



**REPORT TO: ECONOMIC DEVELOPMENT AND INFRASTRUCTURE
SERVICES COMMITTEE ON 20 MARCH 2018**

**SUBJECT: SCOTTISH LOCAL AUTHORITIES ECONOMIC DEVELOPMENT
GROUP PERFORMANCE INDICATORS 2016-17**

**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 2016/17.
- 1.2 This report is submitted to Committee in terms of Section III (F) (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 considers the Scottish Local Authorities Economic Development Group (SLAED)'s annual report on Economic Development performance.**

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 [SLAED report](#) 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. A copy of the SLAED report has been placed on the Members Portal.
- 3.4 This is the fifth annual report. Although there are some differences in recording of the data by Local Authorities, these differences are narrowing each year.

4. **REPORT FINDINGS**

- 4.1 **Appendix 1** provides a comparison between the 2015/16 and the 2016/17 Moray return, containing 23 indicators of which 14 are up, 7 are down and 2 had no change from the previous year. **Appendix 2** provides a comparison with the other Local Authorities in the Council's benchmarking family for environmental services. Moray Council's return is set out on page 85 of the SLAED report. The following is an explanation of and narrative for each indicator.

I1 Economic Development Expenditure

- 4.2 Indicator I1 shows the capital and revenue spend of the Council on Economic Development as a percentage of the total spend across Scotland.

| Year | Total spend by Moray Council | % of the total spend in Scotland |
|---------------------|------------------------------|----------------------------------|
| 2016-17 | £3,841,308 | 1.5% |
| capital expenditure | £1,133,308 | |
| revenue expenditure | £2,708,000 | |
| 2015-16 | £1,091,706 | 0.5% |
| capital expenditure | £1,125,659 | |
| revenue expenditure | -£33,395 | |

- 4.3 It should be noted that the capital value varies each year depending on capital projects.
- 4.4 Please note this is an evolving recording process so there are inconsistencies across local authorities that make direct comparisons unreliable. In 2015-16, the Council supplied net expenditure less central support costs (as requested). Central support costs include the costs of staffing, national insurance, apportioned costs of support costs such as IT, accommodation, legal services etc.

I2 Economic Development Staffing – estimated

| Year | Moray Council staff primary role economic development | Scotland LA staff primary role economic development |
|---------|---|---|
| 2016-17 | 25.8 | 1,262.2 |
| 2015-16 | 26.1 | 1,347.64 |
| 2014-15 | 28.1 | 1,446.1 |
| 2013-14 | 28.1 | 1,524.5 |

- 4.5 At Moray Council in 2016/17, there were 25.8 full time equivalent staff with economic development as their primary role.

| | |
|--|--|
| Employment Support Service (employability & skills training) | 19 |
| External Funding & Business Support | 4.8 |
| Estates Surveyors | 1.0 FTE pro rata |
| Elgin Conservation Area Regeneration Scheme | 1.0 (temporary contract to April 2018) |

- 4.6 3 FTE Business Gateway staff were TUPE transferred into the external funding and business support team in July 2016 also 1.2 FTE pro rata staff at Highland Council deliver elements of the Business Gateway Service for the Council. These will be added in the 2017/18 return.

A1 Number of Attendees at Business Gateway Events

| Year | Event Attendees |
|---------|-----------------|
| 2016-17 | 1,452 |
| 2015-16 | 1,105 |
| 2014-15 | 952 |
| 2013-14 | 465 |

- 4.7 During 2016/17, there were 1,452 attendees at Business Gateway events in Moray. Moray Business Week accounts for 225 of these. Moray Business Week has been well received by Moray Business, it brings together all business support agencies providing opportunities for engagement, education, collaboration and networking leading to business growth.

A2 Number of Attendees at Business Events provided by the Council

| Year | Event Attendees |
|---------|-----------------|
| 2016-17 | 641 |
| 2015-16 | 604 |

- 4.8 During 2016-17 there were 641 attendees at events provided by the Council including 130 at the annual external funding event. There is an element of duplication in this measure as this includes 450 attendees to Moray Business Week of which 225 were attending events run by Business Gateway.

A3 Number of Companies Registered with the Supplier Development Programme (SDP)

| Year | Companies Registered with SDP |
|---------|-------------------------------|
| 2016-17 | 28 |
| 2015-16 | 15 |
| 2014-15 | 2 |

- 4.9 SDP is working with small and medium sized enterprises to register with Public Contracts Scotland (PCS) and supporting them to win business from public procurement. The Scottish Government procurement service has facilitated the establishment of a Supplier Development Programme (SDP). Moray Council is an associate member of the SDP. It is not a full member as based on experience from other local authorities in the Highland and Islands Region although additional support comes with full membership staff are of the view that the costs outweigh the benefits. Most SDP activities including one to one advice and one to many advice does not extend significantly beyond the central belt, partially due to the small number of staff providing the service. SDP is considering holding an event in Inverness in September 2018.
- 4.10 In Moray, supplier development is being facilitated by Business Gateway as part of a supplier development strategy established with the Council's procurement team. For example in January 2018, staff attended Council procurement lead events with the construction sector to raise the profile of forthcoming contract opportunities; 160 people attended the events. During 2017 working with the Scottish Government Public Contracts Scotland Capability Manager, who is hosted by the Council, officers devised a pilot for the government and carried out health checks for business registered on PCS. The health checks maximise their readiness to tender for work in the public sector.

OP1 Number of Businesses Supported by Council Economic Development Activity

| Year | Businesses Supported |
|---------|----------------------|
| 2016-17 | 6 |
| 2015-16 | 327 |
| 2014-15 | 697 |
| 2013-14 | 14 |

- 4.11 During 2016/17, the Council supported 6 businesses including social enterprises with grants and loans from programmes. The number was down from 327 in 2015/16 in part due to the end of the LEADER programme and the European Fisheries Fund (EFF). The new LEADER programme (2014-2020) commenced in Moray during 2017 and is now administered by TSiMoray. The EFF 2014-2022 Highland and Moray is also underway and is administered by Highland Council.

OP2 Number of Business Gateway Support Interventions

| Year | Business Gateway Support Interventions |
|----------|--|
| 2016 -17 | 467 |
| 2015-16 | 440 |
| 2014-15 | 356 |
| 2013-14 | 393 |

- 4.12 During 2016/17, there were 467 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 up from 440 in 2015/16. The annual target for business accessing advisory services is 300. The Council can expect to see this number rise in 2017/18 as a result of the local growth accelerator programme (LGAP) that launched in February 2017. LGAP facilitates specialist advice for enterprises with growth and export potential in key sectors, it includes a programme of learning for individuals within growth business, advice includes for example HR recruitment advice to help small enterprises who might otherwise not take on additional employees.

OP3 Number of Companies Assisted by Scottish Development International (SDI)

| Year | Companies Assisted by SDI |
|---------|---------------------------|
| 2016-17 | 43 |
| 2015-16 | 18 |
| 2014-15 | 20 |
| 2013-14 | 23 |

- 4.13 During 2016/17, 43 companies in Moray were assisted to internationalise by SDI. This is an increase from 18 in 2015/16 and likely reflects the push by the Scottish Government to support business to export. At 1.8% of all Scottish companies this likely reflects that the majority of companies in Moray are Small and Medium Sized Enterprises (SMEs) up to 250 employees. The scope to help “scale-up” business in Moray is being explored with Highlands and Islands Enterprise (HIE) as part of the Moray Growth bid.

OP4 Number of Unemployed People that have Participated in Council Funded or Operated Employability Activities

| Year | Unemployed people that participated |
|---------|-------------------------------------|
| 2016-17 | 423 |
| 2015-16 | 529 |
| 2014-15 | 682 |
| 2013-14 | 524 |

- 4.14 423 unemployed people participated in Council Funded or Operated Employability Activities in 2016/17. 529 participated in 2015/16. The number includes the amount of people participating in funded programmes and the amount of people helped with one to one support from the Council's Employment Support Service.
- 4.15 From 2017 the Council is leading a 2 year project with funding from the European Social Fund, working with local partner organisations, which should see over 100 unemployed people assisted into work. A further 100 people should receive training and qualifications which should take them closer to achieving their goal of getting back into work.

OP5 Availability of Employment Land

- 4.16 22.4% of land designated in the development plan for employment purposes was immediately available (serviced, marketed and investor ready).
- 4.17 The Council monitors the supply of employment land through an annual audit. The 2017 audit was reported to the Planning & Regulatory Service Committee on 30 May 2017 (paragraph 11 of the minute refers). The audit found that there was a decrease in the overall supply of employment land due to construction activity, identification of land for alternative uses and removal of sites that no longer have planning consent. There has been a decrease of 18.79ha in the effective land supply (land that could be brought forward within 5 years). This decrease is due to a better understanding of site constraints, mainly where landowners are unwilling to sell and/or are seeking alternative higher value uses. The audit found there is a limited choice of sites within settlements, often only one or two realistic options. Whilst developments in 2017/18 at Barmuckity, March Road in Buckie and growing interest in private sector provision have helped, across Moray there is an issue getting land serviced highlighted by a shortage of serviced land for immediate development. The supply of general industrial land in Forres is severely constrained and there is a shortage of land in the Speyside area. These issues are being looked at in the Main Issues Report for the Moray Local Development Plan 2020.

OP6 Number of Businesses Participating in SDP

- 4.18 4 businesses in Moray participated in the SDP during 2015/16. For reason see narrative for A2 above.

OC1 Gross Value Added per Capita (Inverness & Nairn and Moray, Badenoch & Strathspey)

| Period | Council | Scotland |
|--------|---------|----------|
| 2015 | £23,497 | £23,685 |
| 2014 | £23,087 | £23,267 |
| 2013 | £23,017 | £22,250 |
| 2012 | £21,913 | £21,333 |

- 4.19 In 2015 the Gross Value Added per Capita was £23,497. The Gross Value Added (GVA) measures change in total economic output of goods and services at the local level which was less than the national average of £23,685, which indicates the region is generally not as productive as other regions which is worthy of more consideration by Moray Business and support agencies. This could be addressed by increased mechanisation or increasing production of higher value products. This is a matter that is being considered as part of the Moray growth bid.

OC2 Gross Weekly Earnings- Residence Based and Workforce Based

| Year | Gross Weekly Earnings – Residence Based | Scotland | Gross Weekly Earnings – Workforce Based | Scotland |
|------|---|----------|---|----------|
| 2016 | £498.70 | £536.60 | £491.80 | £535.00 |
| 2015 | £490.70 | £527.00 | £489.80 | £527.00. |
| 2014 | £434.30 | £518.20 | £451.50 | £519.40 |
| 2012 | £449.20 | £508.00 | £466.40 | £508.30 |

- 4.20 This indicator is included in the Moray 2026 Outcomes. In 2016, the Gross Weekly Earnings – Residence Based (those living in a Council area but working in another Council Area) was £498.70 up from £490.70 in 2015 and £434.30 in 2014 and the Gross Weekly Earnings – Workforce Based (those working in a Council area, regardless of where they live) was £491.80 up from £489.80 in 2015 and £451.50 in 2014. The residence based average kept pace with the national average and the workforce based average is getting closer to the national average.

OC3 Employment Rate

- 4.21 For this indicator employment rate is the number of people in employment of working age (16-64 years) expressed as a percentage of the total working age population.

| Year | Moray employment rate % | Scotland % |
|---------|-------------------------|------------|
| 2016-17 | 73.5 | 73.4 |
| 2015-16 | 74.2 | 72.9 |
| 2014-15 | 75.8 | 72.9 |
| 2013-14 | 77.7 | 71.5 |

- 4.22 For the last four years Moray had an employment rate higher than the national rate.
- 4.23 It should be noted that this figure is calculated by the Office of National Statistics based on the [Annual Population Survey](#) (APS), a sample survey which includes people who are self employed, volunteers and working in land based industries.

OC4 New Business Starts per 10,000 Working Age Population

| Year | Business Start-Up rate/10,000 population | Scotland |
|------|--|----------|
| 2015 | 50 | 62 |
| 2014 | 54 | 62 |
| 2013 | 48 | 62 |
| 2012 | 41 | 50 |

- 4.24 In 2015, Moray had a lower business start-up rate of 50 per 10,000 of population compared to the national rate of 62, a decrease from 54 per 10,000 in 2014. 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 high percentage of employment in 2015. It should also be noted through Business Gateway at the Council we focus on supporting start-ups in key sectors of the economy and with growth potential.

OC5 Business Survival Rate (3 Year)

- 4.25 This indicator covers all new businesses registered for VAT.

| Year | 3 Yr business survival rate % | Scotland % |
|-----------|-------------------------------|------------|
| 2012-2015 | 64.6 | 62.0 |
| 2011-2014 | 64.3 | 62.8 |
| 2010-2013 | 60.0 | 57.1 |
| 2009-2012 | 65.1 | 60.1 |

- 4.26 Between 2009 and 2015 the survival rate in Moray has been higher than the national rate. So we may have fewer start-ups in Moray but there is evidence they tend to survive.

OC6 Claimants in Receipt of Out-of-Work Benefits

| Year | % of working age people (16-64) claiming one or more of the key benefits | Scotland % |
|------|--|------------|
| 2017 | 7.5 | 10.2 |
| 2016 | 7.9 | 10.8 |
| 2015 | 10.5 | 14.5 |
| 2014 | 10.6 | 15.2 |

- 4.27 In 2017, the percentage of working age people (16-64) claiming one or more of the key benefits was down in Moray and nationally.

OC7 Working Age Population with Low/No Qualifications

- 4.28 The working age population with low or no qualifications in 2016 was 12.8% which was more than the Scottish rate which was 11.9%.

| Year | Working Age Population With Low Or No Qualifications % | Scotland % |
|------|--|------------|
| 2016 | 12.8 | 11.9 |
| 2015 | 14.3 | 11.2 |
| 2014 | 11.2 | 11.5 |
| 2013 | 10.8 | 12.6 |

OC8 Town Vacancy Rate

- 4.29 In 2016, the vacancy rate of retail units in the Moray Town Centres of Elgin, Forres, Lossiemouth, Keith and Buckie was 11.9% with the national average also 11.9%.

| Year | Vacancy Rate of retail units in Moray Town Centres of Elgin, Forres, Lossiemouth, Keith and Buckie % | Scotland % |
|------|--|------------|
| 2017 | 11.9* | 10.2 |
| 2016 | 11.9 | 11.9 |
| 2014 | 12.9 | 10.1 |
| 2012 | 9.5 | 10.2 |

- 4.30 *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 recorded vacancy rate in the summer of 2016 was down from 12.9% recorded in 2014 but remains up from 2012.

OC9 Number of Business Gateway Start-Ups that are Trading

| Year | Business Gateway Supported Start-Ups That Began Trading | Scotland |
|---------|---|----------|
| 2016-17 | 132 | 8,983 |
| 2015-16 | 137 | 9,087 |
| 2014-15 | 120 | 10,103 |
| 2013-14 | 132 | 10,138 |

- 4.31 In 2016-17, the number of Business Gateway supported start-ups that began trading was 132. The target to help was 130.

OC11 Leverage of External Funding

- 4.32 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.

| Year | Funding Received per £1 invested | Scotland |
|---------|----------------------------------|-----------|
| 2016-17 | £1: £3.69 | £1: £1.54 |
| 2015-16 | £1: £2.47 | £1: £1.56 |
| 2014-15 | £1: £2.49 | £1: £1.33 |
| 2013-14 | £1: £3.30 | £1: £1.80 |

- 4.33 In 2016/17, the Council received £3.69 for every £1 it invested as match funding which is better than the Scottish average of £1.54 for every £1. Over the last four years the Council has leveraged more external funding per pound of Council investment than the national average.

OC12 No. of Planned New Jobs from Completed Inward Investment Projects

- 4.34 This measure is used to record the potential for new job creation from completed international inward investment projects. The data is provided by Scottish Enterprise and HIE Local Activity Reports.

| Year | Jobs recorded as the result of completed inward investment by HIE | Number of Planned Safeguarded Jobs |
|---------|---|------------------------------------|
| 2016-17 | 0 | 0 |
| 2015-16 | 0 | 0 |
| 2014-15 | 64 | 0 |

- 4.35 In 2014/15, 64 jobs were recorded as the result of completed international inward investment by HIE, in 2016/17 0 jobs were recorded. NB this measure is only concerned with international inward investment; it does not cover jobs planned or safeguarded to existing business. It should be noted that Moray is in competition with the rest of Scotland and the UK as a location looking to attract international inward investments, which can be also be several years in the making.

- 4.36 In 2016/17 there were 4,426 planned new jobs from completed inward investment projects across Scotland. The planned safeguarded jobs from completed inward investment projects in 2016/17 was 3,414. Glasgow City Council accounted for the majority of new jobs at 1,877, followed by City of Edinburgh Council at 505 planned new jobs.

OC13 No. of Unemployed People that have Progressed to Employment as a Result of Participation in Council Funded/Operated Employability Activities

| Year | Moray | Nationally |
|---------|-------|------------|
| 2016-17 | 83 | 17,020 |
| 2015-16 | 59 | 21,264 |
| 2014-15 | 270 | 24,181 |
| 2013-14 | 247 | 24,893 |

- 4.37 In 2016/17, 83 unemployed people progressed to employment. In 2015/16, 59 unemployed people progressed into employment, down from 270 in 2014/15. This number in 2014/15 was greatly boosted by the Council's participation in the Youth Employment Scotland Programme which helped 120 young people into work.
- 4.38 As per indicator OP4 above, from 2017 the Council is leading a 2 year project with funding from the European Social Fund, working with local partner organisations, which should see over 100 unemployed people assisted into work. A further 100 people should receive training and qualifications which should take them closer to achieving their goal of getting back into work.

5. **SUMMARY OF IMPLICATIONS**

(a) **Moray 2026: A Plan for the Future and Moray Corporate Plan 2015-2017**

Moray 2026 "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, the number of start-up businesses that survive beyond three 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.

The indicators show where the activities of the Council and economic agency partners can have a major and positive impact on the economy.

(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 on performance. However, it is worth noting that on 1 April 2018 the socio-economic duty under section 1 of the Equality Act 2010 will come into force in Scotland and the indicators could be a useful reference source.

(h) Consultations

Consultation has been undertaken with the Corporate Director (Economic Development, Planning & Infrastructure), the Head of Development Services, and the Equal Opportunities Officer regarding any Equalities implications, the Legal Services Manager (Property and Contracts), Research and Information Officer, the Democratic Services Manager and Paul Connor (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 can have a major and positive impact on the economy.**

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Background Papers: SLAED Performance Indicators 2016-17
Ref: SLAED