

Your Moray

REPORT TO: COMMUNITY PLANNING BOARD ON 21 SEPTMEBER 2022

SUBJECT: ECONOMIC RECOVERY KEY PERFORMANCE INDICATORS

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE), MORAY COUNCIL

1. REASON FOR REPORT

1.1 To provide the board with an annual report of the Key Performance Indicators (KPIs) for the Economic Recovery Plan for Moray.

2. RECOMMENDATION

2.1 It is recommended that the Board considers and notes:-

- (i) the impact of the Economic Recovery plan in supporting the Moray economy as it continues to recover from the COVID pandemic;
- (ii) the proposed amendments to the Key Performance Indicators as noted in the report, which will be reviewed by Moray Economic Partnership on 7 September 2022.

3. BACKGROUND

3.1 Moray Economic Partnership (MEP) established an Economic Recovery Plan for the region to provide support for business and the wider economy in response to the COVID pandemic. The plan is based around the principles of:

- Smart growth: business continuity and resilience at the heart of the recovery process
- Clean growth: transition to net zero, including promotion of home-working to reduce commuting
- Inclusive growth: no geographic locations or sections of the community left behind
- Fair work: ensuring employees are rewarded and benefit from economic recovery
- Targeting disadvantage: enabling early recovery particularly for those reliant on child care, public transport, access to broadband and reskilling

- Smart procurement: utilising public sector spend to maximise local economic impact and opportunity
- 3.2 A suite of Key Performance Indicators (KPIs) were identified to measure the effectiveness of the Economic Recovery Plan, and to allow any further action to be informed by local business needs. The KPIs were first reported to the meeting of the Economic Development and Infrastructure Services Committee on 7 December 2021, at which it was agreed for future reporting to be provided on an annual basis (paragraph 9 of the minute refers).
- 3.3 The KPIs identified were:
- Local procurement content by public sector partners by both main and sub-contractors
 - Number of Apprenticeships (Foundation, Modern and Graduate) in all sectors
 - Number of inward investment activities by land and asset purchases
 - Number of expansion activities by land and asset purchase and planning and building warrant application
 - Gender Pay Gap
 - Number of start-ups in all sectors and their survival rate
 - Town Centre vacancies/start-ups and survival rates
 - Unemployment across all age brackets
 - % of unemployed people assisted into work from council operated/funded employability programmes.

4. KEY PERFORMANCE INDICATOR DATA

- 4.1 The initial KPI report provided a baseline of the economic recovery pre-and-post pandemic. This is the first report which will provide a measure of the pace and extent of the economic recovery, supported by the actions set out in the Economic Recovery Plan.
- 4.2 There is yet to be refreshed data published for some of the indicators since they were last reported on, so it has not been possible to provide more recent data for all of the KPIs, since the last reporting period.
- 4.3 It has also not been possible to provide data for the local procurement content by public sector partners for sub-contractor spend. Highlands and Islands Enterprise (HIE), NHS Grampian, and UHI Moray have all advised that they do not have a mechanism for recording such spend. In respect of this it should be noted it was agreed by MEP, at its meeting on 24 November 2021, that a mechanism would be created by each of the partners for capturing this data (paragraph 9 of the minute refers).
- 4.4 The Corporate Services Committee, at its meeting on 1 February 2022, approved changes to the Council procurement process to allow for capturing of sub-contract spend with the data to then be collated and analysed by the Community Wealth Building (CWB) Officer, following recruitment to this post (paragraph 8 of the minute refers). An officer was appointed in June of this year, which unfortunately did not provide enough time for this process to be implemented prior to the writing of this report. This data will be included in the next reporting period.

4.5 Lastly, it was not possible to complete the analysis of the number of inward investment activities by land and asset purchases, due to a lack of available capacity. This data will also be provided in a subsequent report.

4.6 Some key insights from the KPI data analysed are provided in the following sections. The full KPI data is included in **APPENDIX 1**.

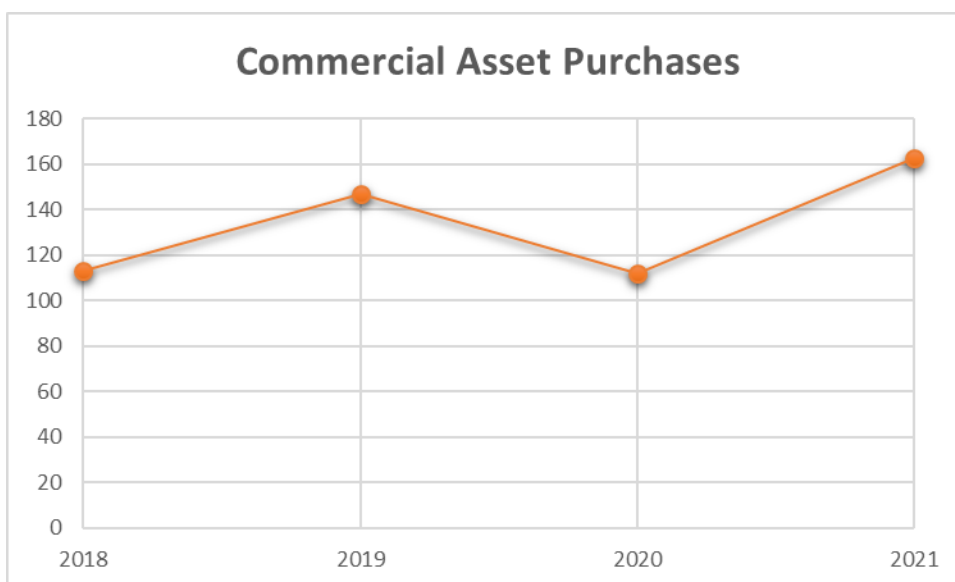
5. SMART GROWTH

5.1 Measuring the number of start-ups in all sectors and their survival rate provides insight into the level of local entrepreneurial activity and the relative health and resilience of small business. New business start-ups suffered as a result of the pandemic, with Business Gateway seeing a 42% reduction in demand between 2019/20 and 2020/21. However, this trend has now reversed, with the number of start-ups through Business Gateway increasing back towards the pre-COVID baseline, with 123 new businesses supported in 2021/22, up from 91 the previous year. The Moray Business start-up Grant was launched by BG Moray in Sept 2021. 50 businesses across Moray were approved for finance of £1500 to help them begin trading. These businesses would have otherwise struggled to get the much needed finance to do so. The Moray Business start-up fund totalled £75,000 – 50/50 funded by Business Gateway and HIE.

5.2 As highlighted in the same data, the 3 year business survival rate has also fallen since the start of the pandemic. This indicator is based on locally recorded data, calculating the percentage of the number of businesses who received start-up support through the local Business Gateway office 3 years prior who are still currently trading. Of the 132 businesses who received start-up support in 2018/19, there were 77% still trading. This is slightly below the rate of 78% from the previous year and represents a significant drop from the pre-pandemic rate. This highlights the impact of the pandemic upon small business right across the period of the pandemic and that businesses which lacked resilience were unable to navigate the challenges associated with the debt burden from bounce back loans and lack of town centre footfall. This indicator will provide a valuable measure of the health of the economy in the years ahead, in measuring the survival of business start-ups during the recovery phase.

5.3 Town centre vacancy rates were almost identical in 2022 across all five of the main town centres as they were in 2020. While the vacancy rates are still above those from 2018, this is a positive sign that footfall has returned and trading increased. However, the most notable change in the data from two years previously is that the number of available premises has fallen in three of the five town centres. In Elgin this has resulted in the availability of 18 fewer retail premises. This can in part be attributed to the Town Centre Capital Fund (TCCF), through which 6 grants were awarded for town centres across Moray in 2020/21 for transforming empty space to living space, with a further 6 supporting alterations of large retail premises to be divided into smaller units. Demand for these interventions perhaps highlights a lack of confidence in the long term prospects of traditional high street retail among property owners. It

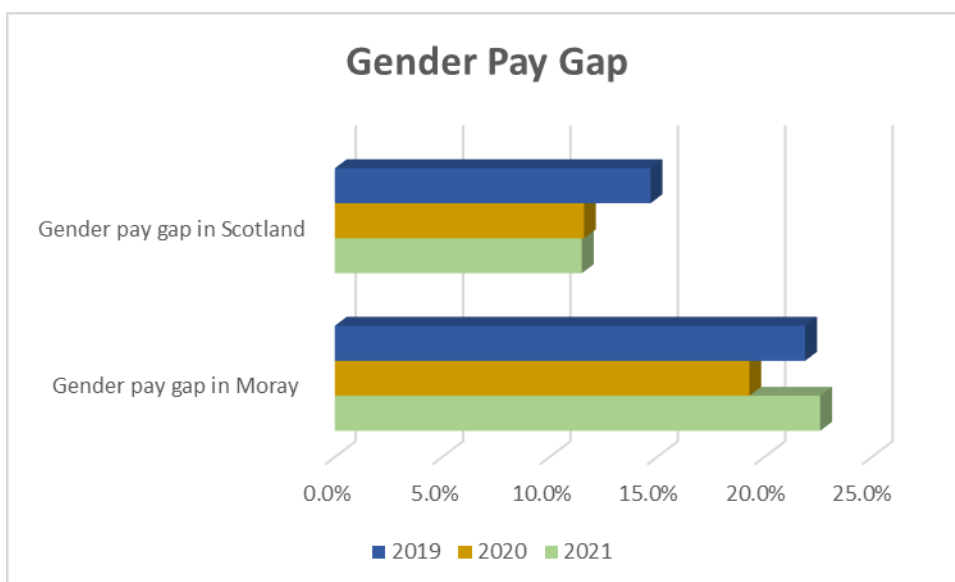
also demonstrates the need for increased availability of small premises for independent retailers.



5.4 As demonstrated in the chart above, there was an increase in the number of commercial land and asset purchases across Moray in 2021, which is now above the pre-pandemic level with 163 in total. This suggests business and investor confidence in Moray is strong and reflects Scotland's current position as the most attractive investment destination in the UK outside of London. The proposed development of new employment land and industrial sites within the Economic Recovery Plan will ensure Moray is well placed to capitalise on this.

6. INCLUSIVE GROWTH

6.1 There is yet to be gender pay gap data published for 2022, so there has been no change in this indicator since it was last reported on.



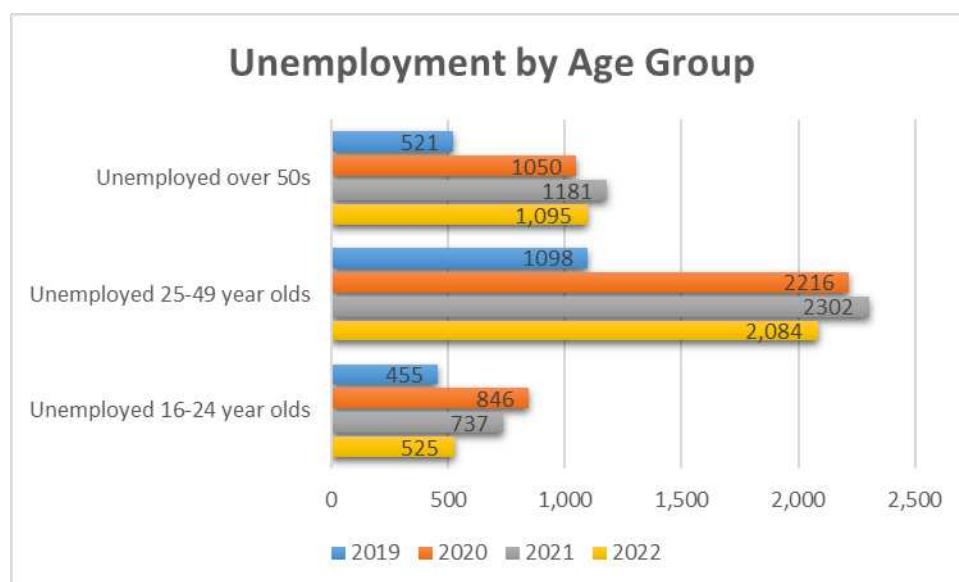
6.2 As highlighted in the previous report, the pandemic has had a notable influence upon the gender pay gap in Moray. The gender pay gap has

continued to narrow at a national level, from 14.7% in 2019 to 11.5% in 2021. In Moray the gap has widened beyond the level of 21.9% in 2019, to 22.6% in the most recently available data. This is outlined in the chart above.

- 6.3 It is worth highlighting that gender pay data is gathered from the Annual Survey of Hours and Earnings, which has been subject to increased uncertainty during the pandemic given the challenges with data collection across this period. At this time, estimates for 2021 remain provisional and relate to the pay period at which time 3.7 million employees were still furloughed.
- 6.4 Median data has been referenced above as this is the preferred measure of average earnings as it is less affected by a relatively small number of very high earners and the skewed distribution of earnings. The analysis of gender pay considers the total gender pay gap between male and female workers across the population of Moray and Scotland, it is not an analysis of equal pay for male and female workers doing the same or similar work.

7. **FAIR WORK**

- 7.1 One of the initial economic consequences of the pandemic was a significant increase in the number of unemployed benefits claimants in Moray, due to a lack of labour market demand. The total number of people claiming unemployment benefits more than doubled from 2019 to 2021, as highlighted in the table below.



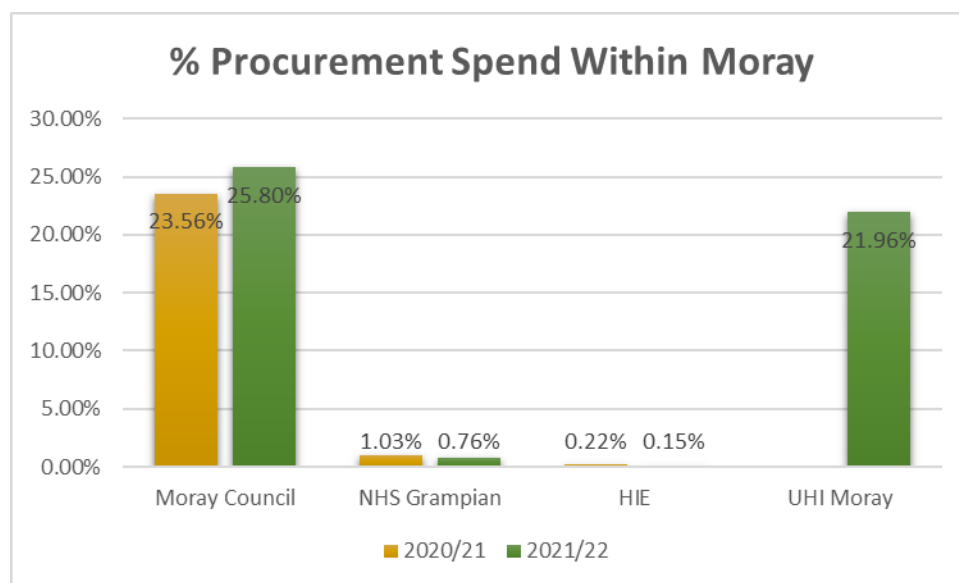
- 7.2 However, this trend has now begun to reverse, with a 12.2% reduction in the number of people in Moray who are unemployed and claiming out of work benefits between 2021 and 2022. At a national level, this rate has reduced by 10.1%, highlighting that Moray is performing favourably compared to Scotland as a whole. The launch of the Moray Pathways employability service, alongside the Moray Employer Recruitment Incentive (MERI) and Kickstart schemes have proven effective in supporting local people back into work. However, it is important to note that there is a disparity across age groups, with a 28.7% reduction in the number of Under 25s claiming unemployment

benefits, compared to just an 8.7% reduction in claimants among the 25 and over age group.

- 7.3 The pandemic has also affected the availability of skills development opportunities. There has been a reduction in the number of apprenticeships available across all sectors, as recorded by Skills Development Scotland. Although there has been a year on year increase in the availability of Modern Apprenticeships, with 366 starts in the most recent financial year, up from 341 in 2020/21. However, this is still significantly down on the 427 starts in 2018/19.
- 7.4 Unfortunately, the data for Graduate Apprenticeships and Foundation Apprenticeships is not yet published for 2021/22, so there has been no change to this data at this time.
- 7.5 An Apprenticeship Strategy for Moray is currently being drafted on behalf of the Community Planning Partnership, for presentation at its meeting on 21 September 2022. This will seek to support significant growth in the availability of apprenticeships across Moray, aligned both to the needs of local industry and aspirations of the labour market.

8. **SMART PROCUREMENT**

- 8.1 The proportion of local procurement from Moray Council, HIE, NHS Grampian, and UHI Moray is detailed in the following chart. The proportion and value of local spend from HIE and NHS Grampian has remained broadly consistent from the previous year. Spend data for UHI Moray was not provided for 2020/21, so a comparison is not possible.



- 8.2 However, the proportion of Council spend with Moray based suppliers has increased by in excess of 2% year on year. This has equated to an additional £3M being retained in the local economy. Procurement colleagues have advised that prior to the pandemic the Council had seen a year on year increase in contractual volume from 2017/18 onwards, mainly down to the increasing use of mini competitions and call offs from frameworks. Though this had stalled during the pandemic with little work being done at a local

level, we can now see this trend reversing. With Category “C” contracts (local council developed contracts) increasing from 45 in 2020/2021 to 104 in 2021/2022.

- 8.3 During 2021/22, the total value of procurement spend with Moray based suppliers from each of the local public anchor institutions equated to:
- Moray Council: £33,874,277
 - NHS Grampian: £1,830,191
 - UHI Moray: £640,374
 - Highlands and Islands Enterprise: £51,140
- 8.4 As approved by Council on 28 October 2020, a procurement consultancy initiative has been made available for Moray based businesses via Business Gateway (paragraph 14 of the minute refers). This provides assistance with Public Contract Scotland (PCS) registration and tender preparation. While this programme of support continues to be promoted, uptake has been limited to date, with the 1-2-1 support accessed by just 6 businesses.
- 8.5 Supplier development forms part of the activity linked to the development of a CWB approach. The recently appointed CWB Officer will coordinate the delivery of supplier development activity through the Supplier Development Forum, which consists of procurement officers from the Council, HIE, NHS Grampian, and UHI Moray. This group will work to coordinate the availability of procurement support via the Supplier Development Programme and the promotion of opportunities for local procurement to stimulate the local market to access these.

9. CONCLUSION

The Economic Recovery Plan has been instrumental in supporting Moray’s economy to mitigate the challenges posed by the COVID pandemic. The actions outlined in the plan have assisted in supporting people back into work and training, while providing vital funding to create new business opportunities.

Continued delivery and monitoring of the Economic Recovery Plan is essential to maintain the current trajectory of the economic recovery, and to highlight any areas of immediate concern so the mitigating action can be implemented.

Community Wealth Building is a vital component in supporting the economic recovery, through strengthening the small business and social enterprise sectors. In support of this, it is essential that all four public partners make a robust commitment to capturing local sub-contract spend, if there is to be an accurate picture of the current level and impact of local procurement. With a CWB Officer now in post at the Council, a process will be devised for developing this internally.

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Background Papers:

Ref: