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**REPORT TO: ECONOMIC DEVELOPMENT AND INFRASTRUCTURE SERVICES COMMITTEE ON 8 MARCH 2016**

**SUBJECT: SLAED PERFORMANCE INDICATORS 2014-15**

**BY: CORPORATE DIRECTOR (ECONOMIC DEVELOPMENT, PLANNING & INFRASTRUCTURE)**

**1. REASON FOR REPORT**

1.1 To present to the Committee an annual report providing information about the Council's and other Local Authorities performance in relation to Economic Development activities during 2014/15.

1.2 This report is submitted to Committee in terms of Section III (E) (3) of the Council's Scheme of Administration relating to the exercise of functions that promote economic development.

**2. RECOMMENDATION**

**2.1 It is recommended that the Committee:**

- (i) considers the Scottish Local Authorities Economic Development Group (SLAED)'s annual report on Economic Development performance, as set out in Appendix 3; and**
- (ii) agrees that during 2016/17 staff prepare and begin implementation of an action plan to address any issues identified for Moray in this annual report and in the Regional Skills Assessment published in January 2016.**

**3. BACKGROUND**

3.1 The SLAED is the network of senior Economic Development officials from across all 32 Scottish Local Authorities.

3.2 The SLAED Indicators Framework is usually published at the SLAED annual conference at the end of November. It has been devised by Economic Development professionals to assist Local Authorities to:

- evidence and publicise the contribution that they make to Scotland's economy through their economic development activities; and

- provide a basis for collating consistent data which can be used to better understand impact and identify potential areas for improvement.
- 3.3 The report, provided as **Appendix 3**, sets out a range of data which includes returns submitted by the 32 Local Authorities and data drawn from the Scottish Government, Business Gateway National Performance Unit, the Supplier Development Programme, Scottish Enterprise (Scottish Development International), and the Office of National Statistics.
- 3.4 This is the third annual report. Although there are some differences in recording of the data by Local Authorities, these differences are narrowing each year.
- 3.5 On 19 January 2016 Skills Development Scotland (SDS) published a refreshed Regional Skills Assessment (RSA) for Moray. The RSA is a report providing key messages and a baseline of data on which future investment in skills can be built. It provides a framework on which SDS can align investment in individuals and business as well as supporting other partners in planning their strategic investment in skills. Like the SLAED report the RSA draws on a suite of economic data.

#### **4. REPORT FINDINGS**

- 4.1 **Appendix 1** provides a comparison between the 2013/14 and the 2014/15 Moray return, containing 24 indicators of which 12 are up, 10 are down and 2 remain the same. **Appendix 2** provides a comparison with the other Local Authorities in the Council's benchmarking family for environmental services. The Moray Council return is set out on page 66 of the SLAED report (**Appendix 3**). The following is an explanation of and narrative for each indicator.
- 4.2 **I1 Economic Development Expenditure**  
Indicator I1 shows the capital and revenue spend of the Council on Economic Development as a percentage of the total spend across Scotland. During 2014-15 the total spend by The Moray Council was £3,094,448, which was 1.4% of the total spend in Scotland. The capital value varies each year depending on capital projects. The Moray Council total spend was up from £88,731 in 2013/14. It should be noted that the SLAED indicator for 2013/14 used the Council's net spend (as requested) but that they used gross spend in 2014/15. A proper comparison would be spending of £2.2 million in 2013/14.
- 4.3 **I2 Economic Development Staffing – estimated**  
During 2014/15 across the 32 Scottish Local Authorities, there was 1,446 staff employed with a primary role in the delivery of local Economic Development. At The Moray Council in this time period there was 8.5 full time equivalent staff with Economic Development as their primary role. The overall number of staff has fallen from 1,524 since 2013/14.

- 4.4 **A1 Number of Attendees at Business Gateway Events**  
During 2014/15, there were 952 Attendees at Business Gateway Events in Moray. Moray Business Week accounts for over 600 of these. This is an increase from 465 in 2013/14.
- 4.5 **A2 Number of Companies Registered with SDP**  
During 2014/15, 2 Companies were registered with the Supplier Development Programme (SDP). NB: The Moray Council is an associate member of the SDP, not a full member. In Moray, supplier development (working with small and medium sized enterprises to register with Public Contracts Scotland {PCS} and supporting them to win business from public procurement) has been facilitated by Highland Opportunity Ltd as part of the service level agreement for Business Gateway between The Moray Council and Highland Council.
- 4.6 **OP1 Number of Businesses Supported by Council Economic Development Activity**  
During 2014/15, over and above support provided by Business Gateway, the Council supported 697 businesses including social enterprises with advice, grants and loans from programmes such as, Elgin BID, Moray Towns Partnership, LEADER, and the European Fisheries Fund. In 2013/14 this data was not gathered.
- 4.7 **OP2 Number of Business Gateway Support Interventions**  
During 2014/15, there were 356 Business Gateway Support Interventions, which included among other things one to one advice, access to training, access to finance and assistance to draw up business plans and growth plans. This number is down from 393 in 2013/14. The annual target for business accessing advisory services is 300.
- 4.8 **OP3 Number of Companies Assisted by Scottish Development International**  
During 2014/15, 20 companies in Moray were assisted to internationalise. At 0.8% of all Scottish companies this seems low, but likely reflects that the majority of companies in Moray are Small and Medium Sized Enterprises (SMEs) up to 250 employees. During 2013/14 the number was 23. As an action staff can raise this with SDI to gain more insight.
- 4.9 **OP4 Number of Unemployed People that have Participated in Council Funded or Operated Employability Activities**  
682 unemployed people participated in Council Funded or Operated Employability Activities in 2014/15. During 2013/14, 524 people participated; the difference was due to the higher numbers of people supported as Modern Apprentices and participation in an employability fund operated by the Scottish Government.

**4.10 OP5 Availability of Employment Land**

15.4% of land designated in the development plan for employment purposes is immediately available (serviced, marketed and investor ready). This is higher than the national average and equates to 17.98 hectares. The amount is down from 17.7% recorded in 2013/14 which reflects that the development of land at Barmuckity in Elgin is now on a slower timeline.

**4.11 OP6 Number of Businesses Participating in SDP**

As with indicator A2 above, no business in Moray participated in the SDP during 2014/15. NB: The Moray Council is an associate member of the SDP, not a full member. In Moray supplier development (working with small and medium sized enterprises to register with PCS and supporting them to win business from public procurement) has to date been facilitated by Highland Opportunity Ltd as part of the service level agreement for Business Gateway between The Moray Council and Highland Council.

**4.12 OC1 Gross Value Added per Capita (NUTS3 Regions) - Inverness & Nairn and Moray, Badenoch & Strathspey**

In 2013 the Gross Value Added per Capita (NUTS3 Regions) - was £20,316. The Gross Value Added (GVA) measures change in total economic output at the local level which was less than the national average of £21,982, which indicates the region is not as productive as other regions and may be worthy of more consideration by Moray Business and support agencies. (NUTS - Nomenclature of Territorial Units for Statistics). The number is up from £17,936 recorded in 2012.

**4.13 OC2 Gross Weekly Earnings- Residence Based and Workforce Based**

This indicator is included in the Moray 2023 Outcomes. As previously discussed by the Moray Economic Partnership (MEP) the source of this data which is the Annual Survey of Hours and Earnings (ASHE) carried out for the Office of National Statistics (ONS) does not give a true picture of earnings as it does not include the armed forces, the self-employed or certain types of seasonal work and is based on a 1% sample, the sample size for the area is likely to be between 210 and 243 employees, and the coefficient variation of the results can be up to 20%. In 2014, the Gross Weekly Earnings – Residence Based was £434.30 down from £449.20 in 2013 and the Gross Weekly Earnings – Workforce Based was £451.50 down from £466.40 in 2013. Both Moray numbers fell while the national average Residence Based increased from £508.00 to £518.20 and the Workforce Based increased from £508.30 to £519.40. Making an adjustment for MOD employment the Workforce Based median wage in 2014 was calculated as £489.74.

**4.14 OC3 Employment Rate**

In 2014/15, Moray had an employment rate of 75.8% higher than the national rate of 72.9%. In 2013/14, Moray had an employment rate of 77.7%, higher than the national rate of 71.5%.

**4.15 OC4 New Business Starts per 10,000 Working Age Population**

In 2013, Moray had a lower business start-up rate of 48 per 10,000 of population compared to the national rate of 62. It should be noted that the number of business start-ups is influenced by the availability of employment. As per indicator OC3 Moray had a higher percentage of employment than the national rate in 2014/15. In 2012 Moray had a business start-up rate of 41 per 10,000 of population compared to the national rate of 50.

**4.16 OC5 Business Survival Rate (3 Year)**

Indicator OC5 uses a 3 year measure. The indicator covers all new businesses registered for VAT. The present Moray 2023 Outcomes indicator is a 5 year measure. As discussed by MEP, it is planned that the 2023 measure is changed to 3 year for consistency and to avoid duplication of research. The survival rate was 60% in Moray for the period 2010/13; this was higher than the national rate of 57.1%. The survival rate was 65.1% in Moray for the period 2009/12; this was higher than the national rate of 61.1%.

**4.17 OC6 Claimants in Receipt of Out-of-Work Benefits**

In 2015, 10.5% of working age people (16-64) was claiming one or more of the key benefits and 1.6% of the working age population (16-64) were on Jobseeker's Allowance (JSA). These were lower than the Scottish rates which were 14.5% and 2.4% respectively. The percentage of working age population was marginally lower than in 2014 when 10.6% of working age people (16-64) was claiming one or more of the key benefits and 1.8% of the working age population (16-64) were on JSA. These were also lower than the Scottish percentages which were 15.2% and 3.1% respectively.

**4.18 OC7 Working Age Population with Low/No Qualifications**

The working age population with low or no qualifications in 2014 was 11.3% which is less than the Scottish rate which is 15.6%. This is higher than 2013 when 10.8% of the working age population had low or no qualifications in Moray and 12.6% in Scotland.

**4.19 OC8 Carbon Dioxide Emissions per Capita (tonnes)**

Indicator OC8 is collected by the Scottish Government and it identifies The Moray Council had the highest carbon dioxide emissions in 2013 at 9.9 tonnes per capita, which is also a 0.1 tonne increase from 2012. The reason for this is likely the carbon based fuel requirements of distilling. The national rate was 6.8 tonnes per capita in 2012 falling to 6.5 tonnes per capita in 2013. The data for this indicator is the most recent available at time of compilation.

**4.20 OC9 Town Vacancy Rate**

In 2014/15, the vacancy rate of retail units in Moray Town Centres of Elgin, Forres, Lossiemouth, Keith and Buckie was 12.9% with the national average 10.1%. The Council's Planning Service carries out "Town Centre Health Checks" every 2 years which includes measurement of footfall and surveys to identify vacancy rates. The next health check is scheduled for 2016. Anecdotally the number of vacant units in Elgin is falling as the retail sector recovers from the recession. The recorded vacancy rate is up from 2012/13 which was 9.5% with a national average of 10.2%

**4.21 OC12 Number of Business Gateway Start-Ups that are Trading**

In 2014-15, the number of Business Gateway supported start-ups that began trading was 120. Across Scotland, there were 10,103 start-ups that began trading. This is down from 2013/14 when the numbers were 132 and 10,138 respectively.

**4.22 OC13 Business Gateway Survival Rate (3 Year)**

The Business Gateway Survival Rate (3 year) was 57% in 2014/15 which was lower than the national rate of 61%. This is down from 2013/14 when the numbers were 64% and 67% respectively. It should be noted that there are many factors macro and local which vary year on year that affect survival rates. A rule of thumb is a survival rate of 60% is normal.

**4.23 OC14 Leverage of External Funding**

The leverage of external funding can vary significantly each year as it includes major capital expenditures on strategic infrastructure such as the flood alleviation schemes. In 2014/15, the Council received £2.49 for every £1 it invested as match funding which is better than the Scottish average which was £1.33 for every £1. This is down from 2013/14 when the Council received £3.30 for every £1 and the Scottish average was £1.80 for every £1.

**4.24 OC16 No. of Unemployed People that have Progressed to Employment as a Result of Participation in Council Funded/Operated Employability Activities**

In 2014/15, 270 unemployed people have progressed to employment. This was greatly boosted by the Council's participation in the Youth Employment Scotland Programme which helped 120 young people into work. Across Scotland 24,181 people were helped into employment with support from Local Authorities. This number is up from 2013/14, when 247 unemployed people in Moray progressed to employment and 24,893 unemployed people in Scotland progressed to employment.

**5. SUMMARY OF IMPLICATIONS****(a) Moray 2023: A Plan for the Future/Service Plan/Health and Social Care Integration**

Moray 2023 "The Ten Year Plan" identifies Sustainable Economic Development as its top priority. The Plan includes but is not limited to outcomes to increase the population, regional average wage, employment by the private sector, employability, the number of business start-ups, and the number of start-up businesses that survive beyond five years and the percentage of premises that have access to Next Generation Broadband. Sustainable Economic Development is also the Council's top priority in terms of the Corporate Plan and this report relates to ongoing activity and actions identified in the Corporate Plan.

**(b) Policy and Legal**

The Council considers support for economic development issues on their merits, against the objective to facilitate sustainable economic growth and the desired outcomes of the Ten Year Plan and Corporate Plan.

**(c) Financial implications**

There are no financial implications arising directly from this report.

**(d) Risk Implications**

There are no risk implications.

**(e) Staffing Implications**

The annual return to SLAED is compiled using existing staffing resources.

**(f) Property**

There are no property implications.

**(g) Equalities**

There are no equalities impacts arising from this report.

**(h) Consultations**

Consultation has been undertaken with the Corporate Director (Economic Development, Planning & Infrastructure), the Head of Development Services, the Equal Opportunities Officer regarding any Equalities implications, the Legal Services Manager (Property & Contracts), the Democratic Services Manager, Lorraine Paisey (Principal Accountant Financial Services). Any comments have been incorporated in this report and they are in agreement with sections relating to their area of responsibility.

**6. CONCLUSION**

**6.1 The SLAED Indicators Framework provides a basis for collating consistent data which can be used to better understand impact of activities supported by Moray Council and other Local Authorities and identify potential areas for improvement. The indicators show that the activities of the Council have a major and positive impact on the economy.**

**6.2 The data being published by SDS in the RSA does the same in respect of the skills availability and deficits in Moray that support the economy.**

**6.3 It is recommended that during 2016/17 staff prepare and begin implementation of an action plan and work with partners to address the issues identified by the SLAED annual report and the RSA.**

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Background Papers:  
Ref: