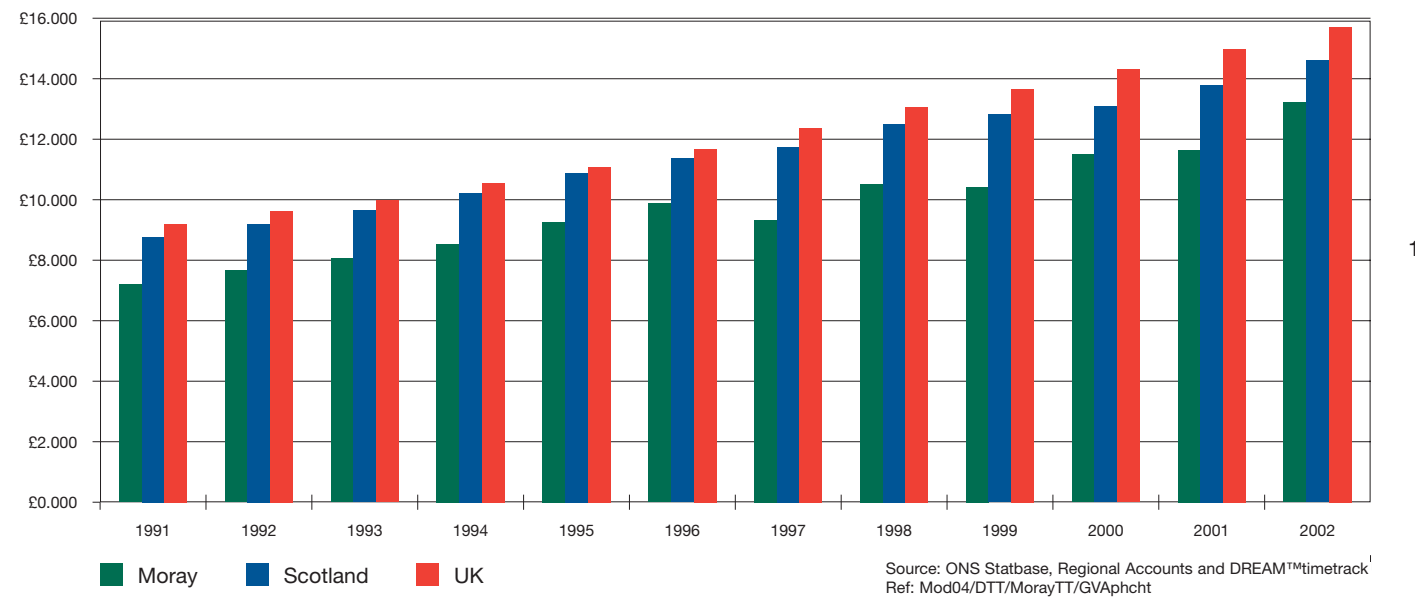
People employed in Moray (2003): 39,886



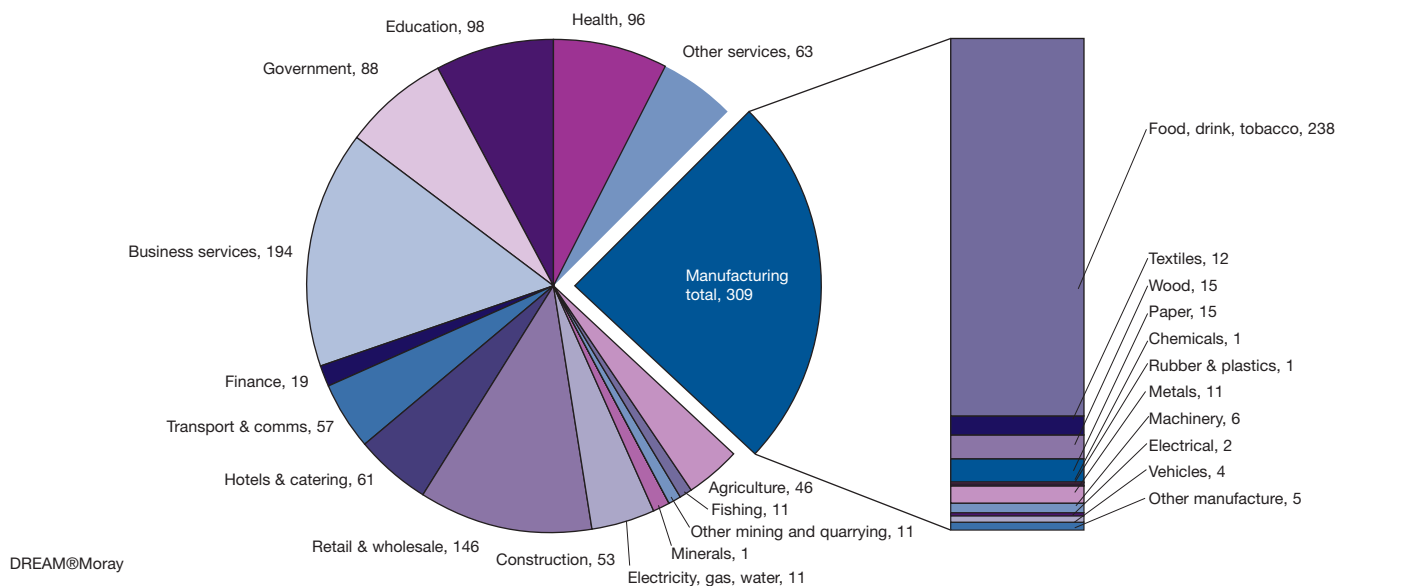
Economic performance

In 2003 the gross value added in Moray was £1.26 billion. This represents output of £14,500 per resident which is 6% below the Scottish average and 12% below the UK average. Since 1993 output per resident has been on average 15% below the Scottish output and 19% below the UK.

GVA per head of population



Industry Gross Value Added (2003) £1,265mn

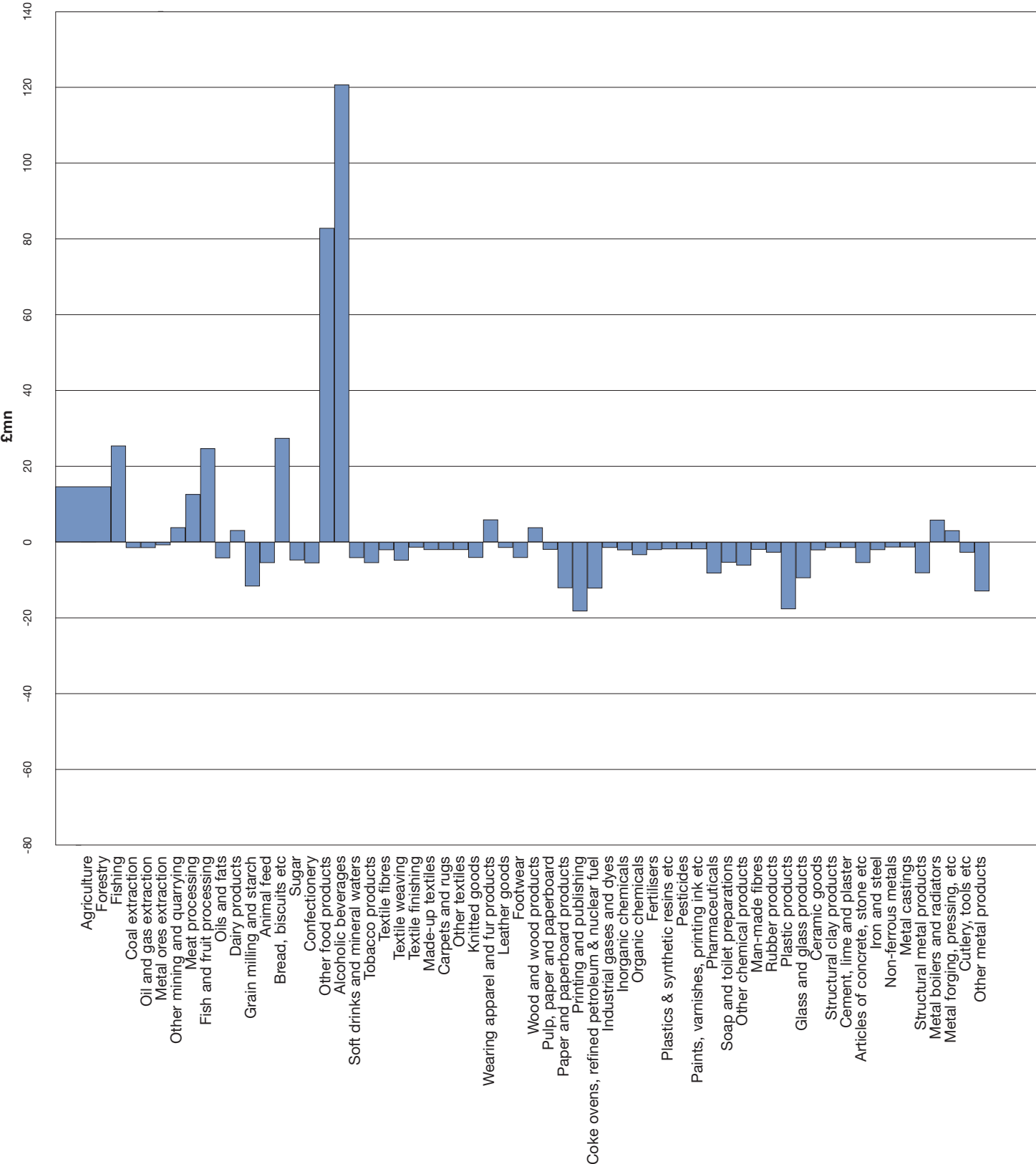


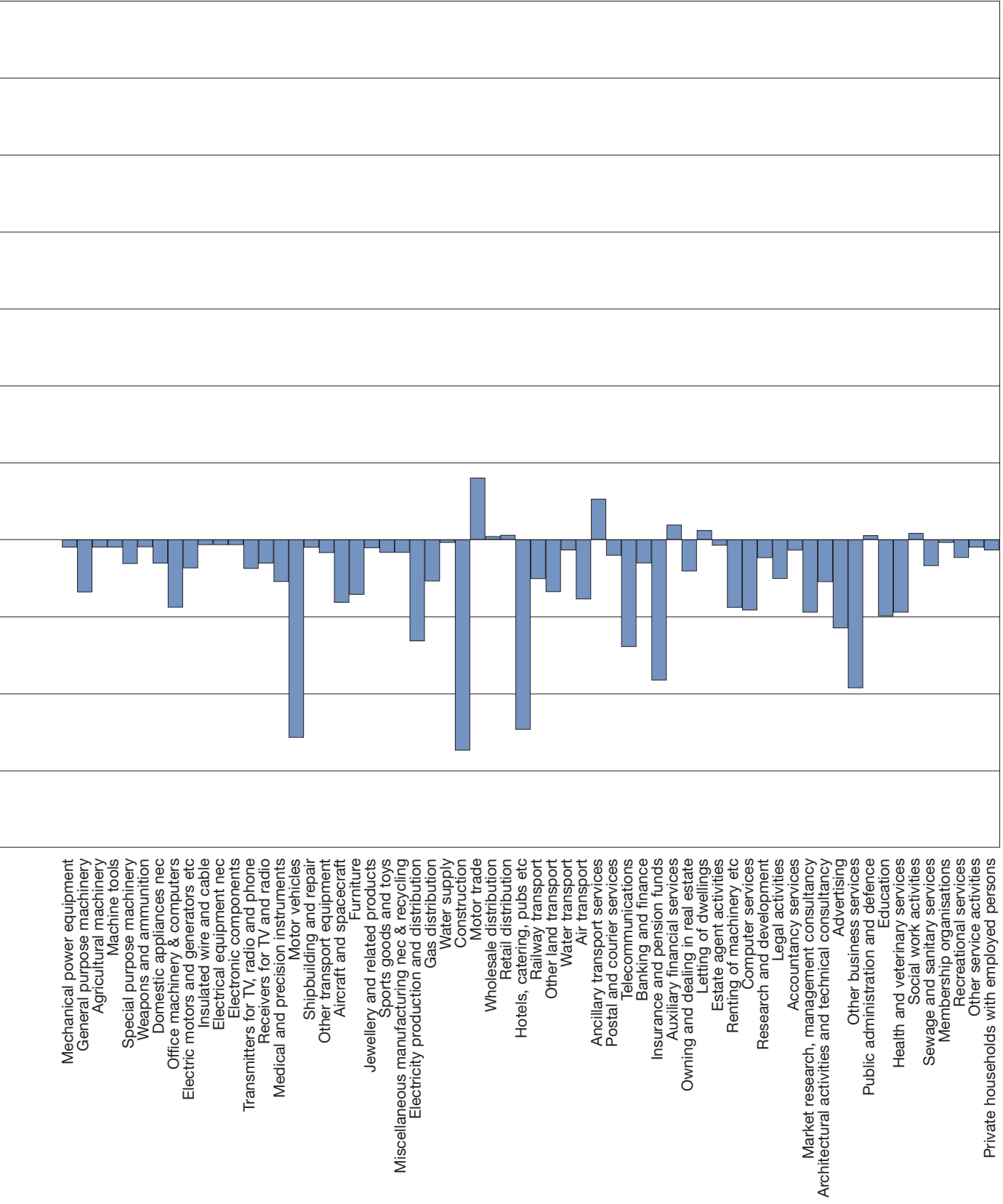
The graph highlights the highly specialised nature of Moray, especially the very strong dependence on food and drink and the public sector. Out of a total GVA⁵ of £1.26bn, food and drink makes up 19% (3% is the Scottish figure and 2% is the UK figure). Moray generates 9% of all the food and drink GVA in Scotland. Tourism, forest products, textiles and specialised metalworking are other highly distinctive clusters in which Moray has a larger-than-average share of global markets. In comparison the business services sector is under-represented: 15% of GVA comes from business services compared with 19% of Scottish GVA and 25% of UK GVA.

⁵ GVA = Gross Value Added is the term now used for total wealth created in the regional economy. Measured at basic prices, it is close to what was formerly known as Gross Domestic Product at factor cost.

The extent to which Moray earns its way in the world from relatively few industries, most notably food and drink industries, is illustrated by the estimated balance of trade product-by-product:

Moray Balance of Trade 2001

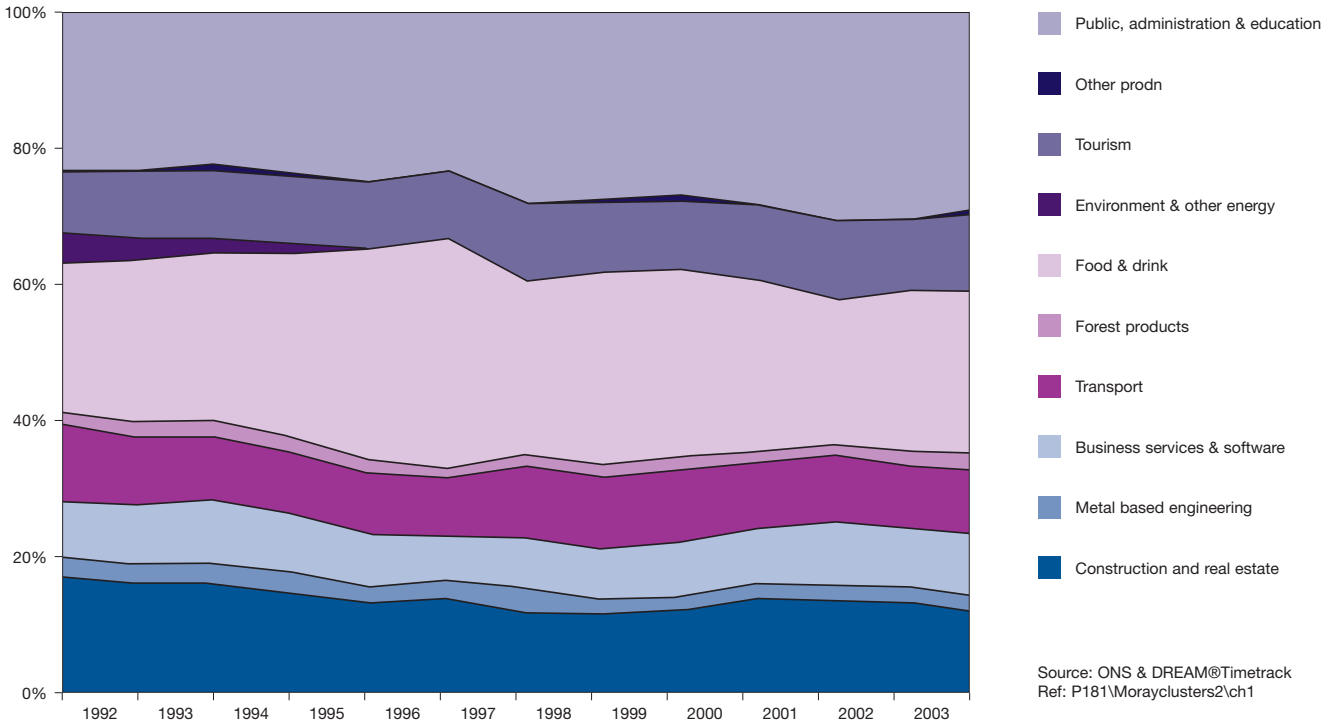




Source: DREAM@Moray, Ref. P181 TradMoraychtsnowhole/BT Cht

Food and drink aside, forest products, clothing and road haulage are the other products where in net terms Moray is more than self-sufficient.

Gross Value added by cluster



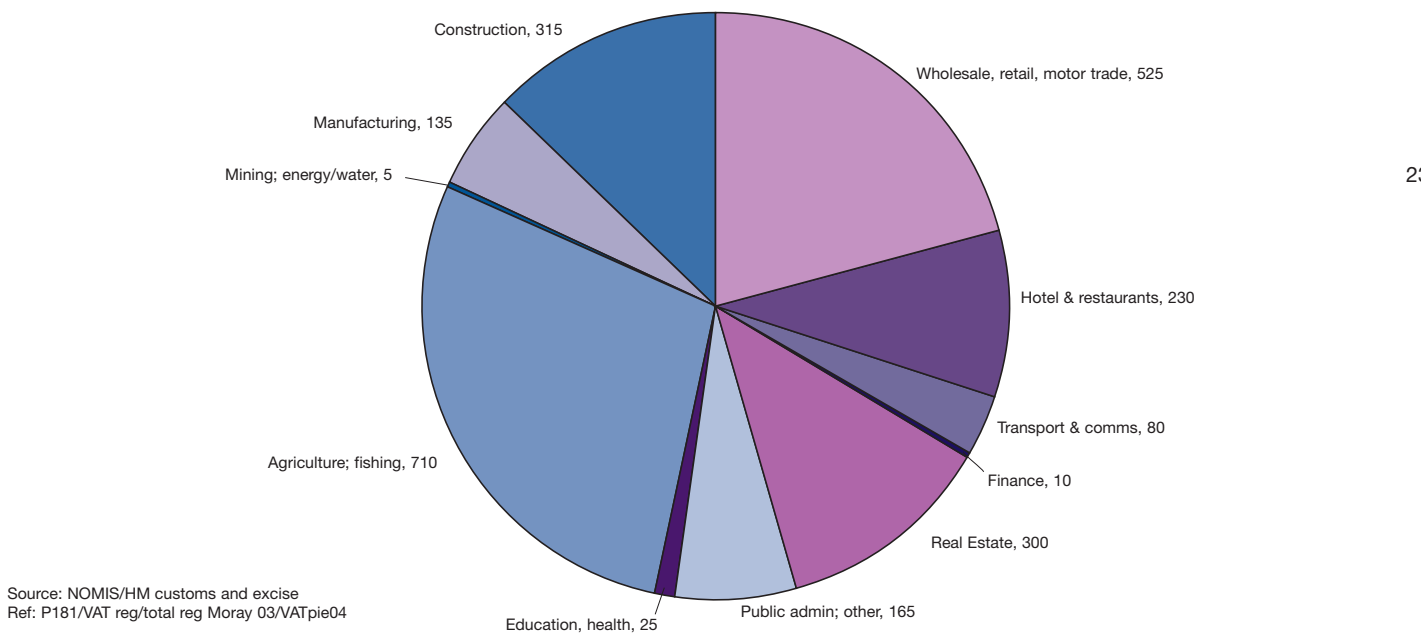
Earnings

Average incomes have been consistently low in Moray compared to the UK or Scottish norms. The median gross weekly wage in Moray was £286 per week, 12% below the Scottish average and 18% below the UK average. Average earnings survey data exclude members of the armed forces. Incomes are relatively low partly because there are many part-time and fewer qualified workers and fewer managerial and professional jobs. The structure of the economy and relative importance of primary sectors and others that offer low and semi-skilled employment also has an impact on average earnings. Levels of out-commuting are relatively high, some 16% of residents out-commute. Two-thirds of those travelling out of the region work in Aberdeen and Aberdeenshire, a significant proportion in oil and gas-related fields, and out-commuters earn significantly more than local workers.

Business Base

There are approximately 2,500 registered business enterprises operating in Moray. In addition there are 5,100 self-employed who can be considered micro-businesses.

VAT registered enterprises in Moray in 2004



Three in ten of the VAT-registered businesses are in the primary industries and two in ten are wholesalers or retailers. Three quarters of businesses in Moray employ fewer than five people and around half of firms have a turnover of less than £100,000.

Many more people work in smaller companies in Moray compared to Scotland as a whole. Some 60% of employees in the Moray area employed in ‘small’ firms (fewer than 50 employees) as compared with 48% in Scotland (Source: Annual Business Inquiry).

Linkages

Although Moray’s major companies are key exporters, both abroad and to distant parts of the UK and Scottish economies, many smaller businesses link to neighbouring areas including Aberdeen, Aberdeenshire and The Highland Council area. As we have seen there are also important work and income flows, with a sixth of the working population travelling to the relatively stronger economies of Aberdeen and Inverness in particular, and with significant industrial specialisation especially vis-à-vis Inverness and Nairn.

These serve to emphasise the way in which Moray is joined up with its neighbours, as a first step to linking it in to the wider world economy.



Economy – practical implications for our strategy

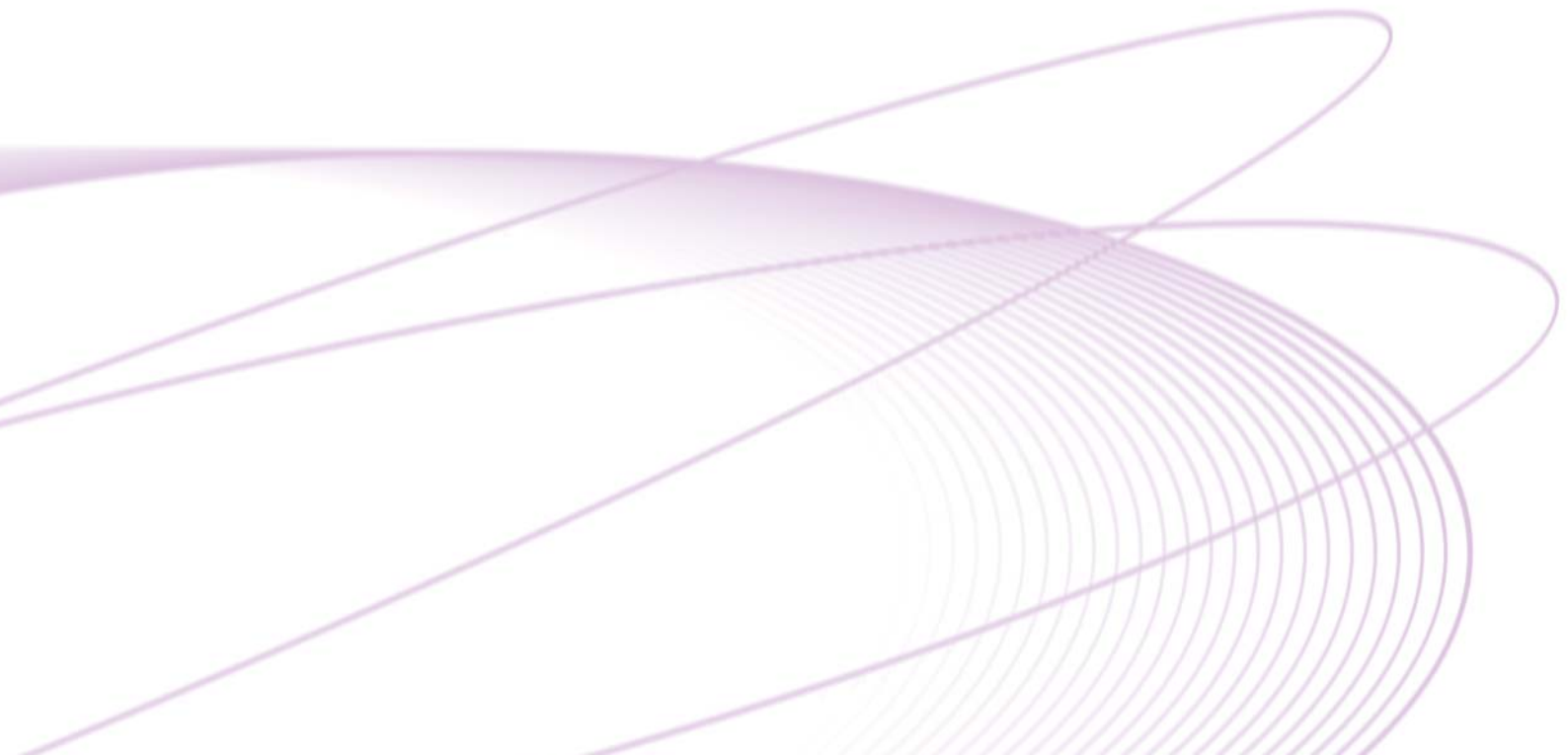
This analysis describes a currently stable economy, but one which is vulnerable to both defence reductions and global competition, and which is unlikely to provide opportunities for its young people who are leaving in substantial numbers against a background of a declining and ageing population.

The key points emerging from our analysis are:

- Most of Moray's population growth has been fuelled by the in-migration of armed forces personnel and supporting staff.
- Young people are leaving the region in increasing numbers due to the expansion of higher education in the last 10 years.
- Fewer graduates are employed in the region compared to Scottish norms and business research and development is extremely low.
- Wages and output are well below the Scottish average.
- Food and drink are the dominant focus of the private sector.
- Tourism, forest products, textiles and specialised metal-working are highly distinctive clusters in the economy.
- Managerial and professional occupations and the business services sector employment are under-represented.

Our strategy therefore needs to take account of the following requirements:

- We need to transform the infrastructure of the area in terms of transport links and business accommodation to enhance our appeal as a location for inward investment, government dispersals and growing businesses.
- We need to invest in creating a stronger knowledge-based economy to drive up incomes and GVA and to provide a wider range of jobs for young people and those who wish to move to the area.
- We need to do what we can to ensure that our key brands are fully supported in their commitment to the area and that the business benefits of a Moray location are reinforced.
- We need to make sure that we are helping those smaller businesses which have potential to grow.
- We need to capture a greater share of growing sectors by some bold investments in new assets and people.



City Region Linkages

In practical terms, a diversified economy in Moray has the potential to relieve congestion in the Inner Moray Firth area around Inverness, building on regional strengths such as medical technology. It also offers capacity for expansion for businesses located in Aberdeen, using as a platform Moray's existing links with the oil and gas sector.

Upper Moray presents opportunities for linkages of tourism (both business and leisure) for visitors to both Inverness and Aberdeen. With 54 distilleries in the area, Moray can boast the highest concentration in Scotland.

Elgin and its hierarchy of towns have the potential to form a 'mini-city region' approximately midway between Aberdeen and Inverness (Keith is only 50 miles from Aberdeen), which would even out the spread of economic development along the axis of Inverness/Aberdeen and provide additional opportunities for the communities of the Buchan area (e.g. Banff), who have also been challenged by the closure of RAF Buchan and the recent difficulties faced by the Scottish sea fishing industry.

The analysis of Strengths, Weaknesses, Opportunities and Threats forms an additional bridge from the outcome of the economic analysis to the following sections, which we use to develop our vision, outline our strategy, and inform our action plan.

Strengths

Competitive manufacturing (some in niches where Chinese competition is not excessive).

International brands.

Land to live on, room to breathe and a rich environment (and some ways of handling the distance issues).

Workforce – ethics and attitude.

Weaknesses

Distance from economic resources and markets.

Inadequate transport structures in need of investment.

Low wages.

Dependence on RAF.

Narrow industrial specialisation.

Sparse business service infrastructure.

Age structure and out migration.

Few knowledge jobs.

Resources needed for flood prevention.

Opportunities

Build on existing cluster strengths – in Moray and nearby. Widen and deepen the economy, more knowledge in the value chain.

Possibilities to catch up more prosperous economies if weaknesses and handicaps are overcome.

The 'sustainability' market and the drive to security and quality of life.

Prolongation of UK oil/gas activity due to high oil prices, leading to an unexpectedly strong Aberdeen.

Increasing consumer discernment – for our products and our place.

Asia as an opportunity for our products.

Opportunities arising from the wider Highland resurgence.

Threats

Further defence rationalisation and eventually base closures.

Labour shortages if out-migration not stemmed.

Erosion of existing competitiveness as cost structure falls out of line and loss of market share.

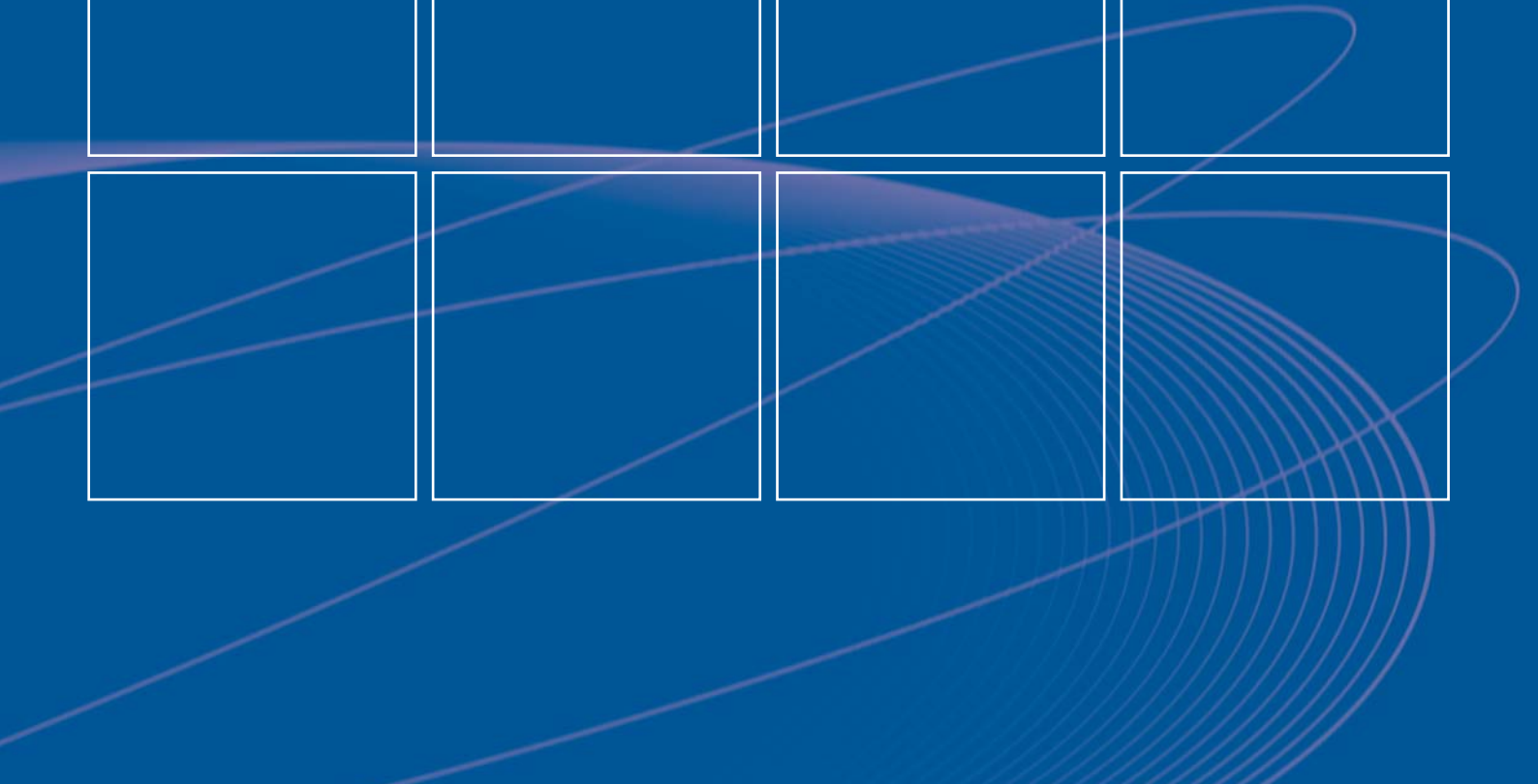
Floods.

Left out of road programme.

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SECTION 3

MORAY 2020 – OUR VISION FOR THE FUTURE



3 Moray 2020 – our vision for the future

The strategy and associated actions set out in this document have been strongly influenced by a major consultation exercise carried out from May to July 2005 to develop a vision for Moray in 2020. Consultations have involved businesses, public sector professionals, young people, The Moray Council members and HIE Moray Board Members as well as Board Members for other public sector bodies. The process has involved workshops, conferences and a wide range of one to one discussions.

Global issues affecting Moray

Our vision for Moray was developed by considering the strengths and weakness of Moray in the context of national and international trends. When participants were asked to consider the key global issues and trends that will affect Moray over the next 15 years, six key issues were identified:

1. **The global economy** – Changes to the global economy, in particular the rise of the Chinese economy.
2. **Sustainable development** and the new industries being created around it.
3. **Demographic change** in terms of ageing populations and the mobility of young people.
4. **Technological advance** in terms of easy, rapid and cheap communications with markets and partners around the world and the rapid growth of technology based products and services.
5. **International security** and the growing need of people and business to find secure places to live and work.
6. **Hypermobility of people and capital**, and the significance of the key city regions.

The nature of issues 1 to 5, and their practical implications for Moray, are set out in Appendix 1.

What people say they want

It was clear from the consultations and the economic analysis that Moray has not been able to gain from sectors that have grown recently and that are expected to grow in the future.

Furthermore, Moray is currently not well prepared for responding to and exploiting the global challenges that we identified. Our vision focuses on a Moray that has the infrastructure and connections and the people needed to do this.

The Moray we wish to see in 2020 will have:

- High quality regional, national and international connections from the development of fast and safe road, rail and air connections to and through Inverness and Aberdeen and by the active use of Broadband and its successors.
- A higher value economy with a network of rejuvenated communities with flourishing new businesses and a growing community of outstanding entrepreneurs and researchers, who have been attracted by our business infrastructure and quality of life.
- A positive international reputation as a place to live, work, learn, invest and visit; with a lively arts and culture scene and an outward looking, internationally connected population.
- Key brands that are thriving and contributing even more to the economy supporting strong sectoral specialisms that build on Moray's unique assets of:
 - Food and drink skills and technology.
 - Leading-edge sustainable technologies, particularly those appropriate to northern climates.
 - Timber and biomass crops.
 - Tourism from Moray's superb and varied environment.
 - The strength of the learning sector including medical training for remote and rural areas, integrated community care management skills, sustainable development including sustainable design and construction.
- High performing schools and more young people staying locally or returning after further education, training and work elsewhere.
- Enterprises built on the specialist and management skills of RAF personnel.
- A regional capital in Elgin that is a thriving research and learning-based city, with a major new city centre campus, exporting learning around the world and benefiting from associated and spin-off companies.

Emerging themes from the consultations:

Theme 1: Strengthening Moray's infrastructure

For a comparatively rural, remote area such as Moray, which is distant from main markets, connectivity will be critical. We need to become much more strongly connected to the wider world. The physical infrastructure will be significantly improved, with road and rail connections a particular focus. The A96 between Aberdeen and Inverness and the A95 linking Elgin to the A9 are both priorities of the first order. We can expect an impact parallel with the development in the Highlands in the twenty years after the improvements of the A9.

By rail, there will be a greater choice of services that pass through or originate in Elgin. Services to Inverness and Aberdeen will also be improved, with faster, more comfortable trains that allow people living in Moray to reliably reach either city in time for the start of the working day. The provision of better rail services will also help those on low incomes – who may not be able to afford to run a car – to reach a greater variety of jobs. Services between Inverness and Edinburgh will also be improved.

The growth of Inverness Airport – and the direct routes available – will continue, with rail connections at Dalcross allowing easy access to the airport by rail. A programme of track alterations from Elgin eastwards will also allow the transport of large freight containers by rail which will bring new possibilities for businesses needing to transport goods or raw materials from Elgin. Shipping will also be a focus, with improved harbour facilities that can accommodate passenger and cargo ships as well as a thriving recreational sector in terms of sailing and watersports.

Climate change has increased the risk of flooding in Moray's towns, and removed important areas of land from development thus limiting space to allow vital business expansion. The Moray Council's initiative on flood defences is vital to the future of our economy, and has claimed a significant amount of the Local Authority's current and future resources, which in other circumstances would have been available for investment in other infrastructure.

There will be high quality landscaped business parks and offices available in all our key towns and new start, mobile businesses and government dispersals will be attracted by the range and quality of accommodation, the thriving local

networks of innovative businesses and the quality of life that can be offered to staff. Indigenous businesses will have a choice of accommodation to meet their changing needs as they expand.

There will be substantial investment to ensure telecommunications (broadband and its successors) are of world-class quality and coverage and are being effectively used. This will enable local companies to build their business models on the secure ability to communicate remotely at high speed across the world.

The housing infrastructure will also form a vital part of the attraction of Moray in 2020. The availability of affordable housing in Moray will play a key role in attracting people to the area.

In our Action Plan we have identified a wide range of investments that will transform the business infrastructure of Moray and change its geography in terms of both internal and external transport links. Many of the infrastructural investments have also been designed to enhance the image of Moray, to build local confidence in the future and to reinforce its exemplar role in sustainable development.

We present the main areas of investment in infrastructure under the heading Investing in New Assets.

Theme 2: Developing our key sectors

Moray has a strong presence in traditional sectors of food and drink, agriculture, timber, engineering and tourism. It has a successful presence in certain niche markets in textiles. In 21st century industries we have strengths in health care management and sustainable development research.

In developing these key sectors we need to focus on building the knowledge-based element in their value chains, where higher wages and gross value added can be secured. Our strategy needs to achieve this through:

- Supporting the development of a research base in each to develop new technologies and products.
- Strengthening the existing international brands that we have and encourage investment in new ones.

In our Action Plan we have developed specific actions related to this theme under 'Developing our business and sectoral assets'.



3 Moray 2020 – our vision for the future

Theme 3: Building on our small businesses and strengthening our entrepreneurial culture

Moray is a region with many small businesses. Some of these have scope to grow and provide additional high quality jobs throughout the area. A small number may have the potential to grow into significant local businesses. And RAF leavers continue to be a potential source of new business start ups with the right support and assistance.

The public sector in Moray is looking to the social economy to provide services across a range of sectors and there is growing evidence of the significance of social economy organisations in driving flexible and responsive services in a community setting. We will therefore be ensuring that support is available to help social economy organisations start up and grow. Some of these may have the potential to become ‘businesses of scale’ with scope to succeed in much wider regional and national markets.

In our Action Plan we have developed specific actions related to this theme under ‘Developing our Nascent Assets’.

Theme 4: Developing Moray as a place for learning

Learning is fast becoming a global commodity and Moray is well placed to exploit this. A number of opportunities were identified to build on Moray’s current strengths, for example in generic training for medical staff working in remote and rural areas, sustainable development, and the arts, all of which are strong suits of Moray College or UHI. Elgin will be the focus for this learning market, but there will be significant spin-off benefits to our other communities. And we will ensure that there is easy access to local learning opportunities for residents throughout Moray.

In our Action Plan we have developed specific actions which will support this theme under ‘Developing our business and sectoral assets’.

Theme 5: Young people as our future

Young people are central to our vision, and there will be a focus on developing outstanding young people through a world-class education system at secondary, further and higher levels. Support and guidance at key transition points and the availability of a broad range of exciting career options in Moray will help to keep young people in the area, or attract them back if they initially move away to study or work.

The development of UHI and its incorporation in 2007 should mean that more young people stay and study in the Highlands. We recognize that many will leave, but we need to ensure that young people have plenty to do while they are here and that they see Moray as the place they want to return to and settle, with a wide range of appealing career choices available to them.

We also need to give young people the interest and motivation to develop their skills in high value areas around science and technology – and to nurture their enterprising spirit and aptitudes and so to create tomorrow’s entrepreneurs. In our Action Plan we have developed specific actions related to this theme under ‘Developing our people’.

Theme 6: Realising the potential of Moray to pioneer niches in the sustainable development agenda

Moray can play a key role in Northern Scotland by becoming a centre of expertise for developing and implementing sustainable technologies. This would be backed up by a culture of ‘walking the talk’, meaning that Moray will lead the way in sustainable development within an outstanding natural environment.

Forestry and timber products could form a part of this focus on sustainable technologies, especially around sustainable design and construction and the expertise present at Moray College and the Findhorn Foundation. The use of biomass as a renewable energy source could also be expanded, as well as other sources where there may be a local advantage such as solar power (Moray has one of the highest incidences of sunshine in Scotland).

In our Action Plan we have developed specific actions related to this theme under ‘Developing our business and sectoral assets’.

Theme 7: Creating an inclusive, tolerant, outward looking society

We see Moray in 2020 as an outward-looking, tolerant, inclusive internationally-connected place that welcomes new residents and is renowned as a great place to live, work, learn and visit. The role of Elgin as a thriving regional centre and 'learning city' is enhanced, with a focus on research and a vibrant community of interconnected hi-tech businesses.

This is complemented by a network of strong communities, with a broad demographic mix of people who participate actively in their areas. A culture of entrepreneurship would help to foster new ideas in the private and public sectors and there is a thriving and innovative social economy which is at the leading edge of public service delivery.

Moray will also be a place to broaden the mind and have fun, with a lively arts and cultural scene that stimulates new ideas and involves people in the wider community.

In our Action Plan we have developed specific actions aimed at developing entrepreneurial behaviour among our young people and stimulating greater interest in technology and the arts. We have identified a major project in the arts field that will make Moray a livelier place with more to do. And we have included a number of initiatives aimed at generating more local opportunities for highly skilled young people.

Theme 8: Enhancing and promoting Moray's quality of life

Moray already has an enviable quality of life but there is scope to enhance this further specifically in terms of the quality of our towns, reducing congestion on key strategic routes, improving local access to arts and culture and developing the range and quality of our outdoor sports.

We need to attract and retain people from all walks of life and to do this we need to be able to present an outstanding quality of life underpinned by great schools, high quality housing and public services, access to culture, the arts, a wide range of leisure pursuits and easy access to the capital city of Inverness and to other UK and international cities.

Part of our approach should be to attract more visitors. They not only increase local income, but they also help to connect Moray with the wider world and 'showcase' the region as a desirable place to live. We therefore envisage the development of high-quality tourist facilities that have the added benefit of increasing the quality of life for those already living in Moray and helping to retain our young people.

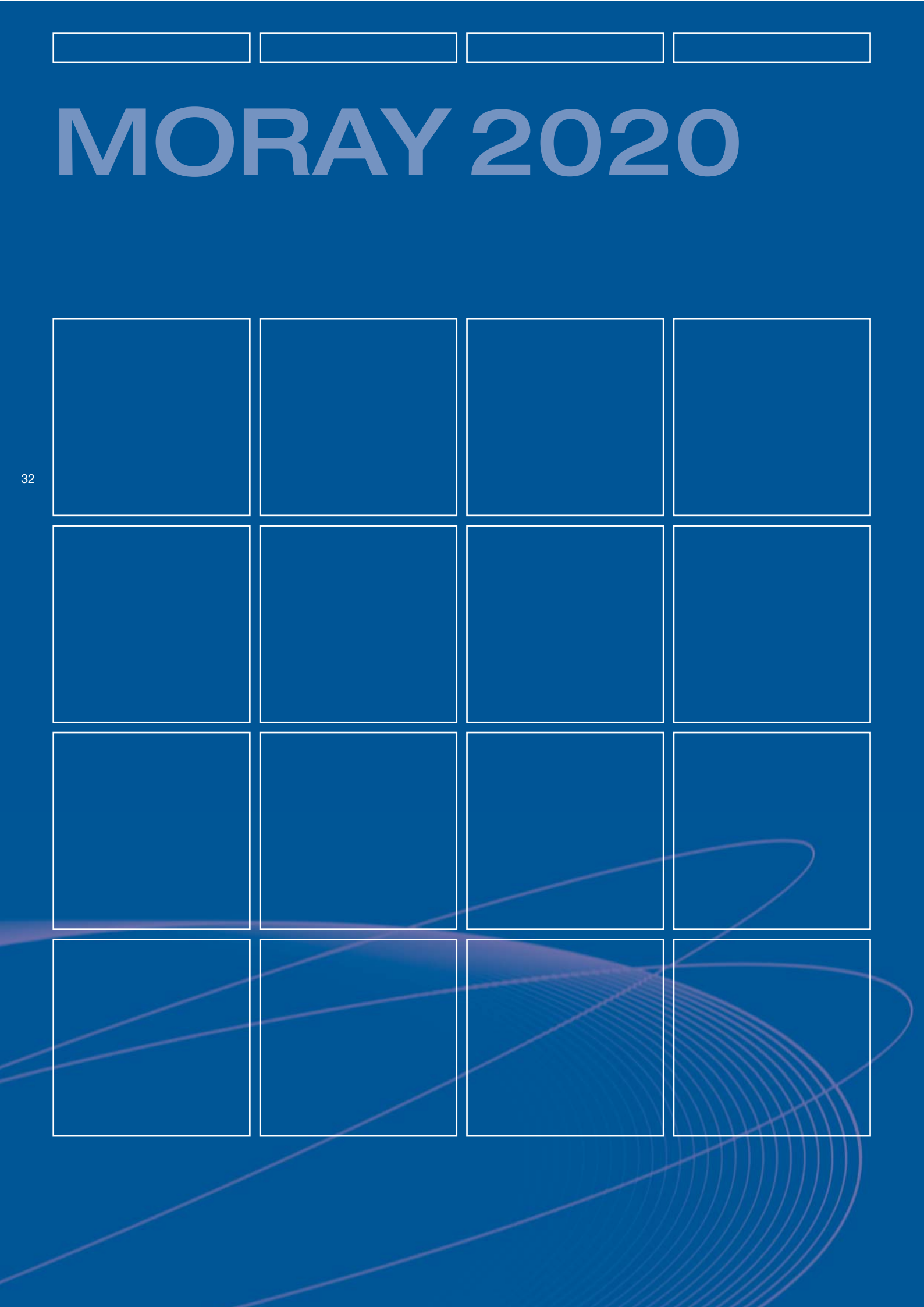
So, we need to further develop the Moray 'product' and 'brand' and ensure that people know about it.

In our Action Plan we have developed specific actions related to this theme under 'Developing our business and sectoral assets'.

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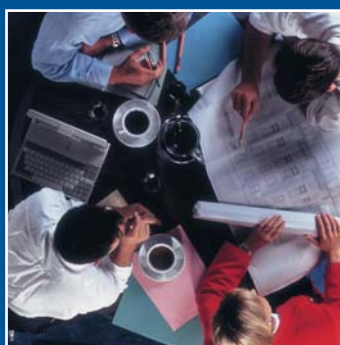
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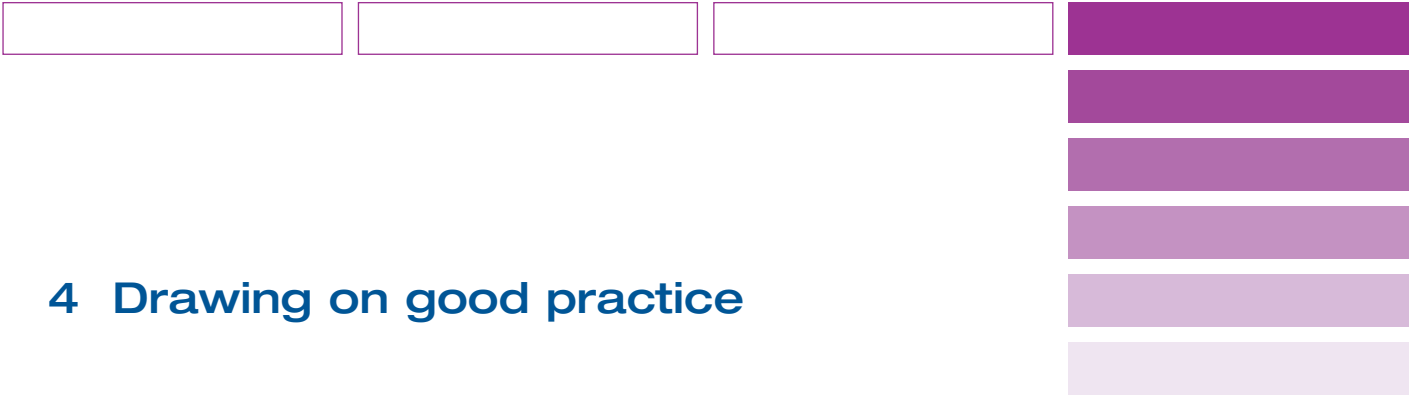
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SECTION 4

DRAWING ON GOOD PRACTICE





4 Drawing on good practice

Moray’s situation is unique but it is important to ensure that the strategy for dealing with defence reductions in Moray learns from experience elsewhere. We have carried out a global scan of responses to significant local economic shocks in comparatively rural or remote areas. In Appendix 3 we set out the key lessons we have drawn from this which in summary are:

- Have a plan, underpinned by solid research.
- Take pre-emptive action.
- Put in place strong, clear leadership.
- Identify commercial partners and opportunities early in the process.
- Integrate action and assign clear accountabilities.
- Create effective communication channels.
- Focus on the area’s existing strengths and the opportunities they present.

The most successful responses do not tend to emerge from a single 'big solution'. Rather, **effective responses involve the development of a strategy for economic transformation, involving a wide range of carefully targeted initiatives that are linked together.**

The unfolding situation in Moray represents a real opportunity to develop a response that aspires to transform the local economy. We believe that Moray will be able to set a new benchmark for ambition in its response as set out in this document.

We must infuse responses with a positive message, with well designed and directed communication to local communities, businesses and organisations, to make people aware of new initiatives and opportunities, combined with platforms where local communities can articulate their contributions to our area's vision and strategy.

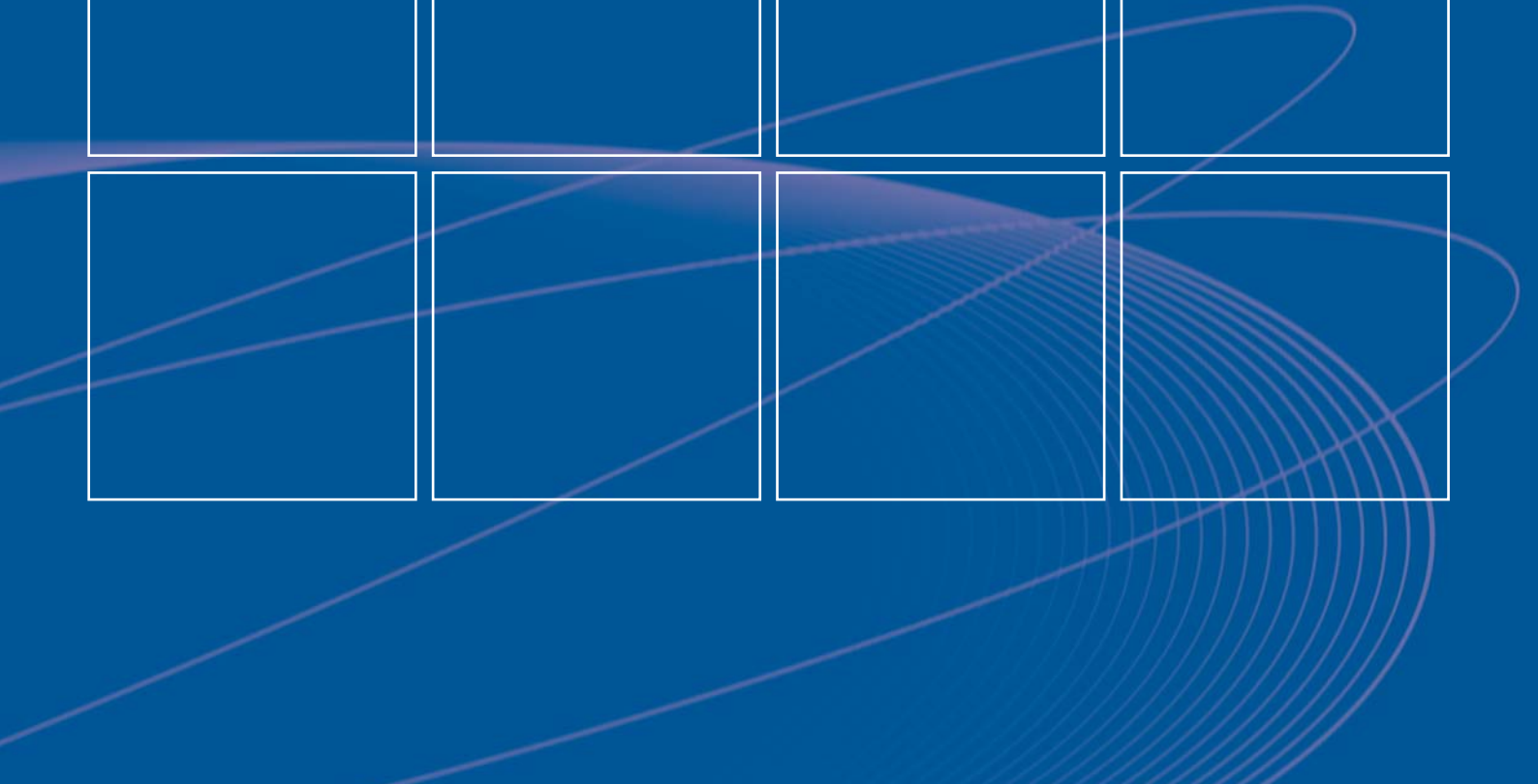
So our Strategy and Action Plan and our management structure for implementation has been influenced by the need for:

- Careful grounding and identification of opportunities (economic impact assessment, skills audit and sectoral strategies).
- A range of targeted interventions based on this analysis.
- Agreed, widely owned action plan.
- Clear leadership and accountability in a strong local partnership (Moray Community Planning Partnership).
- High quality communications between the partners, communities and private sector.

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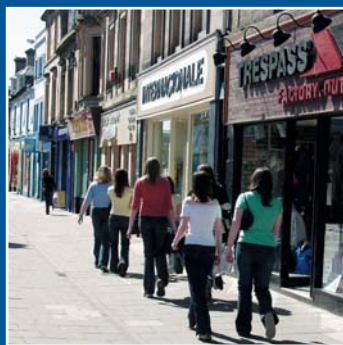
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SECTION 5

GETTING THERE – OUR STRATEGY AND PROPOSED ACTIONS



5 Getting there – our strategy and proposed actions

The situation we describe has created a determination among the key stakeholders in the Moray economy to transform the economy over the next 15 years and significantly reduce our current dependency on the defence sector.

Our aim is:

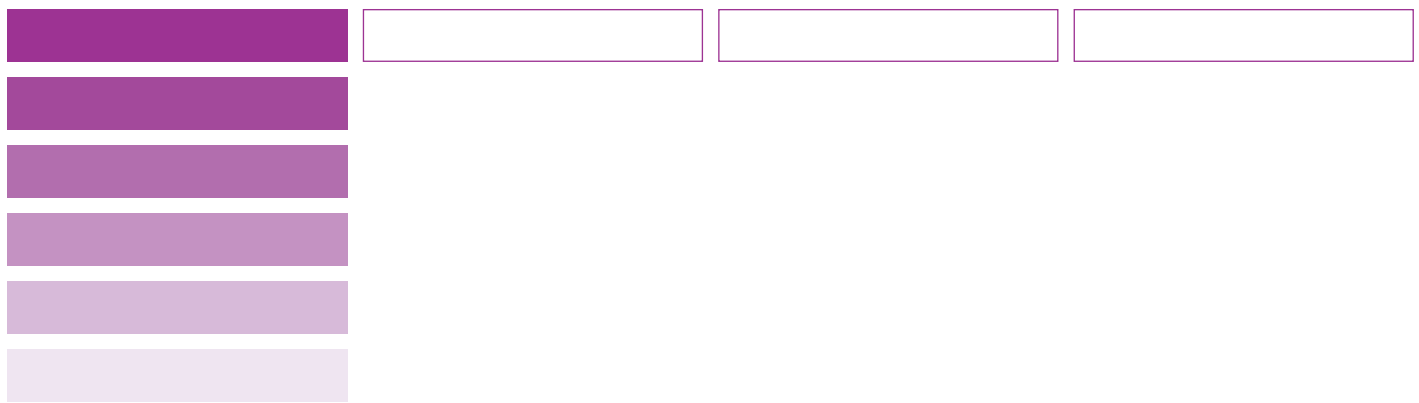
To create a higher value and more robust economy with a wider range of opportunities and pay.

Our objectives are to:

- Transform the geography of Moray by enhancing the quality and speed of transport connections and encouraging the take up and use of broadband and its successors and build on the particular strengths of the area and its businesses.
- Develop a knowledge-based economy with a strong research and development base.
- Stimulate the creation of more new enterprises and the growth of existing ones to achieve more that are significant in the local, regional and national economy.
- Play a full role in the development of the University of the Highlands and Islands, in particular by hosting research institutes which can build on local assets and by developing Elgin as a base for learning and research in national and international niches with a major new city centre campus including learning, leisure and residential facilities.
- Make sure that as many as possible of those leaving the RAF are able to play a full part in the local economy.

The strategy we have designed to achieve this transformation draws heavily on Smart, Successful Highlands and Islands. We want Moray to be making a major contribution to the Highlands and Islands, the North East, and Scotland more generally – in terms of:

- **Integrating Moray into the wider economy**, in terms of stronger connections with Aberdeen and Inverness, and links with the wider UK and international economy.
- **Growing the knowledge base** of the economy by building on our existing sectors.
- Providing major opportunities for the **University of the Highlands and Islands** to become a real driver of the regional economy and recognising learning and research as a foundation stone for a stronger and more robust economy.
- Making Moray one of the **best places in the UK to live, work, learn, invest and visit** and ensuring that its assets and appeal are widely known and understood.
- Ensuring our **young people** get the best start in life.
- Building on our existing competencies to develop our niche in the **development and management of sustainable economies**.



We have reflected Smart Successful Highlands and Islands throughout our approach in terms of the five key levers for success:

- **Population:** we need to arrest the declining population in East Moray and recognise that the increase in West Moray has been directly related to our RAF Bases. We therefore need to keep (and attract back) more of our young people and welcome migrants and help them build a new life in our communities. We need to ensure that the benefits of our strategy are felt throughout Moray and that every community retains its viability, its distinctiveness and its appealing range of services.
- **Place:** Moray is a region of special places and our strategy seeks to further enhance the quality of our towns as places to live, work and visit. We will do this by drawing full benefit from our outstanding natural environment and by developing Moray as a place to engage in, learn about and enjoy arts, culture and sport. We recognise that we need a vibrant city at the heart of the region – and with strong strategic and business connections with its neighbouring cities of Inverness and Aberdeen – in order to drive the regional economy, by providing an appealing destination for inward investment and young people.
- **Productivity:** Our strategy seeks to create more businesses of scale and to develop our existing sectors (notably through knowledge from science and technology) and realise the potential of areas from the ‘new economy’ where the higher costs of a rural North East location can be combated through internet-based working and e-commerce. We also seek to transform our transport infrastructure over the next 15 years, so driving down transport costs and time.
- **Pay:** Moray has among the lowest average pay in Scotland and our strategy focuses on supporting parts of the value chain where high earning jobs are created, notably those in the knowledge economy.
- **Prospects.** Young people who plan to leave Moray tell us there is not a lot for them here and they do not see appealing prospects in the short or even long term. They currently do not have many opportunities for pursuing higher education options locally. Our strategy seeks to transform this perception both by making Moray a better place to be a young person and also by

supporting an array of new developments in sectors such as sustainable development and food and drink technology that will provide a wider range of career options and higher pay. In addition we are seeking to contribute to a vibrant bottom-up community planning process which drives up the engagement of local people in the rejuvenation of their communities and develops new forms of community activity and public service delivery more closely aligned with their needs and priorities.

Our analysis of Moray’s economy in both the regional, national and global context points to a wide range of actions that will build on our current strengths, address the areas that inhibit our competitiveness and exploit the opportunities that the Global economy presents to us.

We have developed a wide range of activities to underpin this strategic intent. These actions have been developed by linking our SWOT analysis of our economy with ideas drawn from our local consultations carried out across the area. These have been considered against current and expected national and international trends to produce a wide range of actions which provide a combination of ‘building on the best’ and ‘charting a new course’ for our economy as part of wider shifts across Northern Scotland as set out in Smart Successful Scotland.

The activities fall into five headings.

1. **Investing in new assets** to contribute to the long term transformation of the economy.
2. **Developing our business and sectoral assets** by building on the success of our larger businesses and sectors.
3. **Developing our people** so they can achieve their potential to contribute to the local economy and the community and in particular helping those leaving the RAF to find rewarding long term futures in Moray.
4. **Developing our nascent assets** by supporting entrepreneurial behaviour helping our smaller businesses realise their potential.
5. **Managing and communicating our progress** and ensuring wide ownership through effective engagement, facilitation and monitoring.

5 Getting there – our strategy and proposed actions

Section 5.1: Investing in new assets

The most significant issue facing Moray is the need to transform its geography from its present relative remoteness, to a position where there are much stronger links to Aberdeen, Inverness and south to the A9, and through these connections to the UK and international markets. Moray needs the infrastructure for business in the 'new economy' as well as learning if it is to realise the potential of its location, skills and resources. At the core of these are greatly improved transport links, but we also need sites for business accommodation, particularly in Elgin and East Moray, with speculative development to lead and generate private sector investment.

In this section we describe our priorities for developing the asset base of Moray. These proposals would be underpinned by **infrastructure development feasibility work** which would aim to establish early cost and design issues to support design, risk management and procurement strategies for the development of new business infrastructure across Moray.

Moray Towns Transformation Programme

This ambitious Moray-wide programme of economic development investments aims to further enhance the quality of life in Moray's main towns, provide major new opportunities for learning and work and contribute significantly to the appeal of Moray as a place to live, work, invest and visit. This will involve an integrated approach in each town to ensure that the towns are safe, vibrant and provide appealing opportunities for new start and small businesses, homes for people who wish to be part of a thriving community and a range of appealing retail opportunities.

This will involve **feasibility work on the development of new infrastructure (Project 1.5)** and include:

- Developing high quality business accommodation at sites in Keith, Buckie, Forres, Lossiemouth and Elgin. Specifically this will include:
 - A new business park is planned for **Elgin (Project 1.3)** to contribute to its crucial role as the regional capital of Moray together with a speculative office building to 'pump prime' the development. The Park at Elgin would enable the city to take benefit from growth in new sectors and would be part of a strategy to help professional firms in inappropriate town centre accommodation move to more productive accommodation, so freeing up town centre space for students and research units associated with UHI and Moray College, alongside a major new city centre campus.
 - A speculative office building at **Keith (Project 1.1)** and a new business park at **Buckie (Project 1.2)**, both aimed at the inward investment market and public sector dispersal, supporting jobs in the service sector.

- The construction of a 1350 sqm clean manufacturing facility at **Forres (Project 1.4)** targeting the electronics/aviation industry.

Projects of a strategic scale have been planned that will help to develop Moray as a 'mini city region' linking Inverness and Aberdeen. These are outlined below:

- Developing an integrated plan for the transformation of **Elgin (Project 1.8)** including the development of a new learning and residential campus in the centre of Elgin which would include new learning facilities for Moray College UHI projects, the **Moray Arts and Design Centre (2.13)**, the **International Learning Centre for Health and Community Care in Remote and Rural Areas (2.5)** and associated residential accommodation. The residential requirements of all these facilities would be considered in a joint accommodation development and management plan in conjunction with the private sector.
- A programme of targeted investment in our key communities in building renovation or replacement supported by environmental improvements, using a circulating fund (ie improve and sell) to gain maximum impact in partnership with the The Moray Council and private sector trusts (**Project 1.9**).
- The extension of roads and soft infrastructure at **The Enterprise Park, Forres (Project 1.10)** to open up the next generation of sites there, together with early planting to enhance its appeal.
- An outstanding **landmark waterfront building in Buckie** aimed at science and knowledge based activities and making a powerful statement about long term confidence in the community (**Project 1.11**).

- A business park with speculative office developments at **Lossiemouth (Project 1.12)** aimed at the inward investment market and public sector dispersal, supporting jobs in the service sector.

Improving transport links

The partners place a very high priority on improving the transport links to both Inverness and Aberdeen (and their airports as gateways to international connections) and to enhancing both the road connections to the A9 at Inverness (A96) and to the A9 via the A95, to strengthen links with the central belt of Scotland and further south. In the short term there is a key priority on strengthening the relationship with Inverness and Aberdeen for both road and rail – in terms of:

- Widening the range of working and leisure opportunities for Moray residents.
- Increasing the ease and speed of commuting (both ways).
- Strengthening the working relationships we want to encourage between businesses in Aberdeen, Inverness and Moray.
- Strengthening the partnership arrangements between the UHI Network activities centred in Inverness and with Moray.

In the longer term we envisage a transformation of the geography of Moray and of the relationship between the two key cities of northern Scotland – Inverness and Aberdeen – by the completion of a dual carriageway between the two cities.

Network Rail will shortly carry out a RUS (Route Utilisation Strategy) analysis of the Inverness to Aberdeen railway line to identify any constraints being placed upon demand for rail services by the physical infrastructure, we propose to build on the conclusions of this study to pinpoint appropriate rail investments along this route.

In taking forward our specific proposals which are set out below the role of the local partners, supported by Highlands and Islands Enterprise, will be to influence (on the basis of evidence, analysis of trends and feasibility studies), to lobby and to gain the support of those who have responsibility for transport issues.

Our specific short term proposals are:

Rail transport links (Project 1.6):

- Support the STAG appraisal of the 'Invernet 2' proposal to enhance commuter rail services between Elgin, Forres, Nairn and Inverness, building on the forthcoming introduction of Invernet improvements to commuting rail travel between Newtonmore/Kingussie to Inverness and Tain to Inverness.
- Act swiftly on the outcome of the RUS analysis to implement early actions to enhance rail services in the light of current and forecast demand, potential for enhancing this demand through improvements, and current physical constraints. Dual tracking at selective points along the Inverness-Aberdeen line to allow an increase in rail volume and alteration to bridge heights to allow greater freight loads.

Road transport links (Project 1.7):

- As a priority, accelerating the start of the proposed Inverness to Aberdeen A96 Corridor Study (which will include road, rail and public transport) by the Scottish Executive, HITRANS and NESTRANS which will help the partners pinpoint the current use of the corridor, the demands upon it and the priorities for investment that will maximise return in terms of reduced journey times and safety.
- Our short term priorities lie with the development of an Elgin to Inverurie dual carriageway, together with single carriageway upgrading and selective dual stretches between Elgin and Inverness as part of longer term progress to a dual carriageway between Inverness and Aberdeen.

Sea Links

Moray has some potentially important sea links, both for commerce and recreation. The Moray Council and HIE Moray have jointly funded a strategic study to enhance the potential of the largest harbour, which is at Buckie. The study is due to be completed and report in early 2006.

5 Getting there – our strategy and proposed actions

Section 5.2: Developing our business and sectorial assets

We have identified a significant range of initiatives which build on our current business and sectorial strengths. These can contribute significantly to the re-orientation of the Moray economy and help it become less dependent on defence. Our analysis has identified a small number of key sectors where Moray appears to have particular strengths, assets or opportunities. Working closely with SDI, we plan to take forward a carefully coordinated series of initiatives as follows:

Institute of Food and Drink Technology

We propose to establish a new **Institute of Food and Drink Technology (Project 2.1)** in Forres (at HIE Moray's business incubator, Horizon Scotland). This will draw together many of the existing branches of teaching and research taking place within UHI. The Centre's activities would be complemented by option modules offered by other Departments within the University, including links into the Agronomy Institute in Orkney, to help broaden out the region's expertise on food and drink.

The science and engineering aspects of food and drink would be explored through research and training in growing technologies, genetics, sustainability of production techniques and packaging/distribution methods. Areas such as nutrition, healthy lifestyles, organic production and the effects of additives would be developed. The packaging, presentation and marketing of products would be developed with both a business and a design focus, and the more psychological sides of consumer behaviour, purchasing patterns and attitudes to food production techniques would be explored under a social science lead.

The rationale behind developing a Food and Drink Institute is based on the following factors:

- The significance of food and drink companies in the area and associated expertise.
- A general shortage of food technologists across the UK, accompanied by a shortage of courses relating to food technology.
- Indications that some food technology companies/ research groups may be considering relocation from the central belt.
- Business research and development in food and drink in Scotland is generally lower than in other business sectors and lower than in the UK as a whole.
- A recognised need to boost the level of graduate-level education taking place within the region.
- Boosting international linkages.



Another key part of the vision would be to enable the Institute to offer 'blended learning', where industry professionals are involved in delivering course content, and students take part in work placements and have hands-on experience within both small and larger companies. The Institute will explore 'earn and learn' programmes where courses are formally structured around periods of employment and study. This could also help foster closer relationships between the education and research sector and the region's food and drink companies.

We would play a lead role in brokering any new linkages, drawing together different disciplines from the UHI Millennium Institute to create a vibrant centre for both food and drink development, packaging, and marketing and for work on the scientific aspects of food production and nutrition.

The Centre will draw on Moray's major branded food companies but also provide support to smaller niche companies and eventually sell research and expertise to an international market. We will be discussing with UHI the scope to underpin The Technology Institute by the creation of a new **UHI Chair in Food and Drink Technology (Project 2.8)** to be in place in the medium term.

Distance Lab

We aim to establish a major new research institute to explore and capitalise on ways of achieving effective interaction between people distant from each other using IT. This project could present opportunities for **skilled personnel from the RAF Bases**, where there is a resource of skills in electronic engineering and software development. The **Distance Lab (Project 2.2)** will generate peer reviewed research and ideas for the development of new interactive technologies and the institute's activities will include the subsequent commercialisation of these ideas through building strong working relationships with key private sector partners. These proposals are at an advanced stage of development.

Sustainability North

The Sustainable Development Research Centre (SDRC) was established at Horizon Scotland in 2003. SDRC is a 'more than profit' research body that develops international and national academic and commercial partnerships to build models and identify performance indicators to help in monitoring and measuring sustainable development.

The organisation provides the necessary mechanisms to develop research activity to aid further understanding of the current environmental and sustainability issues. SDRC is an important part of the infrastructure underpinning our strategy as the Centre seeks to provide SMEs with the stimulus with which to identify new business development opportunities in the area of sustainable development.

Although currently at Horizon Scotland, SDRC will need to expand to a new facility as it matures and we propose to develop a new facility focusing on sustainable development at The Enterprise Park, Forres. The **Sustainability North (Project 2.3)** facility – which would itself showcase leading-edge design and construction techniques for a northern climate – will house a range of linked initiatives including SDRC which is now an Associate Partner of the UHI Millennium Institute and host to the recently announced UHIMI/University of St Andrews joint Academic Chair of Corporate Social Responsibility and Sustainable Technologies. This significant facility will build on the achievements of the SDRC and will be the base for their research and their DBA degree courses, and offer opportunities for skilled and graduate educated personnel leaving the Bases.

5 Getting there – our strategy and proposed actions

Section 5.2: Developing our business and sectorial assets (cont.)

Realising and marketing Moray's Health and Social Care Potential

15% of medical staff and 40% of non-medical support staff who work in the local NHS are related to RAF personnel. The social services also employ a significant number of personnel linked to the Bases. Investing in the health care sector can improve the career paths for people linked to the Bases who work in healthcare, thus strengthening their links to Moray.

Moray can play an important role in contributing to the wide range of initiatives in the healthcare sector that are developing across the North of Scotland. The focus would be on generic medical training of those working in remote and rural areas, and on the management skills needed to run integrated healthcare systems. We will work closely with the emerging healthcare cluster in Inverness and elsewhere in the Highlands to develop a culture of sharing and an environment of co-operation across the sector.

The Moray Community Health and Social Care Partnership aims to become a major net exporter of health and social care services and vocational training. The market in health and social care is a growing one internationally and Moray is well placed to provide more health and social care competence and skills based training. There is a need for more health and social care in Scotland. Moray has a wealth of fixed resources, a new District General Hospital and five Community Hospitals. These services are only sustainable if the area can attract and retain a skilled workforce and provide sufficient volumes of activity to justify their existence. Demographic trends and the removal of MOD jobs threaten the sustainability of these key services which are both fundamental aspects of the appeal of Moray as a place to live and work and also contribute significantly in terms of employment and spend.

It is possible to turn this threat into an opportunity. There is real scope for Moray to create a sustainable health and social care sector inter-linked with a range of connected industries in the North of Scotland. More people can be treated and cared for in Moray: financial resources follow the patient and training resources follow the student. Moray could exploit the health and social care market, particularly the huge market for general training and access to general healthcare (for example, eye surgery, standard orthopaedic surgery, stroke rehabilitation).

This would involve the development of a new UHI associated facility in Elgin linked to the District General Hospital and specialising in four areas set out overleaf.

- We propose to carry out a series of **major feasibility studies (Project 2.4)** to refine the four initiatives around generic medical skills and technologies for practice in remote and rural areas and training those managing integrated health care systems.
- **The development of a major new International Learning Centre for Health and Community Care in Remote and Rural Areas (Project 2.5).** The Learning Centre would focus on the development of generic skills among medical and associated staff who plan to work in remote and rural areas. The trend in recent years has been towards specialisation but the needs in Scotland's rural areas (30% of the national population) are for generalist workers. This will complement the increasing specialisation of training across the rest of the UK and ensure that there is a ready supply of appropriately qualified medical staff for areas like the Highlands and Islands of Scotland. This is in line with the Kerr Report, Building A Health Service Fit for the Future.

The Moray Community Health and Social Care Partnership is already pioneering the development of generic health and social care skills training and this is currently attracting considerable national and international interest. There are currently 300 people going through this training each year and it is clear that there is scope to attract of the order of 600 paying trainees each year to Moray. These trainees would spend between six months and two years in Moray and represent a significant income to the local economy. The related investment in service and training infrastructure will also create permanent employment and strengthen the diversification of Moray's economy.

- **Managing integrated health and social care (Project 2.6).** Moray Community Care Partnership is pioneering integrated community care in remote and rural areas drawing on the combined resources of social work, community medical staff, GPs and hospitals. This involves innovative ways of effective interagency working, client assessment and management and

some developing ideas on effective data sharing. These approaches are of national and international relevance and there is scope to develop a unique Moray based niche in a global market for public health management skills in an inter-agency context.

- **Providing services to the population of the North of Scotland (Project 2.14).** The Moray area could provide a larger volume of health and social care for the North of Scotland population. Patients are willing to travel to Elgin to access the diagnostic and treatment services provided there. Working as a cohesive health and social care unit the area could export healthcare services to patients from across the country. The more this could be achieved the greater the potential for the development of a generic training base in Elgin.
- **Research and development in distance technology (Project 2.15).** Research and development of the technology needed to support generic medical staff in remote and rural areas. This aspect would involve strong links to the Distance Lab and would cover telemedicine and other associated IT approaches to the sharing and discussing of medical information, diagnosis and care. We propose to develop strong links with the new UHI Chair in Remote and Rural Medicine in Stornoway. We will be discussing with UHI the scope to complement this part time post with the creation of a new **Chair in Remote Medical Technology** based at the International Learning Centre and linked to the recently announced UHI Institute of Remote and Rural Medicine.
- The thinking about this Centre is already well advanced and it is clear even at this stage that in order to fully exploit this opportunity a new training facility will be needed in Elgin with lecture and training facilities. There would also be an associated need for residential accommodation. There appears to be considerable scope to link these developments to other learning developments related to Moray College and UHI, and to the newly created Chair of Remote and Rural Medicine in Stornoway.

We are therefore proposing to fund a detailed feasibility study and business planning process to work with the

different partners to develop an efficient model for the building and a business model to fully realise this opportunity.

As part of this proposal we would wish to explore with UHI the creation of a **Chair in Healthcare Training in Remote and Rural Areas (Project 2.17)** and a **Chair in Integrated Healthcare Management (Project 2.18)**.

In depth analysis of key sectors

We propose to commission a focused set of **detailed investigations into the key sectors of Moray (Project 2.7)** in consultation with Scottish Development International. Our economic analysis suggests at this stage a specific focus on:

- Food and Drink: our work to date has shown that there is potential for a specific focus on food technology and we present this in more detail below.
- Healthcare delivery in remote and rural areas and the management of integrated care services.
- Timber and Biomass crops.
- Engineering.
- Tourism.
- Aviation.

...in all of which Moray has some demonstrative comparative advantage at a global level.

In addition we plan to look in detail at the area of sustainable design and construction which will build on the outstanding collection of sustainable green buildings in Moray (e.g. at the Findhorn Community and Horizon Scotland), the focus on construction skills at Moray College, and ways of adding value to the timber resources of Moray.

The purpose of these will be to analyse in detail the business activity in each of these sectors and their potential for growth and added value activity. There will be a specific focus on the potential for local supply chain development. This would help the partners to focus their interventions in those areas where they can make a significant difference to the diversification of existing businesses and the creation of new businesses.

5 Getting there – our strategy and proposed actions

Section 5.2: Developing our business and sectorial assets (cont.)

Food and Drink Technology Conference

Along similar lines we plan to establish an annual **Food and Drink Technology Conference (Project 2.9)**. The aim will be to provide a showcase for local technologies in the sector and a place where the sector can share knowledge and identify and start to take forward new business ideas. The audience would be made up of local key players and we would plan to attract international speakers on leading edge food and drink technologies. There would be a strong link between this conference, our work on developing the sector and specifically the work of the proposed Food Technology Institute.

Moray Timber Industry Conference

We want to build on the pilot this year of the **Moray Timber Industry Conference (Project 2.10)** to support a regular knowledge sharing event with a specific focus on identifying and supporting business opportunities in terms of new markets and diversification. There will be a specific focus on the growing timber market in terms of renewables and sustainability. We expect there to be strong links between this work and our proposed action on sustainable design and construction.

We expect this event to become self-sustaining after an initial three year period (in terms of it being fully funded by participants and exhibitors based on the value of previous events).

Sustainable Design and Construction in Northern Climates Centre

We propose to carry out a feasibility study into the creation of a **Sustainable Design and Construction Centre (Project 2.11)** to be co-located in Sustainability North. This will build on the outstanding collection of sustainable green buildings in Moray (e.g. Horizon Scotland and the 40 examples at the Findhorn Foundation Ecovillage Project which received the UN-Habitat Best Practice Designation in 1988), a local network of specialist architects in this field, the focus on construction skills at Moray College, and ways of adding value to the timber resources of Moray and linking into the new BRE office recently established in Inverness. It would have a specific focus on sustainable design and construction in northern climates and it would forge working relationships with a network of partner organisations in Canada, Scandinavia and Russia to develop cost effective designs and innovative use of timber in domestic housing, business accommodation and public buildings in northern climates with their characteristic features of limited sun, strong wind and relatively high rainfall combined with extended periods of snow and ice (and even continuous darkness) in winter.

As part of the establishment of this Centre we will be discussing with **UHIMI the scope to create a new UHI Chair in Sustainable Design and Construction in Northern Climates (Project 2.12)**.

Support for Manufacturing and Engineering

Moray has a well established engineering base with strong companies and some local specialisms e.g. in the oil and gas sector and distillation equipment.

A range of activities from this strategy will be able to provide significant benefit to this sector, even if they are not sectorally focused. These include the improved **information and advice services (Project 4.1)**, the services of the **DDA Technology Development Manager (Project 4.2)**, the investment behind the **value stream cluster development (Project 4.8)** and the **measures promoting management excellence (Project 4.7)**. In addition, HIE Moray will make full use of the new Scotland-based Manufacturing Industry Advisory Services. The LEC will also facilitate the work of Scottish Development International (SDI) to assist our locally based manufacturing and engineering businesses to develop their global connections and competitiveness.

Support for Tourism

Moray has a superb rural and urban environment. At its heart is the historic city of Elgin with some of Scotland's finest examples of 18th Century architecture. It forms the centre of a network of small historic towns, ports and harbours, each of which has the potential to develop its own market position as a vibrant attraction. The **sectoral investigations (Project 2.7)** will include a strategic study of the potential for tourism in Moray linked to a best practice survey of comparable destinations in other parts of the world. This will form the basis of the development of a coherent destination management strategy and organisation(s) to implement it.

Moray Arts and Design Centre and Academy (Project 2.13)

This facility would provide Moray with a significant arts venue for performance, film, conferences and exhibitions. It would set the pace of regional arts development, offering a facility that supports arts education and the practice and enjoyment of performance and visual arts under one roof. In addition to a theatre, it will incorporate studios and learning spaces for the renowned Fine Art degree of Moray College UHI (one of only five in Scotland), the proposed UHI School of Fine Art and workshops for Fine Art graduates and other artists and crafts people as well as offering a public showcase for their work.

The Moray Arts and Design Centre and Academy will establish links and learn from the extensive performance activities and learning already delivered by Perth College UHI, to help to re-establish Elgin as a thriving and vibrant centre for all the people of Moray with a wide range of cultural experiences on offer. It will also contribute to our efforts to promote and encourage creativity among young people and become a widely used centre for schools across the region.

5 Getting there – our strategy and proposed actions

Section 5.3: Developing our people

It is vitally important to the local economy that we help those who will be leaving the RAF Bases to stay in Moray when they wish to. We have therefore developed a strategy to achieve this which has four elements:

- Developing **clear lines of communication and liaison** with civilian contractors at the Bases, and directly with Base personnel and their families. This will ensure that all those leaving the Bases are fully aware of the support available both for job seeking and for business start up as well as the active marketing of their skills to employers.
- Using our recent Skills Audit to **convey clear messages to local employers** about the range and level of the skills and experience available among those leaving the Bases.
- Establishing a pilot **Job Brokerage Service (Project 3.1)** which will:
 - Gain clear insights into the skills and experience of all those leaving the Bases who wish to stay locally.
 - Market these individuals to appropriate local businesses (in Moray and surrounding areas) which could gain business benefit from their skills.
 - Approach local businesses to gain insights into their current situation and aspirations and the extent to which they could benefit from additional management or technical resources – in other words uncovering latent demand for the skills and experience of those leaving the Bases.
 - Provide advice and support on induction, job trials and training to ease the transfer of Base personnel into new jobs and enhance the confidence and commitment of their employers.

The service would therefore have the three objectives of:

- Raising awareness of the experience and expertise of those leaving the Bases.
- Promoting the value of investing in additional management skills.
- Making bespoke connections between employers looking for skilled staff and Base personnel who could fit the bill.

- Implementing an **Employers' Job Fair (Project 3.2)** programme for local employers and Base personnel to support better networking and sharing of information on job opportunities and available skills. We propose to complement this with support to establish a local branch of the Service Officers' Association.

These four areas of action need to be carefully coordinated and we propose to delegate clear responsibility for this to the Task Force. The Task Force will manage external teams or support to do this work.

We place a high priority on building community capacity, particularly in the light of our finding that Base personnel and their families play a very active role in our local communities. We therefore propose to take action to encourage and recognise voluntary activity and to build the skills needed to contribute effectively to community initiatives. Specifically we propose to take forward:

- **A pilot Community Awards and Volunteer Recognition Programme (Project 3.3).** This will be taken forward by HIE Moray and The Moray Council and involve creating and promoting a range of community awards which recognise particularly active and innovative communities and awards for individual volunteers which will be nominated and judged by their peers in terms of commitment and impact on community health and welfare.

Building on the community awards and volunteer recognition we will implement a **Community Skills Programme (Project 3.4)**, building on the successful MAC Community Leadership and Management Programme supported by Moray Leader Plus. This Programme will be made up of project management, customer service and management skills development accredited and linked to SVQs.

This will be locally developed, commissioned and delivered in all our main towns to ensure that current and potential volunteers across Moray have access to an appealing way of developing the skills they need to be effective volunteers.

The programme will also be designed to build marketable skills which could be used in securing better paid employment. This would be taken forward by HIE Moray

We are also conscious that the scale of those on incapacity benefit is significantly higher than those registered as unemployed by a ratio of 5:1. We recognise that the key partners (Jobcentre Plus, Careers Scotland, HIE Moray, Communities Scotland and The Moray Council) need to work closely together to ensure that realistic opportunities are opened up for those who want to work. Our **Moray Employability Initiative** will use existing resources in a more joined up and focused way to drive up our performance in helping those on incapacity benefit to gain and make progress in work. Our target would be to achieve 200 additional jobs for those on IB per annum. We would achieve this by:

- More effective use of community based groups, services and initiatives to reach out to and engage those on IB.
- Development of a more 'in the round' assessment of needs shared by the key services.
- Enhancing the awareness of the wide range of frontline workers who engage with these clients about employment as an option and appropriate referrals to support progression.
- Working with the Highland Employer Coalition – Moray to promote the skills and experience of this client group to employers and to help them identify ways in which they can meet them half way.
- Linking with the opportunities created through out Moray Microscope programme and with our other business growth initiatives.

Moray has a net loss of over 400 young people between the ages of 16 and 25 each year (Moray 2020, Part 1, pp.16). We need to be proactive in initiating measures to encourage those who have graduated to return and those who have opted to stay for vocational apprenticeships to complete them and stay. **Build a life in Moray (Project 3.5)** is aimed specifically at attracting young people back who have left to go to university and graduated, and also encouraging those who have remained to undertake vocational apprenticeships to remain. It is a multi agency approach involving both the public and the private sector that will focus on two key concerns for young people namely, access to affordable housing and access to career and job opportunities. The project's plans are looking to include:

- Incentives, with private sector partners to offer work placements (with both SMEs and also some of the major employers in Moray) to Moray students either whilst at university or to those who have recently graduated;
- Assistance with affordable housing, possibly with mortgage assistance on the first home purchase or prioritisation in allocating affordable housing stock;
- Targeted support with additional career guidance for young people and intensive assistance including advice, assistance and research for those who aspire to be entrepreneurs.

5 Getting there – our strategy and proposed actions

Section 5.4: Developing our Nascent Assets

Developing our Nascent Assets is intended to increase opportunities for those leaving the RAF to find rewarding and potentially long-term employment in the micro and small business sectors, particularly in high-growth/high-tech firms.

Potential and actual entrepreneurs, as well as SMEs, need access to a high quality **Advice and Information Service**. We propose to develop and promote ‘walk-in’ and mobile advice and information centres for both businesses and individuals – especially those with RAF connections – with on-line access and meeting space and access to professionals in business information.

This is a significant enhancement on the normal level of advice and information services available to business. We will have a specific emphasis on Elgin and East Moray and plan to have a presence in Elgin, Buckie and Keith backed up by mobile facilities to meet needs in upper Moray, Lossiemouth and Kinloss.

An initial support package is near to confirmation to establish a **Technology Development Manager (TDM) from the Defence Diversification Agency (DDA) (Project 4.2)** at Horizon Scotland in Forres. The DDA (a branch of the Ministry of Defence) helps businesses identify and specify their need for technological solutions and combs the MoD’s Science and Technology base for solutions. With the specification in place the DDA can then broker relationships with both defence and private sector expertise to help businesses move forward. While the TDM resource will be available for companies across the Highlands and Islands we expect there to be a focus on Moray companies because of the local opportunities that we will be developing through the wider programme of support.

Encouraging entrepreneurial development

There appears to be significant scope to enhance entrepreneurial behaviour in Moray with the twin objectives of driving up business start up and growth and making our young people more effective employees. We are proposing to take action in three areas:

- **Realising the SME start up potential of RAF leavers (Project 4.3).** We plan to work closely with the RAF and the DDA so that we can identify interest in entrepreneurial development and support this – starting before leaving dates with individual support, workshops and, where appropriate, the development of ideas by small staff teams.
- **Promoting entrepreneurship and creativity (Project 4.4).** We plan to drive up entrepreneurship and innovation with a programme of events that can showcase high profile innovators and entrepreneurs to provide examples and challenges on entrepreneurial and innovative thinking that can inspire local businesses and their leaders. We envisage three strands to this programme:
 - **Moray Entrepreneurship and Creativity Week.** An annual week long series of activities focusing on events surrounding the promotion of entrepreneurship and creativity, combining business innovation, technological innovation and creativity and the arts. This would be developed in partnership with the private sector and representative organisations.
 - **Entrepreneurship Master Classes.** Throughout the year we would design and deliver a Master Class series of key speakers on fostering entrepreneurship and creativity, and conclude during the Week with the climax of an international ‘big name’.
 - **The Moray Entrepreneur Network.** There is a newly formed Moray Entrepreneurs’ Group who have already organised a successful ‘Moray Showcase’ event in September 2005. We are keen to build on these activities and therefore propose to enter into detailed discussions to explore ways in which we can help them sustain and enhance their support for local entrepreneurship.
- **Moray the Brand (Project 4.5).** Although we have some important international brands based here, awareness of Moray as a place and people’s perceptions of what it offers both fall short of where we need it to be if we are to attract entrepreneurial talent and young people to

reinvigorate the demographic profile of its population. Moray the Brand is a project to brand, position and market Moray as a place, building on our strengths to enhance awareness and encourage inward migration and investment, and visits for leisure and learning.

Moray has a business structure which can be characterised as three groupings, each with distinctive needs and issues: Micro businesses, businesses of scale and key brands. We have developed approaches to support the success of each of these:

Micro businesses

Micro businesses form by far the largest group which make up three quarters of all businesses in the region. They provide the feedstock for tomorrow’s growing companies. They can only expand through recruitment but very small businesses find this particularly hard with lots of bureaucratic procedures and requirements to follow. If micro businesses are helped through these it can make a real difference to recruitment levels. And if the business leaders are helped to develop their skills in areas like marketing, management and customer relationships the medium term impact can be highly significant in an economy like Moray’s. We therefore propose to introduce a **Recruitment and Skills Programme (Moray Microscope: Project 4.6)** targeting this sector and with an objective of 350 programme businesses creating 400 jobs over a three year period. This will supplement the highly accessible **Advice and Information Service (Project 4.1)** for new starts and small businesses in Elgin and East Moray.

The **Moray Microscope** would have three key design features:

- It will be built on a strong partnership of organisations each of which have a strong commitment to the success of micro-businesses in Moray, together with key providers of advice and information including HM Revenue and Customs, Health and Safety Executive, and Home Office and Work Permits (UK).
- The model will build on the successful Recruit Sutherland model and enhance it with a focus on the subsequent development of staff and leadership skills after recruitment has taken place and longer term mentor support to build forward momentum and deal with issues such as effective succession which are vital to sustain small businesses in our smaller communities.
- The model will include a particular focus on promoting the growth of small businesses in the social economy.

5 Getting there – our strategy and proposed actions

Section 5.4: Developing our Nascent Assets (cont.)

Growing businesses of scale: Promoting management excellence (Project 4.7)

There are a number of ambitious small businesses in Moray with real scope for growth. We aspire to have in our businesses and organisations across Moray the highest standards of corporate and management excellence. The objective will be to drive up organisational performance, create an appealing cadre of outstanding young managers who will create spin-off companies and attract small ambitious companies and drive up the standards of our public services as part of the appeal of Moray as a place to live, work and invest. Finally, we would like to use the approach as a way of building strong working relationships between the public, private and third sectors by promoting management excellence in an integrated way across all these sectors.

We would achieve this in three ways:

- Encourage the establishment of a **business CPD organisation**. This would build on the successful Institute of Directors Highlands and Islands programme and we propose to work with other private sector and academic partners to support the establishment of a private sector based centre for management excellence providing CPD for the business professions (Marketing, Management, Engineering, HR and Accounting). It should also be linked to the UHI Millennium Institute College of Management and discussions are taking place with the UHIMI Dean of Management Studies.
- The work of the CPD organisation would be supported by an annual series of **Management Excellence Events** which would involve a range of formats – from workshops drawing on local expertise to Master Classes involving acknowledged experts from elsewhere.
- We would pump-prime the creation of local **Management Excellence Networks** which would involve the facilitation of small Moray wide groups of about 12 managers committed to sharing their particular expertise and good practice with each other. After the initial 18 months of active support each group would be in a position to decide whether or not it wanted to continue. Our funding would support the administration of each network for an initial 18 months involving regular workshops and support from an experienced business

mentor, together with the promotion needed to attract and select members. Each network would then become self-supporting. We would aim to work closely with the Institute of Directors (IoD) who are currently recruiting Moray companies for their successful corporate leaders programme, and other relevant management development organisations.

Our focus will be on:

- Identifying local businesses that could benefit from this 18 month programme and ensuring that they have an opportunity to commit to it. If the demand exceeds the capacity of the current programme we will support its expansion.
- Ensuring that HIE Moray is supporting the programme and its outcomes by providing appropriate support as the business leaders identify appropriate actions.
- Developing a client manager service to work in the long term with the appointed business mentors on this programme.
- Supporting additional network meetings and activities according to need and demand.
- Working with staff from the IoD and/or other relevant management development organisations to identify additional opportunities for focused business support and networking in Moray.

We would support these activities with information and expert advice, giving particular attention to the key issues of the management of accelerated business growth including sourcing additional capital, managing intellectual assets, developing alliances and networks and supply chain management. This support would provide access to the latest thinking on high growth enterprises including case studies and mentoring providing insights on best practice.

Key brands

There are a small number of key companies in Moray – for example, Baxters, Walkers, Johnston's, Forsyth's and Vertex. Some of these brands are in major markets; others are strong in small high value niche markets (e.g. Gordonstoun in private secondary education). We have been building our working relationships with these companies and now propose to drive up our support for their supply chains to ensure that the potential for local supply is fully realised. Our major **Value Stream Cluster Development (Project 4.8)** is designed to achieve this.

This Project, which we would take forward in close consultation with SDI, will also focus on Moray's successful businesses. It will use intense entrepreneurial, technological and innovation advice and support, together with business strategy and corporate finance advice to focus on opportunities surrounding existing value chains to diversify and create new businesses. The initiative will seek to lever in risk capital from both Scottish Executive sources and the private sector.

There will be strong and active links between these programmes and the Bespoke Job Brokerage Service described earlier. This will make sure that where there may be opportunities to deploy the skills and experience of those leaving the Bases the connection will be made between the company and the individual.

This work will be underpinned by action in three generic areas: **technology development**, encouraging **entrepreneurial behaviour**, and **promoting management excellence**.

Promoting technology development

We plan to underpin our initiatives to develop Moray's knowledge economy with support to establish a **Moray Science and Technology Festival (Project 4.9)**. This will build on the established Moray College Science week and draw on its lessons and achievements. The emphasis would be on our priority sectors and initiatives to reinforce Moray's global niche in these areas. While the Festival would be aimed at the general public and local businesses there would be a specific focus on SMEs and people under 20.

We expect to attract a range of national and international speakers together with exhibitions and practical workshops, experiments and 'natural science' experiences together with outreach to primary and secondary schools across Moray who would each run parallel '**Coolsience' weeks (Project 4.10)** which infuse the whole range of their curriculum. These school based weeks would be supported by a full time science and technology adviser who would be based at Horizon Scotland and whose job would be to promote young people's interest in science and technology and provide teachers with ideas, support, tools, and access to resources, making particular use of existing resources which are available in published form or on the internet.

- **Schools entrepreneurship and technology programme (Project 4.11)**. We plan to promote entrepreneurial behaviour by building on the current Determined to Succeed Programme with some private sector contributors, using the specific peg of technology to connect to our objective of enhancing our knowledge economy. This would involve a range of specific projects to:
 - Develop and apply technological solutions to everyday situations.
 - Draw on young people's technological ingenuity to develop solutions to the problems that organisations face – including businesses, schools and other public organisations.
 - Help young people to develop technological solutions to the way in which services for young people are designed and presented.
 - Support young people in their production of new technology based product and service ideas.

5 Getting there – our strategy and proposed actions

Section 5.5: Managing and Communicating our Progress

We have developed a range of actions which ensure that in designing and taking forward our strategy we have:

- Solid information and insights in terms of the Base skills, the impact of reductions, the Moray economy and its strengths and weaknesses.
- Insights into good practice around the world in terms of features and ideas underpinning successful responses to base contraction and closure.
- Engaged with all the key local stakeholders and communities and established an effective long term programme of communication and review with our communities.
- The staff resources we need to manage and monitor implementation.
- Comprehensive insights into the performance of our economy and the perceptions of residents against which we can measure our progress and success.

We have therefore set out a programme of activities which help us ensure that we have these crucial underpinnings in place:

- **RAF Skills Audit (Project 5.1).** This has now been completed and has helped us gain a detailed understanding of the skills present on the two Bases. Provides information to inform future planning and development of initiatives.
- **Stakeholder and public consultation exercise for Moray 2020 (Project 5.2).** This involved the design and delivery of a number of events with different parts of the community to inform and disseminate information and gather views on the future strategy, and to ensure key involvement from all the stakeholders in the Moray area. The exercise will be continued with a series of community consultations, information dissemination, and ongoing review.
- **Moray Task Force Project Team (Project 5.3).** We will establish the presence of the Task Force Project Team within HIE Moray for three years
- **MoD Liaison services (Project 5.5)**
 - **Defence Diversification Agency.** Specialist liaison services of a sensitive and confidential nature by the DDA Asset Diversification Team to provide the partners with an understanding with which to help us influencing the future use of any physical defence assets that may become available for potential alternative uses and functions.
 - **Local consultancy support.** Liaison with civilian contractors, Base personnel and families to raise awareness of HIE Moray and other stakeholder services and enable access to those early retirees using existing former RAF staff as a conduit.



- **Defence Base international benchmarking study (Project 5.4).** This has involved the commissioning of expert help to study and to gain rapid understanding internationally of best practice in Defence Base and asset diversification. This study is now complete and it has informed the production of our strategy and the design of our proposed interventions and management structures.
- **Capitalising on the International Benchmarking studies (Project 5.6).** To follow up on the Benchmarking studies with all stakeholders, public and private, and to ensure a shared and common understanding of the development and implementation of Moray 2020 using a series of local seminars and some major learning journeys to areas and projects from which we need to learn.

In the medium term it is hoped resources will be available to improve the information gathering and dissemination of the strategy. These are listed below:

- **Economic audit and indicators tracking (Project 5.7)**
An ongoing project to track the changes and progress of the economy over the next five years and provide feedback, information, and resource for planning and decision making. This is an integral part of monitoring and reviewing our progress and will provide a key part of the management information we need to manage and refine the implementation of the strategy.
- **On-going community engagement and communications strategy for Moray 2020 (Project 5.8)**
Work carried out in the area to develop the commitment and involvement of local communities in their economic destiny. This is both an education and a consultation programme.
- **Enhanced measurement of the impact of economic development – Wellbeing Index Pilot (Project 5.9)**
Development of a new holistic measure of economic impact in Moray which would focus on wellbeing and prosperity. The Project will involve working closely with the Scottish Executive to research measures, understand existing benchmarks, develop a methodology appropriate to Moray (but which is robust enough to use across Scotland) and implement a pilot, which if successful could be used regularly thereafter to compare to a base-line.

5 Getting there – our strategy and proposed actions

Section 5.6: Setting our Priorities

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The range of actions we have identified comprises 56 individual projects, and we have undertaken a careful prioritisation exercise to generate an achievable plan that reflects the urgency of the situation, addresses the most important matters with the highest economic impact, and is within the capacity of the partners to deliver. Each project has been individually prioritised, although of course in most cases before commitment a full appraisal will be required.

The highest priority projects are the establishment of the Task Force and a number of relatively inexpensive initiatives to ensure that what can be retained and reoriented of the skills released from the RAF is retained. Structures and initiatives must be put rapidly in place to channel as much as possible of the skills and energy of the people released into local economic endeavour.

The compounding of the relatively remote geographic position of Moray by outdated transport infrastructure is the most all-pervading structural limitation on Moray's prosperity. Securing commitment to road and rail improvement in the next round of national transport infrastructure investment therefore joins these very high priority activities, although the capital expenditure will come from other budgets. Also amongst early high priority projects are some pieces of strategy-setting work to follow on from the current document and to target, design and appraise the practical work to follow.

Next come a range of initiatives intended to accommodate and intensify the knowledge content of the economy, and in particular to build upon and secure Moray's significant competitive strengths. These add a knowledge dimension to what are already very practical success stories in food and other manufacturing. They also build on nascent strengths in renewable and sustainable economic activity, and in serving communities across large distances with poor physical connectivity, and are consistent with the emphasis placed by HIE on the UHI project.

Those initiatives are expected to generate a stream of innovations, and need to be supported by a set of initiatives that contribute to an innovative climate. These address commercial and social vitality and youthfulness, and focus on the economic development aspects of Elgin and the towns, especially East Moray.

We have addressed the degree of urgency, the likely impact, and the practicality of each proposal. The impact involves the number and quality of jobs created, the links into the existing competitive strengths, proven success and effect in consolidating economic performance, and the extent to which it addresses the geo-economic and strategic situation of the district. Practicality combines an assessment of our ability to lead and carry through, and the extent to which the project marks an appropriate policy response easily linked to the public perception of today's critical situation.

The scoring of priorities is summarised in the table overleaf. The underpinning details are set out in Appendix 4.

Moray 2020 Priority Scores

The higher the score the higher is the priority.

Project No.	Project	Priority Score
5.3	Moray Task Force Project Team	24.9
5.1	RAF Skills Audit	24.3
5.4	Defence Base international benchmarking study	24.2
1.7	Transport Links – Road – Elgin to Inverurie dual carriage way, single carriageway upgrading and selective dual stretches between Elgin and Inverness	23.8
1.6	Transport Links – Rail – Dual tracking at selective points in the Inverness Aberdeen to line to allow increase in rail volume and alteration of bridge heights to allow greater freight loads	23.7
1.3	New Business Park – Elgin – Acquisition of land and site preparation	23.5
1.4	New 1350 sqm clean manufacturing facility – Forres	23.3
4.2	Defence Diversification Agency – Technology Development Manager (TDM)	22.1
1.5	Infrastructure Development feasibility work	22.0
1.2	Business Park with speculative office at Buckie	21.9
1.1	Speculative office at Keith	21.6
5.2	Stakeholder and public consultation exercise for Moray 2020	21.5
5.7	Economic audit and indicators tracking	20.3
3.1	Bespoke Job Brokerage Service for Moray – pilot project and roll out	19.8
2.2	New Research Institute – Distance Lab	19.8
2.1	Institute for Food and Drink Technology	19.1
4.6	Micro business project for achievement in HR – Moray Microscope	18.4

5 Getting there – our strategy and proposed actions

Section 5.6: Setting our Priorities (cont.)

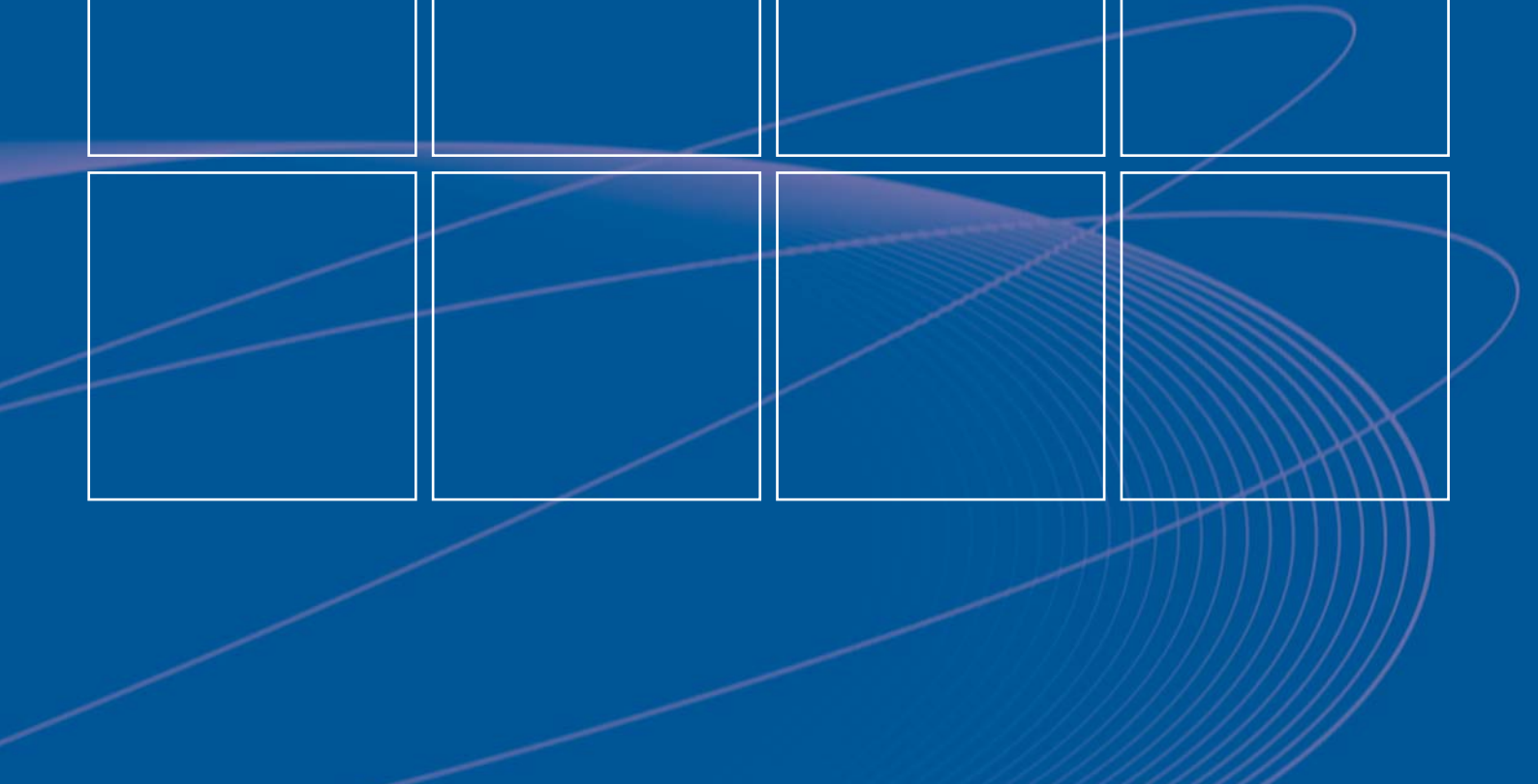
Project No.	Project	Priority Score
5.6	Capitalise on the International Benchmarking studies	18.3
2.7	Detailed Research into sectoral strategies for growth	18.3
1.11	Science Campus building – East Moray	18.3
5.8	On-going community engagement and communications strategy for Moray 2020	18.0
5.5b	(b) Local consultancy support	17.9
2.3	Sustainability North – Forres	17.8
3.2	Employers Jobs Fair programme	17.5
2.5	International Learning Centre for Health and Community Care in Remote and Rural Areas	17.5
5.5a	MoD Liaison services (a) Specialist liaison services of a sensitive and confidential nature by the DDA Asset Diversification Team understanding and influencing future use of physical defence assets and potential alternative uses and functions	17.5
2.4	Realising and marketing Moray's Health and Social Care potential	17.3
4.9	Science and Technology Festival	17.2
4.1	Bespoke Advice and Information service for new and existing businesses	17.0
1.10	Extend roads and soft infrastructure – The Enterprise Park, Forres	16.6
2.15	Research and Development in distance technology	16.5
2.14	Promoting Moray as a source of North of Scotland healthcare services	16.3
2.17	Chair in Healthcare Training in Remote and Rural Areas	16.1
2.18	Chair in Integrated Health Care Management	16.1
4.8	Value Stream Cluster Development	16.1
2.13	Moray Arts and Design Centre	15.9

Project No.	Project	Priority Score
2.6	Managing integrated health and social care	15.6
2.8	Chair in Food and Drink Technology	15.5
2.9	Food and Drink Knowledge Sharing Event	15.2
5.9	Enhanced measurement of the impact of economic development – Wellbeing Index Pilot	15.0
1.8	City of Elgin – Urban economic transformation programme	15.0
2.10	Timber Industry Conference	14.9
1.12	Create a new business park for Lossiemouth	14.8
2.11	Sustainable Design and Construction Centre	14.8
3.5	Build a life in Moray	14.5
1.9	Moray Towns economic transformation project	14.1
4.3	Promoting SME start up from the RAF	14.1
4.7	Growing businesses of scale – Promoting management excellence	13.8
2.12	Chair in Sustainable Design and Construction	13.1
2.19	Promoting the Moray area as a place in which to live, work, and visit	12.3
4.4	Promoting entrepreneurship and creativity	12.1
3.3	Pilot volunteer recognition programme with Moray Council	11.0
4.10	Coolscience weeks	10.6
4.11	Schools Entrepreneurship and Technology Programme	9.5
3.4	A community project management, customer service and management skills development programme	

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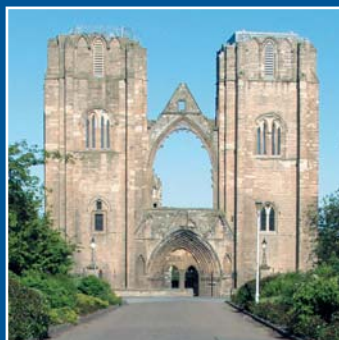
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SECTION 6

THE DIFFERENCE WE WILL MAKE



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6 The difference we will make

This strategy has been designed to improve the lives of everybody in Moray, and the many people who come into contact with Moray. The likely impact of each of the projects described in Part 2 will require a proper appraisal, but to check the overall approach for consistency we have outlined two scenarios to see that each can be reconciled with a consistent view of the economy.

We begin with a 'nowcast', or view of the economy in 2005. Then the first scenario, '2020 success' assumes that the strategy is successfully implemented, as outlined below. The second, '2020 misfire' is essentially 'business as usual', taking the official population projections, traditional British (sluggish) levels of productivity growth and so on.

Key assumptions are and projections are as follows.

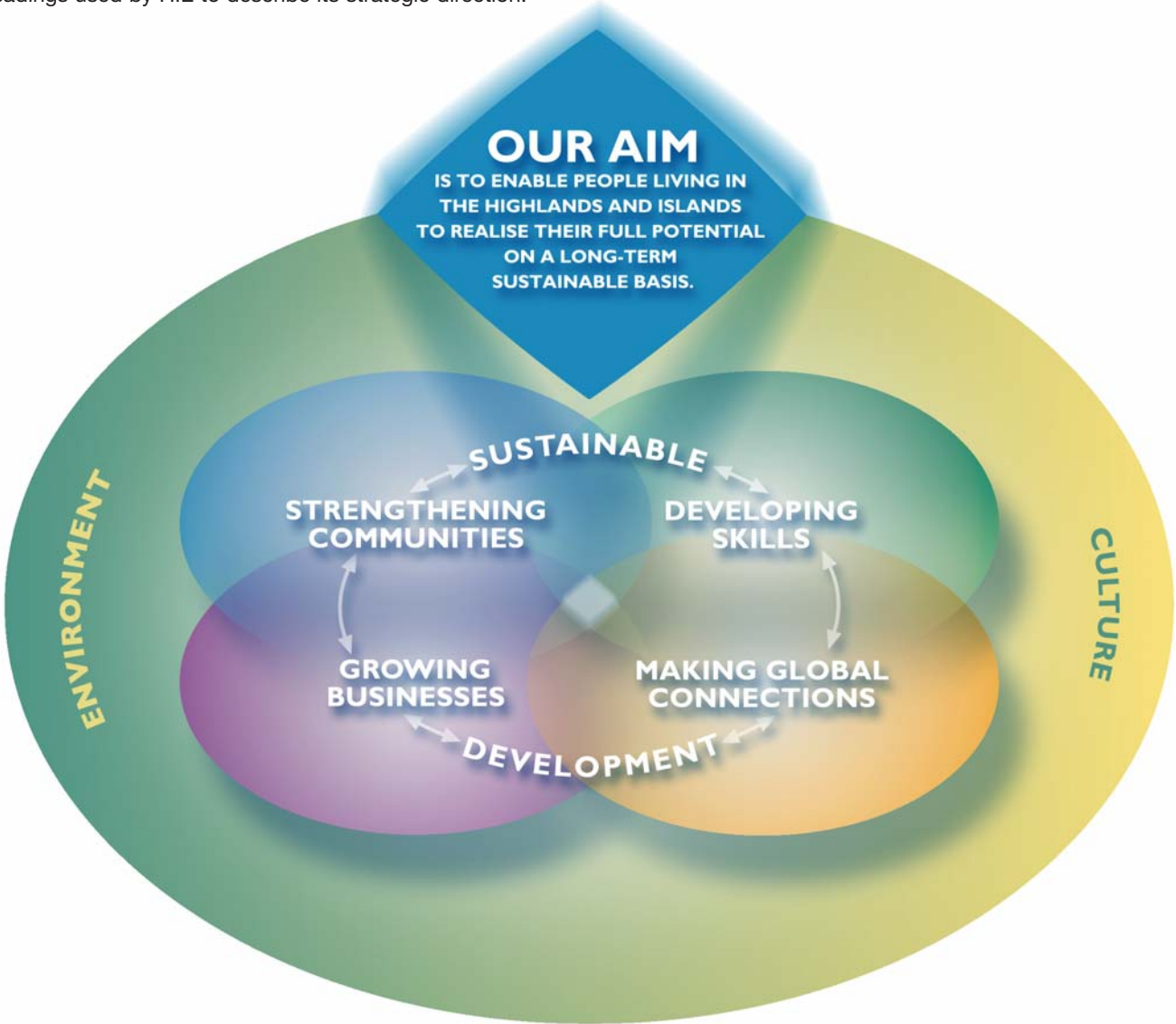


Strategy targets and assumptions	Units	2005 provisional	2020 success	Growth rate	2020 misfire	Growth rate
World GVA	£ bn	34,900	72,500	5.0%	72,500	5.0%
Moray GVA	£ bn	1.36	3.11	5.7%	1.82	2.0%
Share		0.0039%	0.0043%		0.0025%	
Employment	No. of jobs	38,300	41,000	0.5%	36,000	-0.4%
Productivity	£000/job	35.509	75.860	5.2%	50.680	2.4%
Self employed	No. of jobs	6,000	6,600	0.6%	5,000	-1.2%
Employees	No. of jobs	32,300	34,400	0.4%	31,000	-0.3%
Employment income	£ bn	0.85	1.76	4.9%	1.27	2.7%
% of GVA		63%	57%		70%	
Employment cost/head (national accounts basis)		26.400	51.100	4.5%	41.100	3.0%
Gross profits & self employed income as % GVA		0.51 37%	1.35 43%	6.8%	0.55 30%	0.5%
Population	No. of people	87,700	91,000	0.2%	80,000	-0.6%
Labour market participation		44%	45%		45%	
Source: DREAM@outlook Ref P181\target reality check						

6 The difference we will make

The ‘2020 success’ scenario has been built around an assumption of significantly improved infrastructure, reducing costs and increasing the competitiveness of almost all Moray’s business in their markets, and substantial productivity growth. This would be achieved both through technology enhancement and innovation in existing industries, and by the development of higher-value-added industries, including knowledge-based services, so that the district average rose. Significant real income growth would reduce the disparity in prosperity, while still allowing profitability to increase so that Moray is a more attractive place to invest.

The difference that successful implementation will make to the quality and prosperity of life can be summed up under the four headings used by HIE to describe its strategic direction:



Growing Businesses and Making Global Connections

Moray is not a large economy, amounting to only 0.004% of the world economy, but Moray's most successful businesses have sectoral shares of thirty times this figure and, of course, product market shares much higher than this. By improving productivity, attracting additional company functions to Moray, and developing the brands and marketing, these key sectors will be enabled in the success scenario to increase their market presence and other businesses already substantially represented enabled to join them. To achieve an increase in the overall figure to 0.0045% of the world economy would mean average sectoral growth rates of almost 6% per year, likely to be achieved in steps, for example associated with inward investments, and steady increases, for example as a result of business processes improving and the gradual winning of market share. Increased wealth creation would become part of attracting people to the area

The misfire scenario is based on sluggish growth and would entail loss of market share, with an end result of only half the sales and value added of the success scenario. Exports would contract, and profitability would decline, so that innovation became unaffordable. Low wages would contribute to out-migration and some firms would close because of low profitability. Little or no significant new business would develop and existing businesses would contract. We emphasise that this has **not** been created as a disaster scenario, but is a slightly gloomy view of quite conventional developments.

Developing Skills and Strengthening Communities

Growth as envisaged in the success scenario would transform Moray into a relatively high-income economy, achieved both through improving the mix of jobs and funding increases for the type of work done now, albeit at much higher productivity levels. The improved human resource base will be achieved in part through in migration targeted at high-capability talented people, but also by an upskilling of today's residents. Prosperity brings new investment and freshness, not only in business but in personal and public assets. These developments will bring their own changing social mix, and help to generate a culture with a genuine 'buzz' with a lot of energetic younger people bringing new diversity to Highland communities.

The misfire scenario continues out-migration of young people, with scant success at attracting replacements. The loss of people of childbearing age means that fewer children are born, and public authorities have to cope with closing facilities and increasing dependency of older people on tight budgets and a low tax base. There is less work for an increasingly ageing workforce, and participation in economic life is eroded. There is little money for maintaining the built environment, with the consequence that tourism falls away and Moray becomes a depressing place to be.

The difference

These scenarios, deliberately simple, contrast a virtuous cycle with a vicious cycle. The difference may seem large, but the sceptics should ask themselves how neighbouring Inverness would have fared with no A9 or bridge, no special public investment or proactive development agency, no Lifescan, no strategy and no confidence.

Overleaf we present the key differences between our three scenarios.

6 The difference we will make

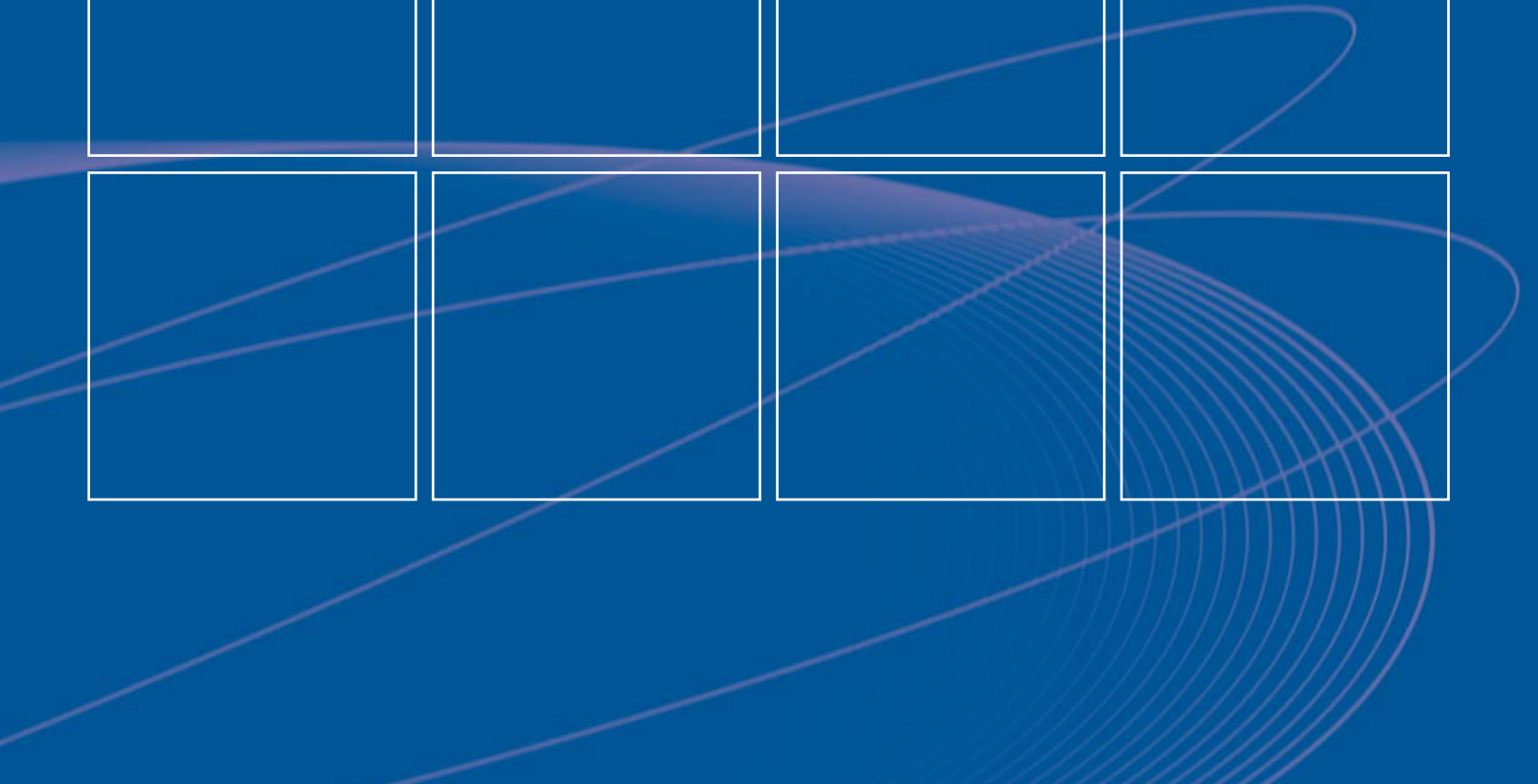
Aspect	2005	Action Plan implementation 2020	Limited action scenario 2020
Connections	We have poor connections with Inverness and Aberdeen and relatively low use of Broadband.	We straddle the thriving Inverness/Aberdeen corridor and play a key role in their local city economies. Our businesses are actively engaged with international businesses and markets.	Connections with Inverness and Aberdeen have improved but remain time-consuming and congested. We are an economic backwater.
Economy	21% of those in work are employed by the two RAF Bases.	Less than 10% of those in work are employed by the RAF.	More limited growth means that over 15% of those in work are employed by the RAF.
	We are a defence dependent economy with limited opportunities for our young people.	We have a forward looking, robust economy with a wide range of opportunities for our young people.	Our economy is less defence dependent, but is extremely vulnerable to global changes. Some of our key employers have closed or moved elsewhere, creating real fragility.
	We have the lowest average wage rates in the North of Scotland and one of the lowest in Scotland.	Our average wages have been growing at 4.5% per year on average giving us one of the highest average wages in Scotland.	We still have the lowest average wage rates in the North of Scotland.
	We have very little in the way of a research base for competitive knowledge creation.	We have a thriving research base with 5 major Institutions that have UK recognition and some International recognition.	We struggle to attract research organisations and researchers and have failed to realise the local potential of Moray College as a key partner in UHI.
	We are gaining limited value from the supply chain of our key employers.	We have successfully developed strong and innovative supply chain activities around our key local and regional employers.	We have made some progress in developing local supply chains but the benefit has been more than cancelled out by closures and removals.
	We have a relatively low rate of business start up and survival.	We have the highest rural start up rates in Scotland and the highest proportion becoming businesses of scale.	We still have a relatively low rate of business start up and survival.

Aspect	2005	Action Plan implementation 2020	Limited action scenario 2020
Population	The increases in our population between 1991 and 2001 can shown to have originated from the defence sector.	Our population has increased by 0.2% per year and we are attracting significant numbers of young people to our University Campus in Elgin and to linked research institutions and their spin off businesses. The benefits are being felt across Moray.	The population has declined to 80,000 which is threatening the viability of many of our smaller communities.
	Net out migration means we are losing 40% of those between 17 and 35.	The 17 to 35 age group has a net increase, many from students and young people coming to study live and work in the superb quality of life found here.	We are still losing most of our young people after school and very few return, so our population continues to age.
Higher Education	Moray College provides a high quality FE experience for its students but unable to compete with the lure of HE elsewhere.	Moray College now runs a range of UHI Degree Courses and there is an expanding city centre campus in Elgin bringing FE and HE students together in a lively city setting.	We have failed to build significantly an appealing base for HE provision.
Knowledge Economy	We have some real potential to develop the knowledge components of our local economy.	We have made major strides in developing our knowledge economy, with a regular flow of spin off businesses from our research Bases and close working relationships between these Bases and local and international businesses.	We have failed to realise our potential despite the North of Scotland making significant strides in developing its knowledge economy.
Tourism	We have some high quality tourism products and accommodation but our potential remains significantly underdeveloped and promoted.	We have developed Moray as a very high quality global destination building on our landscape, our local products and our welcome.	We are struggling to make headway in an ever more competitive sector.

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SECTION 7

MANAGING THE TRANSFORMATION



7 Managing the transformation

In this Section we describe:

- The key parties involved in the design and implementation of the strategy and their roles in taking it forward.
- How we will work together and how the implementation of the strategy will be managed.
- How we will measure and review our performance.
- How we will ensure that our activities are carefully coordinated and integrated for maximum impact.

Key parties, their commitment and roles

The key parties to this strategy are:

HIE Moray which is the Local Enterprise Company and part of Highlands and Islands Enterprise. It has responsibilities for business growth, skills and community development across Moray. HIE Moray has been given responsibility for leading the development and implementation of the strategy and has established a Task Force to ensure effective communications with the RAF Bases and the MOD and to drive and coordinate the implementation of the Action Plan.

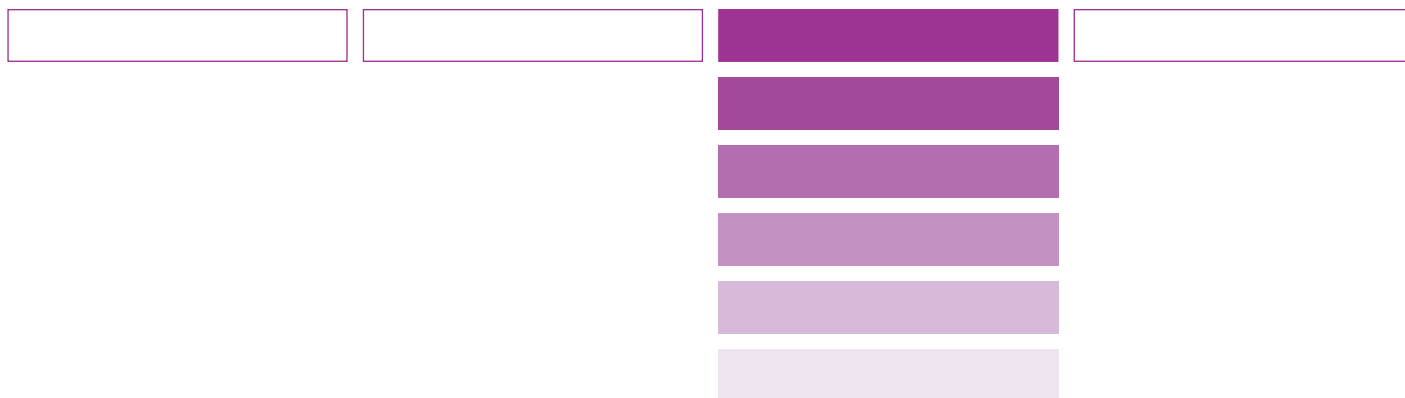
Careers Scotland is part of the HIE and has a key role in helping individuals of all ages become skilled and effective career planners.

The Moray Council which is the local authority for Moray. The Council sees its role as supporting the economy through delivering relevant and high quality services and it works closely with HIE Moray and sees the LEC as the lead economic development agency for the area. It has a key role in the development of infrastructure and for regeneration of towns and villages, and it has an extensive portfolio of industrial land and property. It has a team that assists both urban and rural regeneration and community development. It also has a team dedicated to securing external funding for both the business and social economy.

Jobcentre Plus is accountable to DWP Ministers. They have responsibility for strategy and funding for client engagement, job search, vacancy handling, benefits handling, and employer engagement. They have Jobcentres in Elgin, Forres and Buckie and have a particular focus now on helping those on Incapacity Benefit and Income Support to find work. They will have a key role and close liaison with the Task Force on RAF in working with employers locally.

Communities Scotland (North East Office) which has a key role in ensuring the delivery of Regeneration Outcome Agreements and Closing the Opportunities Gap targets; Registered Social Landlords; investment in regeneration and housing to create training and job opportunities; funding social economy organisations; Adult Literacy and Numeracy. In partnership with housing associations, The Moray Council and others, they have a key role in improving the attractiveness of Moray as a place to come to live and work in.

NHS Grampian has a key role both as a provider and as a key deliverer of services which have real potential for developing further and becoming a source of external income and inward investment.



East of Scotland Partnership Programme (EU) and Highland and Islands of Scotland Partnership Programme (EU) may have a part to play in the support of the initiatives where there remains capacity within appropriate measures, where they meet with their priorities, and where there may be an opportunity for early expenditure to meet the remaining time limits of the schemes.

UHIMI and Moray College

The University of the Highlands and Islands Millennium Institute and their local Academic Partner, Moray College are vital partners in implementing our vision, particularly in terms of key drivers of our learning and research aspirations. We envisage that Moray can host key parts of the University in terms of both learning and research, and also that our proposed initiatives will have strong links across the UHI network. The Sustainable Development Research Centre is now an Associated Institution.

Private sector investment has a key role to play in following the public intervention on key schemes, supporting property investment opportunities where the risk profile can be brought within acceptable parameters, and this will be explored through the use of special purpose vehicles and JV arrangements.

Working together and implementing the strategy

HIE Moray is leading the production of the strategy and the Action Plan on behalf of the Moray Local Economic Forum and the Forum will be the place where partners report their progress against their specific responsibilities for delivery.

HIE will be accountable to the Scottish Executive in terms of managing additional financial support from the Scottish Executive on the basis of this Action Plan and delivering against targets agreed with the Executive.

HIE Moray has established a Task Force based at HIE Moray who will chase and monitor progress, maintain connections with the RAF Bases and ensure that the important connections between the different projects are made to realise the full impact of the Action Plan as a whole. This Task Force will report on progress through HIE Moray and the LEF to the Community Planning Partnership. HIE Moray will be responsible for reporting on the progress of the strategy as a whole to HIE and through them to the Scottish Executive.

Measuring and reviewing our performance

We will establish a detailed implementation plan setting out individual project plans with key accountabilities, deliverables, timescales and budgets. The responsibility for individual projects will lie with an accountable project leader and the Task Force will monitor the implementation of the Action Plan as a whole. The Task Force will focus on exceptions to individual project delivery plans and advise on corrective action.

In addition the Task Force will be responsible for analysing and interpreting a range of economy and qualitative data which describes the health of the Moray economy and its people in the round. Conclusions and recommendations will be presented to the Community Planning Partnership and corrective action agreed where necessary.

Coordinating and integrating for maximum impact

There are some important links between different projects that it is important to make and manage. A detailed coordination plan will be produced by the Task Force that will identify these links and allocate responsibility for managing them.

There are also some key underlying themes that it will be important to reinforce if the full benefit of investment is to be achieved. For example, with a focus on sustainable design and construction we propose to ensure that all the key building projects set out in the Action Plan are designed and constructed as exemplars.

Community involvement and communication

Throughout the further development and implementation of the Action Plan we plan to work closely as a partnership and with the wider community. To this end we are developing a consultation and communication strategy that will ensure that the wider Moray community are fully informed about progress and impact and that they feel involved as advocates for a rejuvenated economy and engaged as key supporters and – where appropriate – as designers of implementation processes.

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APPENDICES

Appendix 1: Global issues influencing our strategy

Participants at the consultation events were asked to consider the key global issues and trends that will affect Moray over the next 15 years. In doing so, the aim was to focus on the key implications these issues might have for Moray, as well as the opportunities and challenges they might present.

The key themes to emerge were as follows:

- 1. Changes to the global economy
- 2. Sustainable development
- 3. Demographic change
- 4. Technological advance
- 5. International security

Within these themes, a number of specific issues – as well as specific implications for Moray – were identified by many of the participants. The following boxes reveal these in more detail:

1. The Global Economy

Including issues such as:

- Growth of the knowledge economy.
- Increased mobility goods production around the world.
- Increasingly competitive global marketplace.
- Growing influence of China.
- Continued growth of the leisure industry.

2. Sustainable Development

Including issues such as:

- Growing profile of renewable energy and associated technologies.
- Rising oil price and pressure on natural resources.
- Climate change and its global effects.
- Industrialisation of the developing world.

Implications, opportunities and challenges for Moray...

- Potential loss of manufacturing jobs.
- Focus on IT skills, marketing, etc. will be essential.
- Scope to improve trade links, especially with the developing world.
- Potential to grow exports of specialist goods and services.
- Focus on niche markets.
- Learn more about Moray’s competitors.
- Greater focus on Moray as a world-class leisure destination.

Implications, opportunities and challenges for Moray...

- Potential to create a renewable energy research facility.
- Production of biocrops and biofuel.
- Moray as a centre for renewable energy production and expertise.
- Expansion of expertise in sustainable development policy and practice.
- Focus on environmental protection and natural resource preservation.
- Challenge of balancing growth with long-term sustainability.
- Managing risks from increasingly vulnerable coastline, greater flooding, affects on tourism, especially ski centres.

3. Demographic Change

Including issues such as:

- Ageing populations in developed countries, with depopulation in some areas.
- Increasing global population, especially in some developing countries.
- More global migration.
- Increasingly well-educated global population, especially in the developing world.

Implications, opportunities and challenges for Moray...

- Growing prevalence of older people coming to live in Moray.
- Moray as a destination for ‘lifestyle choice returners’.
- Potential effects and opportunities of in-migration from overseas, and how to create the right conditions to attract people.
- Growing need to capture/retain talented individuals.
- Increased focus on education, to keep pace with the rest of the world.
- Capitalising on potential attractiveness of Moray as other areas become overcrowded.

4. Technological Advance

Including issues such as:

- Continued rapid development of telecommunications technologies.
- Development of new production techniques.
- Better transport and improved infrastructures across the world.

Implications, opportunities and challenges for Moray...

- Moray as a centre for high-tech, high value industries.
- New business opportunities opened up as communications improve.
- Growing feasibility of basing businesses in Moray and relying on telecommunications to do business.
- Potential reductions in manufacturing jobs as technology replaces humans.
- Creating centres of excellence in high-tech industries, possibly linked to the University of the Highlands and Islands.

5. International Security

Including issues such as:

- Spectre of international terrorism.
- Growing attractiveness of ‘safe’ areas of the world.

Implications, opportunities and challenges for Moray...

- Marketing Moray as a safe place to live and work.
- Preparing against potential disruption experienced by customers and trading partners in other parts of the world.

Appendix 2: Actions and partners

1 Investing in new assets			Lead organisation: partners
No.	Project	Outline of proposal	
1.1	Speculative office at Keith.	This proposal provides for the development of a small office to allow the targeting of potential inward investment opportunities and public sector relocations.	HIE Moray: <i>The Moray Council, ESEP*.</i>
1.2	Business Park with Speculative office at Buckie.	This proposal provides for the development of a small office to allow the targeting of potential inward investment opportunities and public sector relocations.	HIE Moray: <i>The Moray Council, ESEP.</i>
1.3	New Business Park – Elgin. Acquisition of land and site preparation.	Elgin is the regional capital and requires a modern Business park environment to take advantage of growth in new sectors, and as a resource to encourage transformation of existing urban land use patterns for the future. This project proposes the establishment of initial site development infrastructure, as a means of stimulating future private sector development activity together with one speculative office development.	HIE Moray: <i>The Moray Council, ESEP, private sector.</i>
1.4	New 1350 sqm clean manufacturing facility – Forres.	Advancing the planned construction of a new clean manufacturing facility targeting the electronics/aviation industry for Forres.	HIE Moray.
1.5	Infrastructure Development feasibility work.	Establish early cost and design issues to facilitate early design, risk management and procurement strategies for the development of new Business infrastructure in Moray.	HIE Moray.
1.6	Transport Links – Rail.	Dual tracking at selective points in the Inverness Aberdeen line to allow increase in rail volume and alteration of bridge heights to allow greater freight loads.	LEF partners: <i>HITRANS, NESTRANS.</i>
1.7	Transport Links – Road.	Elgin to Inverurie dual carriage way, single carriageway upgrading and selective dual stretches between Elgin and Inverness.	LEF partners: <i>HITRANS, NESTRANS.</i>
1.8	City of Elgin – Urban economic transformation programme.	Recognising the strategic role of Elgin in the wider Moray economy, develop a strategy and feasibility report leading to series of economic transformational urban projects, that will present Elgin as a modern vibrant and dynamic location for Business, Culture and prosperity.	The Moray Council: <i>HIE Moray, UHI, private sector.</i>
1.9	Moray Towns economic transformation project.	A series of economic development initiatives to encourage individual town centre urban transformation and regeneration.	The Moray Council: <i>HIE Moray.</i>
1.10	Extend roads and soft infrastructure – The Enterprise Park, Forres.	Continue the investment in roads and paths infrastructure opening up the next generation of sites at The Enterprise Park, and early intervention planting to facilitate early impact.	HIE Moray.
1.11	Science Campus building – East Moray.	A new facility to house a range of science and other knowledge based activities in a new modern landmark building on the waterfront at Buckie. The facility will allow the area to be competitive in attracting mobile research and development projects, and other technology driven projects.	HIE Moray: <i>The Moray Council, ESEP.</i>
1.12	Create a new business park for Lossiemouth.	This proposal provides for the development of a small office to allow the targeting of potential inward investment opportunities and public sector relocations.	HIE Moray: <i>The Moray Council, ESEP.</i>

2 Developing our business and sectoral assets			Lead organisation: partners
No.	Project	Outline of proposal	
2.1	Institute for Food and Drink Technology.	Establish a research base in Horizon Scotland at Forres to examine and capitalise on the Food and Drink Sector carrying out research and product development and commercialisation of emerging R&D ideas. Initial 5 year commitment from Network.	HIE Moray: <i>private sector, UHI.</i>
2.2	New Research Institute: Distance Lab.	Establish a new research institute based in Horizon Scotland at Forres to examine and capitalise on the IT development of human interaction over distance, and incorporating commercialisation of emerging R&D ideas. Initial 5 year commitment from Network.	HIE Moray: <i>UHI, private sector.</i>
2.3	Sustainability North – Forres.	A new facility to support the continued development of the emerging environmental research cluster at The Enterprise Park Forres currently centred on the Sustainable Development Research Centre and the recently announced UHIMI/University of St Andrews Academic joint Academic Chair of CSR and Sustainable Technologies.	HIE Moray: <i>private sector, UHI.</i>
2.4	Realising and marketing Moray's Health and Social Care potential.	Major feasibility studies to refine four initiatives around generic medical skills and technologies for practice in remote and rural areas and training those managing integrated health care systems.	NHS: <i>HIE Moray, The Moray Council, Moray College, UHI.</i>
2.5	International Learning Centre for health and community care in remote and rural areas.	The Learning Centre would focus on the development of generic skills among medical and associated staff who plan to work in remote and rural areas. Associated residential accommodation.	NHS: <i>HIE Moray, The Moray Council, Moray College, UHI.</i>
2.6	Managing integrated health and social care.	Feasibility study, product development and market development strategy for promotion of Moray expertise in this area.	NHS: <i>HIE Moray, The Moray Council, Moray College, UHI.</i>
2.7	Detailed research into sectoral strategies for growth.	In consultation with SDI, commission a series of studies to consider the existing sectoral strengths of the Moray economy in detail, analyse business activity and potential for growth particularly at the higher knowledge end of the markets.	HIE Moray: <i>HIE, LEF Partners.</i>
2.8	Chair in Food and Drink Technology.	Establish a UHI Chair as a key part of the development of the Food and Drink Technology Institute.	UHI: <i>HIE Moray.</i>
2.9	Food and drink knowledge sharing event.	Using Moray's pre-eminence in food and drink manufacture supporting an annual knowledge sharing event in Moray on food technology till it becomes self sustaining.	HIE Moray: <i>private sector.</i>
2.10	Timber Industry Conference.	Building on the pilot this year, support a regular timber industry knowledge creating and knowledge sharing event till it becomes self sustaining.	Forest Enterprise: <i>HIE Moray and private sector.</i>
2.11	Sustainable Design and Construction Centre.	Niche research and consultancy unit focusing on sustainable design and construction in northern climates.	HIE Moray: <i>UHI, private sector.</i>

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Appendix 2: Actions and partners

2 Developing our business and sectoral assets (cont.)			Lead organisation: partners
No.	Project	Outline of proposal	
2.12	Chair in Sustainable Design and Construction.	Establish a UHI Chair as a key part of the development of the Sustainable Design and Construction Centre.	UHI: <i>HIE Moray.</i>
2.13	Moray Arts and Design Centre.	Combining performing arts with visual arts. Includes a Theatre that is available to both UHI and also operates as a local commercial theatre, and also houses UHI's premier Arts and Design School – in Elgin.	HIE Moray: <i>The Moray Council, SAC, Big Lottery Fund.</i>
2.14	Promoting Moray as a source of North of Scotland healthcare services.	Feasibility study and market development strategy for promotion of Moray medical resources across North of Scotland.	NHS: <i>HIE Moray, The Moray Council.</i>
2.15	Research and development in distance technology.	Working closely with DistanceLab to develop a specific local specialism in technological support to medical staff in remote and rural areas. Would include the establishment of a Chair in Remote Medicine Technology.	UHI: <i>HIE Moray and private sector.</i>
2.17	Chair in Healthcare Training in remote and rural areas.	Establish a UHI Chair as a key part of the development of the International Learning Centre.	UHI: <i>HIE Moray, NHS.</i>
2.18	Chair in Integrated Health Care Management.	Establish a UHI Chair as a key part of the development of the International Learning Centre.	UHI: <i>HIE Moray, NHS.</i>
2.19	Promoting the Moray area as a place in which to live, work, and visit.	Undertake analysis of the key marketing messages and themes that might be promoted as part of a sustained marketing.	The Moray Council: <i>HIE Moray, VisitScotland.</i>

3 Developing our people			Lead organisation: partners
No.	Project	Outline of proposal	
3.1	Bespoke Job Brokerage Service for Moray – pilot project and roll out.	Initiate a pilot proactive job brokerage service where a sales teams visits local employers with a portfolio of skilled CVs and secures interviews, inductions and ‘trial’ periods with local companies. The initial pilot will focus on RAF leavers with the intention of rolling out more widely if it is successful.	HIE Moray: <i>private sector, Careers Scotland, Jobcentre Plus, RAF.</i>
3.2	Employers Jobs Fair programme.	Bespoke Jobs events focused on RAF leavers to enable better networking and sharing of information on forthcoming opportunities, including support to establish a branch of the Services Officers Association in Moray.	HIE Moray: <i>Careers Scotland, Jobcentre Plus.</i>
3.3	Pilot volunteer recognition programme with Moray Council.	A pilot Community awards and volunteer recognition programme to encourage greater community involvement in Moray and to fill the vacuum caused by key people leaving from the RAF. In partnership with the Moray Council.	The Moray Council: <i>HIE Moray, Communities Scotland.</i>
3.4	A community project management, customer service & management skills development programme pilot accredited and linked to SVQs.	To enhance the building of community capacity in Moray and provide incentives to volunteers by allowing them to build marketable skills which could be used in securing better paid employment. In partnership with other inner Moray Firth LECs.	HIE Moray: <i>Communities Scotland, The Moray Council.</i>
3.5	Build a life in Moray.	A comprehensive programme aimed at young people who wish to settle in Moray. This will include those who have left Moray to go to University to return, or who are in Moray and seeking extended vocational training. Support will include local job placements and help with initial housing.	The Moray Council: <i>Communities Scotland, HIE Moray, Jobcentre Plus.</i>

4 Developing our nascent assets			Lead organisation: partners
No.	Project	Outline of proposal	
4.1	Bespoke Advice and Information service for new and existing businesses.	Provision of advice and information with a key emphasis on businesses in the RAF supply chain or for individuals leaving the RAF. ‘Walk-in’ and mobile advice and information centres for businesses with on-line access and meeting space; access to professionals in business information. All of which is a significant enhancement on existing services.	HIE Moray: <i>private sector, Shell Livewire, PSYBT, RAF.</i>
4.2	Defence Diversification Agency – Technology Development Manager (TDM).	Support the establishment of a DDA TDM for the HIE area based at Horizon Scotland to enable the development of technology and knowledge transfer ideas between MoD and the Private sector and address issues of Entrepreneurship in the RAF.	HIE: <i>HIE Moray and DDA, RAF/MoD.</i>
4.3	Promoting SME start up from the RAF.	Consultancy project working closely with the RAF and the DDA to identify and explore the scope for local spin outs by RAF leavers, based on their high level skills, experience and management expertise.	HIE Moray: <i>RAF/MoD.</i>

Appendix 2: Actions and partners

4 Developing our nascent assets (cont.)			Lead organisation: partners
No.	Project	Outline of proposal	
4.4	Promoting entrepreneurship and creativity.	An annual week long series of activities focusing on events surrounding the promotion of entrepreneurship and creativity, combining business innovation, technological innovation and creativity and the arts. A partnership approach to delivery – private/public sector. It would also include a Master Class series of key speakers on fostering entrepreneurship, management excellence and creativity, and conclude with a climax of an international ‘big name’.	HIE Moray: <i>DDA, The Moray Council, Highland 2007.</i>
4.5	Moray the Brand.	Developing Moray as a brand and raising awareness of it as a place to encourage immigration to work and live and visits for education and recreation. The project will be concerned not only with communication outside our borders but also in altering perceptions within Moray particularly amongst young people.	HIE Moray: <i>The Moray Council, VisitScotland, private sector.</i>
4.6	Micro business project for achievement in HR – Moray Microscope.	Focus on recruitment, in work skills and learning, microbusiness leader development and succession planning.	HIE Moray: <i>Learndirect Scotland, private sector.</i>
4.7	Growing businesses of scale: Promoting management excellence.	Building on the successful IOD programme and other private sector and academic partners, assist the establishment of a private sector based centre for management excellence providing CPD for the business professions (Marketing, Management, Engineering, HR and Accounting). Linked to proposed UHI College of Management.	HIE Moray: <i>IoD, UHI, HIE, Business Professional Institutes.</i>
4.8	Value Stream Cluster Development.	This initiative focuses on Moray’s successful businesses and uses intense entrepreneurial, technological and innovation advice and support, plus business strategy and corporate finance advice to focus on opportunities surrounding existing value chains to diversify and create new businesses. The initiative will lever in risk capital from both Scottish Executive sources and private sector.	HIE Moray: <i>HIE, private sector.</i>
4.9	Science and Technology Festival.	Support for the establishment of a Science and Technology festival with national and international speakers and visiting academics and practitioners.	HIE Moray: <i>Moray College, private sector.</i>
4.10	Coolscience weeks.	Supporting the Science and Technology Festival with year round support to infuse the curriculum with our emerging science and technology specialisms, with a specific focus on the Science and Technology Festival week.	HIE Moray: <i>Moray College, Careers Scotland, private sector, RAF.</i>
4.11	Schools Entrepreneurship and Technology Programme.	Encourage up-take and teaching of technology related disciplines at primary and secondary education level to supplement the existing school curriculum – through Determined to Succeed, over a 5 year period. Bring in private sector sponsorship to supplement.	The Moray Council: <i>Careers Scotland, HIE Moray, private sector.</i>

5 Facilitation and information provision			Lead organisation: <i>partners</i>
No.	Project	Outline of proposal	
5.1	RAF Skills Audit.	Gain a detailed understanding of the skills present on the two Bases. Provide information to inform future planning and development of initiatives.	HIE Moray: <i>RAF.</i>
5.2	Stakeholder and public consultation exercise for Moray 2020.	Facilitate the public consultation exercise to inform and disseminate information and gather views on the future strategy, and to ensure key involvement from all the stakeholders in the Moray area. Consultants fees; venue hire; publicity and marketing.	LEF partners.
5.3	Moray Task Force Project Team.	Establish the presence of the Task Force Project Team within HIE Moray for three years.	HIE Moray: <i>LEF partners.</i>
5.4	Defence Base international benchmarking study.	Commission expert help to study and to gain rapid understanding internationally of best practice in Defence Base and asset diversification. This will inform the writing of Moray 2020 and help design future services.	HIE Moray.
5.5	MoD Liaison services. (a) Defence Diversification Agency. (b) Local consultancy support.	(a) Specialist liaison services of a sensitive and confidential nature by the DDA Asset Diversification Team understanding and influencing future use of physical defence assets and potential alternative uses and functions. (b) Liaison with civilian contractors, Base personnel and families to raise awareness of HIE Moray and other stakeholder services and enable access to those early retirees using existing former RAF staff as a conduit.	HIE Moray: <i>DDA.</i> HIE Moray: <i>DDA, private sector.</i>
5.6	Capitalise on the International Benchmarking studies.	To follow up on the Benchmarking studies with all stakeholders, public and private, and to ensure a shared and common understanding of the development and implementation of Moray 2020.	HIE Moray: <i>partners.</i>
5.7	Economic audit and indicators tracking.	An ongoing project to track the changes and progress of the economy over the next five years and provide feedback, information, and resource for planning and decision making.	HIE Moray: <i>The Moray Council, HIE.</i>
5.8	Continuing community engagement and communications strategy for Moray 2020.	A continuing programme of on-going communication and consultation following the initial work. Purpose is to develop the commitment and involvement of local communities in their economic. This is both an education and a consultation programme.	LEF partners.
5.9	Enhanced measurement of the impact of economic development – Wellbeing Index Pilot.	Development of a new holistic measure of economic impact in Moray (which if successful could be rolled out to the rest of the Network area). The Index would measure wellbeing and prosperity. Project involves researching measures, understanding existing benchmarks, development of a methodology appropriate to Moray and implementing a pilot, which if successful could be used regularly thereafter to compare to a base-line.	HIE Moray: <i>HIE.</i>

Appendix 3: Learning from good practice

Moray's situation is unique but it is important to ensure that the strategy for dealing with defence reductions in Moray learns from experience elsewhere. Across the UK and more widely, the success or failure of responses to large scale contractions or closures – in the military and civilian fields – tends to be determined by a number of often inter-related factors that can be easily overlooked in the multi-agency scramble to deliver solutions.

We have carried out a global scan of responses to significant contractions or closures. Particular attention has been paid to large scale redundancies involving skilled staff in comparatively rural or remote areas. The key lessons we have drawn from this for Moray are set out in this Chapter 4. Here we present more of the detail.

Lesson 1: Have a plan, underpinned by solid research

- One of the clearest conclusions to emerge is the need to have a clear strategy and action plan which are widely owned by local stakeholders and underpinned by rigorous objective research into the economy and its strengths and distinctive features and its key sectors and their potential.
- The carrying out of a skills analysis and an impact assessment is rare but appears very important in developing an appropriate response. In Moray these have already been completed.

Lesson 2: Take pre-emptive action

- Pre-emptive activity informed by realistic forward planning often forms the foundation of a successful response to significant redundancies. In this respect, the work now being undertaken by HIE Moray and its partners provides a more secure platform to deal with future changes than has been the case with many comparable situations in other parts of the UK and abroad.
- In UK military examples, our research suggests that the biggest obstacle to undertaking pre-emptive actions is often a lack of communication from the MoD about the nature and timing of any contractions or closures. Recent developments in connection with RAF St Mawgan in Cornwall (the base is to be mothballed in 2007) suggest that the local and regional authorities were not particularly well informed about likely MoD intentions during the lead-up to the 'mothballing' announcement. Lack of transparency appears to be creating difficulties for the local authority and agencies as they try to balance local economic priorities with uncertainty about the future.

- In the United States, the BRAC process (Base Realignment and Closure) is a national programme controlling all military closures and contractions. Regions around military Bases tend to get more advanced warning that they are due for contraction or closure, which generally provides more time for planning suitable responses.
- The recently announced decommissioning process at Sellafield in Cumbria shows the value of pre-emptive activity in responding to major redundancies. Although around 8000 direct jobs (and many additional indirect ones) are due to be lost over the next six years, initiatives such as the Westlakes Technology Park – set up in the early 1990s and now home to 27 companies and a research centre – show that early thinking can help to at least prepare and diversify the local economy for future shocks.

Lesson 3: Put in place strong, clear leadership

- The active and energetic management of the response structure or partnership is vital. There needs to be strong leadership and each partner needs to play its part in delivering its responsibilities.
- Experiences from North American military Bases that have been through the BRAC process reveal that leadership is a crucial factor in determining success. Those that have lacked leadership (including Red River Army Depot in Texas and Toole Army Depot in Utah) have often seen the poorest responses to redundancies.
- Although rather a contentious issue, many commentators also attribute a lack of leadership to the slow response to thousands of steel job losses in South Wales in 2000 and 2001. A report produced by the Regeneration Institute (linked to Cardiff University)⁶ found that local and national agencies found it difficult to assign responsibilities that would have created a more effective response.
- Large-scale civilian redundancies caused by the closure or scaling back of major facilities also tend to benefit from strong leadership. The Dounreay nuclear complex is one example where the leading hand of the UK Atomic Energy Authority has helped to ensure a secure future for the site and surrounding communities as decommissioning work takes place.

⁶ Fairbrother, P and Morgan, K et al (2001) *Steel Communities Study: Implications for Employment, Learning and Regeneration, Report to the National Assembly for Wales (Cardiff)*.

Lesson 4: Identify commercial partners and opportunities early in the process

- Given the right circumstances, there are some good examples of early identification of effective commercial partners who can transfer skills to new markets. The successful transfer of Rosyth Royal Dockyard to Babcock Engineering Ltd in the 1990s was driven by sound research into the market opportunities that could be capitalised upon using existing staff and infrastructure. Babcock Engineering was also felt to have the right 'corporate culture' to deal with the unique challenges of converting a military base for commercial use.
- An example from Germany (the closure of the US Army-run Mainz Military Depot) reveals that it is important to choose the right business model for a site and avoid the temptation to go for 'quick fix' solution. The Rhineland-Palatinate authorities helped fund a private holding company (MIT) to take over management of the site and develop a vehicle refurbishment business. Unfortunately this was not a sustainable business model and what had initially appeared to be a politically attractive solution deteriorated into a bankruptcy.
- It is important to recognise that the relatively small size of specialist skill groups in most military base closures means that it is extremely difficult if not impossible to attract inward investors solely on the basis of the skills available from the base. Any inward investment that does take place is usually motivated by land and building availability, strategic location and by the more general availability of skills in the local labour market.

Lesson 5: Integrate action and assign clear accountabilities

- Clear accountabilities are central to success – this can involve the creation of a dedicated response structure or a strong and focused partnership of the key local agencies. In some cases an individual is accountable for driving the response. In the case of Moray this would not be appropriate but clear organisational accountability for leading the process (in this case by HIE Moray) would be strongly recommended.
- The recovery in Rosyth owed a great deal to the Babcock management's ability to co-operate with the Scottish and regional development bodies. Clear lines of responsibility helped to ensure integrated action.

- If re-training is needed, it is important to involve the appropriate government departments and other training providers at an early stage in order to ensure that there are no undue delays in securing the necessary support. In France, the closure of Naval construction firm Atelier et Chantiers in Le Havre was accompanied by very substantial public investment in re-training of staff, resulting in almost all of the 1,000 people made redundant finding alternative work.

Lesson 6: Create effective communication channels

- Many potential pitfalls can be avoided by ensuring there are close working relationships between the partners and the MOD to ensure high quality information about plans. This is particularly important because RAF personnel are not available in the labour market in the way that they would be if they worked for a civilian employer. Establishing and maintaining the links with both MOD Whitehall and the RAF Bases will be the principle concern of the Moray RAF Task Force Project Team.
- It is crucial, however, that communication between partners remains clear and professional and does not become mired in excessively politicised hyperbole. At Devonport, for example, it was felt the response to the situation became too politically sensitised, to the detriment of the overall effectiveness of the strategy.
- A single point of contact for any companies or other organisations who may be interested in opportunities arising from base contraction or closure should also be provided. This recommendation has come out quite strongly from Bases that have been through the BRAC process in the United States. In the Moray context it would be appropriate that this point of contact be HIE Moray.
- Clear, frequent and open communication with local communities about what is going on and what is about to happen is also vital to sustaining local support and 'buy in'. This needs to be supported by a comprehensive media strategy.

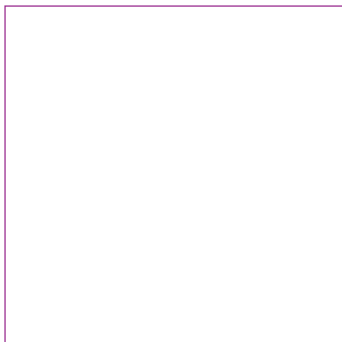
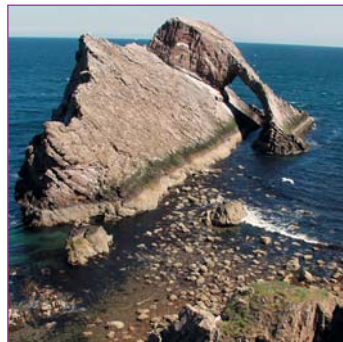
Appendix 4: Detailed analysis of prioritisation

This appendix presents the main components of the prioritising system: we emphasise that the priorities were not derived mechanistically, and that inevitably they involve a considerable degree of judgement and some subjectivity. However we believe that there is value in a transparent system and invite comments on the results.

Project No.	Project	Priority Score	No. of jobs	Job quality	Links to existing strengths	Strategic Importance	Urgency	Practicality/ ease
5.3	Moray Task Force Project Team	24.9	4	5	2	9	10	9
5.1	RAF Skills Audit	24.3	0	6	4	9	9	9
5.4	Defence Base international benchmarking study	24.2	0	5	2.5	8	10	9
1.7	Transport Links – Road – Elgin to Inverurie dual carriage way, single carriageway upgrading and selective dual stretches between Elgin and Inverness	23.8	2000	5	6	9	10	4.6
1.6	Transport Links – Rail – Dual tracking at selective points in the Inverness Aberdeen line to allow increase in rail volume and alteration of bridge heights to allow greater freight loads	23.7	1500	5	6	9	10	4.6
1.3	New Business Park – Elgin Acquisition of land and site preparation	23.5	200	7	5	9	8	7
1.4	New 1350 sq m Manufacturing facility	23.3	50	5	3	7	9	8
4.2	Defence Diversification Agency – Technology Development Manager (TDM)	22.1	30	9	3	3	8	8
1.5	Infrastructure Development feasibility work	22.0	0	5	4	9	9	7
1.2	Business Park with Speculative office at Buckie	21.9	100	6	4	7	8	7
1.1	Speculative office at Keith prio1	21.6	30	6	4	7	8	7
5.2	Stakeholder and public consultation exercise for Moray 2020	21.5	0	4	1.5	8	8	9
5.7	Economic audit and indicators tracking	20.3	0	5	2	9	8	7
3.1	Bespoke Job Brokerage Service for Moray – pilot project and roll out	19.8	50	6	3.5	7	9	4
2.2	New Research Institute – Distance Lab	19.8	25	8	1	5	8	6
2.1	Institute for Food and Drink Technology	19.1	30	8	3	7	7	5
4.6	Micro business project for achievement in HR – Moray Microskope	18.4	100	6	3	7	6	5.5
5.6	Capitalise on the International Benchmarking studies	18.3	0	5	2	9	8	5
2.7	Detailed Research into sectoral strategies for growth	18.3	0	7	4	8	8	4
1.11	Science Campus building – East Moray	18.3	45	8.5	1	7	6	5.5
5.8	On-going community engagement and communications strategy for Moray 2020	18.0	2	3	2	9	9	4
5.5b	MoD Liaison services (b) Local consultancy support	17.9	5	6	2	5	9	4
2.3	Sustainability North – Forres	17.8	25	8	1	8	6	5
3.2	Employers Jobs Fair programme	17.5	4	5	2	5	8	5
2.5	International Learning Centre for Health and Community Care in Remote and Rural Areas	17.5	7	6.5	2	6	7	5
5.5a	MoD Liaison services (a) Specialist liaison services of a sensitive and confidential nature by the DDA Asset Diversification Team understanding and influencing future use of physical defence assets and potential alternative uses and functions	17.5	0	5.5	4	7	10	2

Project No.	Project	Priority Score	No. of jobs	Job quality	Links to existing strengths	Strategic Importance	Urgency	Practicality/ ease
2.4	Realising and marketing Moray's Health and Social Care Potential	17.3	15	7	2	7	6	5
4.9	Science and Technology Festival	17.2	1	8	2	5	6	6
4.1	Bespoke Advice and Information service for new and existing businesses	17.0	20	5	1	6	7	5
1.10	Extend roads and soft infrastructure – The Enterprise Park, Forres	16.6	5	5	3	4	5	7
2.15	Research and Development in distance technology	16.5	10	7	5	5	4	6
2.14	Promoting Moray as a source of North of Scotland healthcare services	16.3	20	7	2	7	6	4
2.17	Chair in Healthcare Training in Remote and Rural Areas	16.1	6	9	3	6	7	2.5
2.18	Chair in Integrated Healthcare Management	16.1	6	9	3	6	7	2.5
4.8	Value Stream Cluster Development	16.1	50	6	4	9	7	1.5
2.13	Moray Arts and Design Centre	15.9	15	8	1	9	6	3
2.6	Managing integrated health and social care	15.6	5	6	2	4	6	5
2.8	Chair in Food and Drink Technology	15.5	6	9	4	6	6	2.5
2.9	Food and Drink Knowledge Sharing Event	15.2	1	8	4	6	5	4
5.9	Enhanced measurement of the impact of economic development – Wellbeing Index Pilot	15.0	0	4	2	6	7	4
1.8	City of Elgin – Urban economic transformation programme	15.0	30	5	2	9	5	3.5
2.10	Timber Industry Conference	14.9	1	7	4	6	5	4
1.12	Create a new business park for Lossiemouth	14.8	20	6	3.5	5	5	4
2.11	Sustainable Design and Construction Centre	14.8	15	6.5	2	6	5	4
3.5	Building a life in Moray	14.5	80	6	5	7	4	3
1.9	Moray Towns economic transformation project	14.1	30	5	2	8	5	3
4.3	Promoting SME start up from the RAF	14.1	15	5	1	5	8	1.5
4.7	Growing businesses of scale – Promoting management excellence	13.8	0	8	2	6	7	1.5
2.12	Chair in Sustainable Design and Construction	13.1	6	9	3	6	4	2.5
2.19	Promoting the Moray area as a place in which to live, work, and visit	12.3	0	4	2	7	5	1.5
4.4	Promoting entrepreneurship and creativity	12.1	25	6	1	8	4	2
3.3	Pilot volunteer recognition programme with The Moray Council	11.0	0	3	1	2	3	6
4.10	Coolscience weeks	10.6	1	6.5	1	7	4	1.5
4.11	Schools Entrepreneurship and Technology Programme	9.5	0	5.5	1	7	3	2
3.4	A community project management, customer service and management skills development programme pilot accredited and linked to SVQs	8.0	0	3	1	5	3	2

MORAY 2020



WORKING IN PARTNERSHIP

