



**REPORT TO: ECONOMIC DEVELOPMENT AND INFRASTRUCTURE
SERVICES COMMITTEE ON 7 DECEMBER 2021**

SUBJECT: ECONOMIC RECOVERY KEY PERFORMANCE INDICATORS

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

1. REASON FOR REPORT

- 1.1 To inform the Committee of the pre-and-post pandemic baseline data for the Key Performance Indicators (KPIs) for the Economic Recovery Plan for Moray.
- 1.2 This report is submitted to Committee in terms of Section III (F) (2) 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) notes the position of the Moray economy in the current phase of recovery from the COVID pandemic;**
- (ii) agree to future reporting on the Key Performance Indicators on an annual basis; and**
- (iii) agrees that a further report be presented to the Corporate Committee to approve the proposed changes relating to the procurement process**

3. BACKGROUND

- 3.1 Moray Economic Partnership (MEP) has been providing support to business throughout the COVID pandemic in response to the crisis. MEP membership is made up of Moray Council, Highlands and Islands Enterprise, Moray College UHI, NHS Grampian, Moray Chamber of Commerce, Robertson Construction, Moray Speyside Tourism, TSI Moray, Federation of Small Business, Skills Development Scotland and Gordon and MacPhail.

3.2 As part of this response, MEP established an Economic Recovery Plan for the region, 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

3.3 This high level action plan was approved by the Economic Growth, Housing and Environmental Sustainability Committee, at its meeting on 6 October 2020 (paragraph 9 of the minute refers). By the end of the reporting period, the actions outlined in the Economic Recovery Plan had only been in operation for around 6 months, but it is likely that it will take longer for these actions to drive change. This report therefore provides the baseline data of the economic recovery from which future analysis can be conducted, and the impact of the actions measured.

3.4 Following creation of the Economic Recovery Plan, MEP agreed a suite of short term key performance indicators (KPIs) to measure economic recovery, at its meeting on 26 May 2021. These indicators were selected to allow MEP to measure the impact of the activities delivered via the Economic Recovery Plan and be informed of business needs both in the short term and for the reviewed and refreshed economic strategy, once finalised.

3.5 The KPIs agreed were as follows:

- 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. COLLATION OF INDICATOR DATA

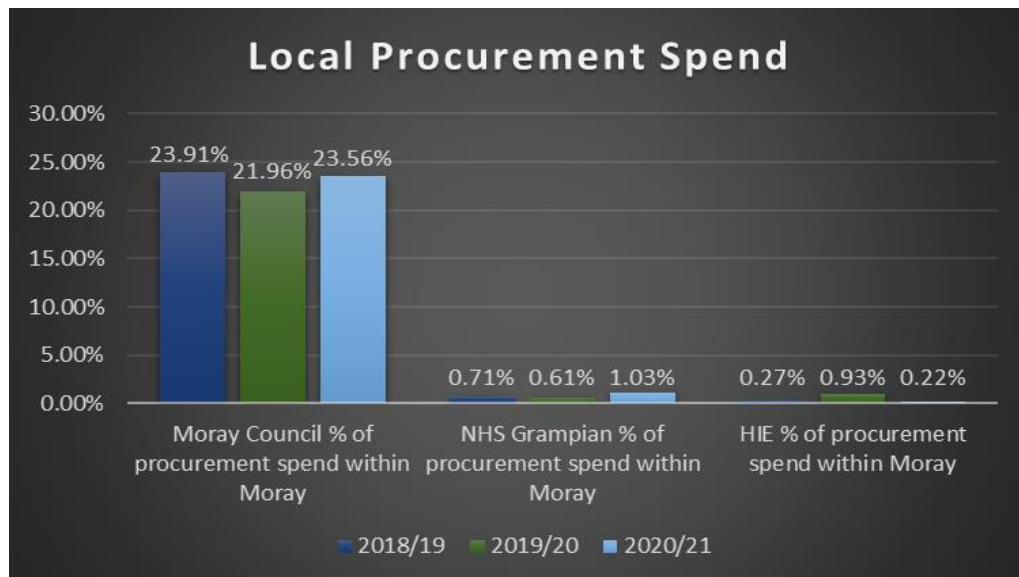
4.1 The approach taken in reporting on the agreed KPIs for the first time was to analyse the data across the three most recent financial years to provide a

baseline of the economic recovery pre-and-post pandemic. However, where the indicator data is recorded on a calendar year basis, it has been reported in this format.

- 4.2 It has not been possible to access the data for local procurement spend from Moray College UHI at this time, but this will be made available ahead of the next reporting period. Additionally, all other MEP public partners advised that it was not currently possible to accurately provide data for the proportion of spend with sub-contractors, so this element of the indicator has not been reported on.
- 4.3 To address this issue, it is recommended that a clause be inserted into all Moray Council procurement contracts, requiring the main contractor to provide information relating to sub-contractor spend to the Contract Manager. It will be the responsibility of the Contract Manager to secure this data from the contractor, it will then be collated and analysed by the new CWB Officer once this has post has been successfully filled. Additionally, a similar approach will be proposed to MEP, to capturing sub-contract data at Highlands and Islands Enterprise, NHS Grampian, and Moray College UHI, for approval by MEP.
- 4.4 The data required to analyse the number of inward investment activities by land and asset purchases was not provided by National Records of Scotland in time for finalising this report. This indicator will also be reported on for the next reporting period.
- 4.5 As the data for several of the indicators is reported on an annual basis, it is proposed that further reporting is carried out annually.
- 4.6 Some of the key insights from the KPI data are included in the following sections. The full data outlining performance against the KPIs is available in the tables in **APPENDIX 1**.

5. LOCAL PROCUREMENT SPEND

- 5.1 The proportion of local procurement from Moray Council, Highlands and Islands Enterprise, and NHS Grampian, is detailed in the chart below. The relative percentage for each of the three organisations has remained broadly consistent throughout the pandemic period.



- 5.2 In the most recent financial year, 2020/21, the amount of procurement spend with each of the local public anchors equated to:
- Moray Council: £ 30,843,380
 - NHS Grampian: £2,022,044
 - Highlands and Islands Enterprise: £ 54,090
- 5.3 The increase in NHS spend in 2020/21 of over £750,000 is likely the result of a large Moray construction project at the Fiona Elcock Vaccination Centre. The percentage of Highlands and Islands Enterprise spend in Moray is taken from organisational spend across the Highlands and Islands region, not just that which is spend in Moray.
- 5.4 It should be noted that public sector procurement spend does not currently account for firms who have a branch in Moray, but are headquartered elsewhere. To more accurately capture the level of local spend it is recommended that an additional question be added to the procurement process of all MEP public partners requesting clarification on whether each supplier has a branch in the local area, and if so whether this branch will be delivering the contract.
- 5.5 Work to increase the proportion of local procurement spend has commenced, with procurement representatives from Moray Council, Highlands and Islands Enterprise, Moray College UHI, and NHS Grampian joining a recently reinvigorated Supplier Development Forum. This group will actively identify opportunities for local procurement and provide support to stimulate the local market to access these.
- 5.6 As approved by Council on 28 October 2020, consultancy provision has been made available for small business to support procurement and supplier development through assisting companies in preparing tender submissions (paragraph 14 of the minute refers). To date, there has been limited uptake of this support, however, a key objective of the Supplier Development Forum is to encourage an increase in interest for this.

5.7 Supplier development forms part of the activity linked to the development of a Community Wealth Building (CWB) Strategy for Moray. To coordinate the development and delivery of the CWB strategy, a Moray Anchor Network will be formed, as agreed by this Committee at its meeting on the 19 October 2021 (paragraph 12 of the draft minute refers). This network will include officers from public anchor institutions, alongside key representatives from the private and third sector.

6. BUSINESSS SECTOR HEALTH

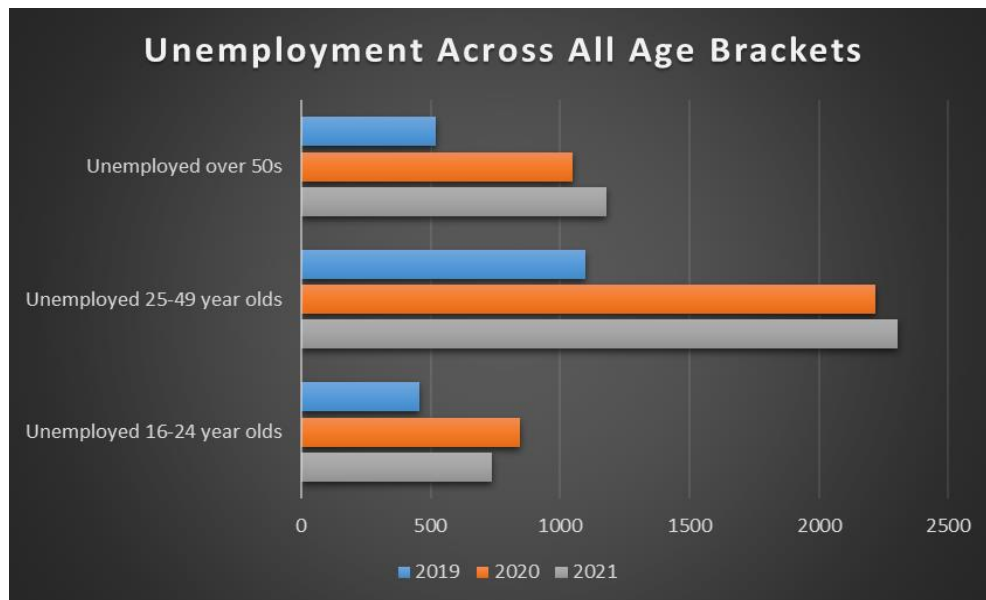
6.1 The action plan identified a number of measures designed to aid business recovery including the launch of a Town Centre Fund to incentivise occupation of vacant town centre retail space, alongside funding to support development of digital skills and ecommerce capabilities. Work to improve and adapt town centres has also recently commenced, through local masterplans.

6.2 However, despite these measures, business growth and resilience has suffered as a result of the pandemic. This has resulted in 31% fewer new business start-ups through Business Gateway between 2018-19 and 2020-21. As identified through the same data, the 3 year business survival rate has also fallen to 78% from 87% two years earlier. It is likely that a variety of factors have contributed to this, including the result of the additional debt burden from bounce back loans, and lack of town centre footfall.

6.3 Across Moray, three of the five main town centres have seen an increase in the percentage of vacant retail premises between 2018 and 2020. From the most recent Moray wide data, collated in 2020, Elgin, Forres and Keith all had vacancy rates above 10% of the total number of premises available.

6.4 One of the consequences of increased business failure has been a constriction in labour market demand. Based on official data from the Department of Work and Pensions, the unemployment rate in Moray stood at 4.2%, as of July 2021. This is lower than the national rate, which stood at 4.7% for Scotland as a whole. However, it should be noted that this data is based on an estimate using a statistical model, due to the small sample size in the data taken from the Office for National Statistics annual population survey.

6.5 The total number of people claiming unemployment benefits has more than doubled since the start of the pandemic. This equates to a 103% increase in claimants for unemployment benefits in Moray between 2019 and 2021. Using this metric, there has been lower increase nationally, at 91%. The chart below highlights that this increase in unemployment has resulted in over 4,200 people in Moray claiming job seekers allowance or universal credit, who are not in employment.

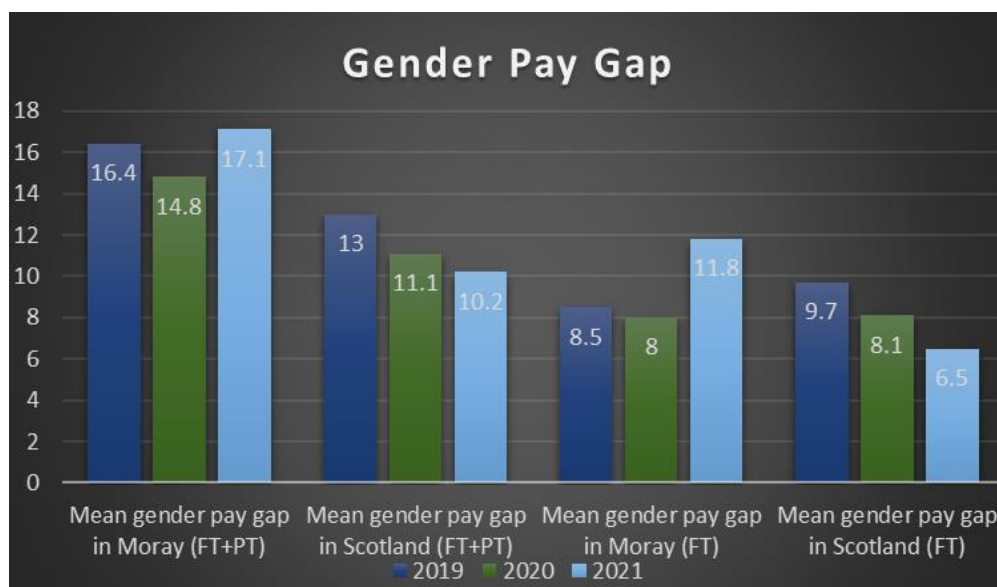


- 6.6 To address issues with local unemployment, the Moray Employer Recruitment Incentive (MERI) launched in April of this year. To date, 59 young people have been employed on 12 month placements with a mixture of private, public and third sector employers, with a further 68 placements targeted. In addition, a further 95 people have gained employment through the Kickstart scheme with the Moray Chamber of Commerce. However, this does not represent the full scale of the scheme in Moray as further placements have been provided via the Department of Work and Pensions, but this data has not been made available.
- 6.7 The impact upon business 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. There were 20% fewer Modern Apprenticeships available in 2020/21 than 2018/19. At a national level, the availability of Modern Apprenticeship opportunities had fallen by 32%, highlighting that against this metric Moray is currently performing above the national average.
- 6.8 As the SLAED data is yet to be published for 2020/21, national comparator data for business start-ups and survival rates, as well as the number of unemployed people assisted into employment is not currently available. Additionally, less than half of local authorities completed and submitted returns of town centre surveys in 2020, so again data for post-COVID comparison is not currently available.

7. GENDER PAY GAP

- 7.1 The economic impact of the pandemic has had a notable influence upon the gender pay gap at a local level. Although the gender pay gap has continued to narrow annually at a national level, in Moray the gap has now widened beyond the level of 2019.
- 7.2 In 2021, more women than men were furloughed with a loss of pay, which is the opposite of 2020. As highlighted in the chart below, for full time workers in

Moray, this has resulted in the gender pay gap increasing by over 3% when compared with 2019.



7.3 It is important to note that 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.

7.4 Mean data has been used for the analysis of the Gender Pay Gap. Median data 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. However this is less statistically significant at a Moray level, and is consistent with the approach previously used when reporting to this Committee. It should also be noted that estimates for 2021 data are provisional.

8. **SUMMARY OF IMPLICATIONS**

(a) **Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))**

Effective monitoring of economic indicators will contribute towards the corporate plan priority to promote economic development and growth, as well as the LOIP priority of a growing and sustainable 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**

Departmental lead officers will be responsible for contract management of procured contracts, including provision of sub-contractor spend data.

The CWB Officer will collate and analyse this data, once provided. The actions detailed in this report do not require any further staff resource at this time.

(e) Staffing Implications

There are no staffing implications arising directly from this report.

(f) Property

There are no property issues arising directly from this report.

(g) Equalities/Socio Economic Impact

The Economic Recovery Plan detailed in Section 3 aims to promote fair and equitable growth in the economy as part of the COVID recovery process.

(h) Consultations

Depute Chief Executive (Economy, Environment and Finance), the Head of Economic Growth and Development, the Business Gateway Manager, the Economic Growth & Regeneration Manager, the Legal Services Manager, the Payments Manager, Principal Accountant, the Equal Opportunities Officer and Committee Services Officer have been consulted and their comments incorporated.

7. CONCLUSION

7.1 As suggested when the Economic Recovery Plan was proposed, the Moray economy has been significantly impacted by the COVID pandemic, resulting in increased unemployment and reduced business resilience.

7.2 Continued monitoring of the Economic Recovery KPIs is essential for assessing the pace and extent of the economic recovery. However, due to the frequency that the data for some of the indicators is published, it is proposed that this is provided on an annual basis.

7.3 Community Wealth Building will be a vital component in supporting the economic recovery, through improving the diversity and resilience of the business and social enterprise sectors.

7.4 A separate report to Corporate Committee will be required to approve any changes to the procurement process, which will be prepared should the recommendations in this report be approved.

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Background Papers:

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