

MEP Report to CPB 13.8.15 - Wording for John

You will see the MEP report is in two parts. The summary information is in the first document containing the charts with the more detailed narrative and supporting facts and figures in the second document starting on page 24. What I will do is talk you through the first document, but myself, Rhona and David will try to answer any questions you have on either document.

Chart 1 – Rating as a Good Place to Live

This chart is included for fullness but it's suggested that the Board asks for supporting information after all the partnerships have presented their reports as the Board agreed this target was likely to be influenced by the areas covered by every partnership and fell beyond the remit of MEP alone.

I'm aware that the figures for 2013 reported in 2014 were down, but it's suggested we await the 2014 figures due for publication later this month and then look at the results. I understand that Bridget has offered to prepare supporting information on this target for the Board's consideration.

Chart 2 – Population Growth

The original target was for our population to have grown to 94000 by 2016 and 97000 by 2023. Mid-year estimates for 2014 suggested that the 2016 figure has already been achieved.

The work ongoing that feeds into this target is set out on pages 4 and 5 and as you would expect, this includes interventions to get people into work, work on the skills pipeline to ensure our young people are offered education and training in areas where there is a ready job market in Moray, new jobs created through HIE support and work to market Moray as a great place to work and live.

In terms of the raw statistics, Moray's increase isn't due to births or deaths but from inward migration which is extremely encouraging. We can't tell why we have that inward migration however from the raw data and MEP will look at whether there are sufficient in house resources to understand this well. There are some obvious factors such as expansion or contraction of the public sector including the MOD, the availability of housing including affordable housing, the jobs market etc. It may also be possible to draw conclusions based on data gathered across the other partnerships.

Meantime, MEP recommends that action to develop Barmuckity Business Park continues. This alongside the availability of other employment land in Moray will be a key factor in attracting people to live here. In addition, attention needs to stay on the availability of housing and that continues to be an issue across Moray.

In light of all this information, MEP looked at the targets and has increased the target for 2016 to 95000 with a confidence rating of 3. Although that may seem modest, given the uncertainties around the oil and gas sector and the pending Strategic Defence and Security Review, that is what's recommended.

Chart 3 – Median Wage

The main statistic used here is the Annual Survey of Hours and Earnings (ASHE) but there are problems with using this, including the fact that it uses a very small sample size and it looks only at

those employed full time in April. It excludes the self-employed and military staff as well as part time and seasonal workers all of which are common in Moray. Looking at the unadjusted figures, Moray is lagging 15% behind the national average figures with the 2023 target intended broadly to achieve parity. For this reason confidence with this target is assessed at 2 because, using this metric, only a very significant economic coup for Moray like the spaceport or massive O and M activity from Buckie would be capable of bringing us within striking distance of national figures. It should be noted that if the trend of reducing public sector employment continues this will also have a downward impact.

In recognition of some of the issues about use of ASHE in Moray, UHI Economic Intelligence Unit did some analysis and this showed that if the ASHE figures were adjusted for the MOD, this produced a figure for Moray where the average wage was slightly higher than the Scottish average figure similarly adjusted at £489.74 a week compared to £485.70. The chart on page 6 shows the unadjusted and adjusted figures. The metric used nationally is the unadjusted figure and if you are wondering how the adjusted figures appear to be lower than the ASHE figures this is because the ASHE is based on the median whereas the UHI adjusted figures are based on the mean. This should have been made clear on page 26 in the commentary. As a result, the question arises whether the CPB are happy to continue showing the impact of the adjustment based on the mean adjusted ASHE results – an adjustment that isn't recognised nationally but is recommended as more accurate for Moray by UHI. Meantime, MEP is forming a statistics sub group to look at some of the data and stats being used by MEP to see if these can be further refined.

As regards activities towards this target, the focus is very much on developing jobs and workers skilled in the higher paid sectors including life sciences, engineering and business services, while continuing to support growth of the creative sector, the indigenous food and drink sector and the visitor economy. The impact of the living wage and its take up in Moray and nationally will also be a factor to watch.

Chart4 – Workforce in the Private Sector

As with other charts, there are some challenges around the stats, but the general picture currently is of reasonable performance against the original target: in Moray the percentage of the workforce in the private sector was static from 2012 to 2013, whereas in almost three quarters of LAs there was an increase, but meanwhile the percentage in the public sector fell which is the same result as in more than half of all LAs. As the overall target can be influenced by both these elements, MEP wants to do further analysis about the interplay between the two before this target can be fully reviewed. What is suggested is that the targets are retained meantime with a confidence rating of 4 until MEPs Stats Working Group can look more closely at them, possibly in conjunction with the UHI Economic Intelligence Unit.

While that work is ongoing data which partners can provide about employee numbers would be helpful as a sense check against the national data. Work to meet this target is shown at page 31 and includes work to grow life sciences and the School of Art and also to keep the position of Buckie as an O and M port prominent.

Chart 5 – Planning Applications

A great deal of work has been done to reduce the processing time and as a result the target has been reduced to 9 weeks from 2016-17 with the challenge thereafter being to keep the turnaround time at that level, at which point MEP may want to look at another target. Meantime the confidence rating is assessed as 4.

Chart 6 - % in Employment with Qualifications

The original target here was set at graduates but it was recognised that the market requires a far wider spread of qualifications. As with other statistics, there are issues about accuracy with data from the annual population survey suggesting that in 2013 20.3% were graduates whereas another stats grouping suggests it was over 22%. We don't yet have the 2014 results from that grouping but the annual population survey suggests a downwards trend by 2014. You will see that based on work ongoing via UHI and SDS despite that trend, the confidence rating is still set at 4 but clearly a closer look has to be taken at which data set we will use, and targets need to be set for other qualifications. That work will be influenced by the Moray Skills profile – SDS rep may want to comment on this - but MEP will also look at what skills we both need and want to develop locally, possibly through an external study.

Chart 7 – Progress in Dualling the A96

This is set at a confidence rating of 3 with recognition of the fact that progress will be determined nationally and all MEP and the CPB can do is to lobby for good progress and in particular for the stretch of the route between Auldearn and Fochabers to be constructed before other sections once the Nairn to Inverness section has been completed. Traffic flows suggest peaks in Moray around Elgin and Fochabers but also peaks around Inverurie and Kintore further along the route. Although Transport Scotland have announced the priority for the design and route assessment period which shows Auldearn to Fochabers followed by Huntly to the AWRP with the Fochabers to Huntly stretch last, they have stressed that this is not in any way indicative of the order of construction which will be influenced by design, legal and funding issues – hence the need for continual lobbying.

Chart 8 –Business Start Ups

MEP has amended the confidence rating here to reflect the challenges based on the economic climate and recent stats which show we are either below target or on it. MEP needs to look at the data sets available to measure performance here as the Committee of Scottish Clearing Banks and Office of National Statistics data varies for 2013. Using the CSCB figures Moray is lagging behind the national average for 2013.

In terms of activity, Business Gateway exceeded their target for start-ups in 2013/14 and narrowly didn't reach it in 2014/15 It should be noted that not all start-ups come to BG for help, that the number of start-ups is influenced by the availability of alternate employment i.e. there are usually less start-ups when employment is available and finally it is more important to focus on business survival and growth than start-up.

Chart 9 – 5 Year Survival Rate

Similarly the confidence rating for this target needs to be adjusted from 4 to 3 to reflect the variability of the figures year on year. For 2012 and 2013 however, the survival rate was healthy compared to the national figures. As is set out in the commentary, a number of agencies support businesses including BG. BG works on a 3 year survival rate and there are 3 year figures available nationally so again MEP will look at whether we should switch to a 3 year target and what other metrics are available to support intelligence on progress.

Chart 35 – Percentage Broadband Access

Progress in Moray to date with the roll out is very good, sitting at 60% as at June 2015 and expected to rise to 93% by the end of 2016. The reason why MEP recommends that the confidence rating is dropped from 4 to 3 is because that once that 93% threshold is reached, we believe that the remaining 7% will be technically difficult and potentially very costly to reach. There is also an issue about where that 7% is located, in that current advice from BT and HIE is the “white areas” which won’t be covered by the end of the roll out of the current programme can’t yet be identified because technology is advancing so rapidly they can’t be certain. That makes contingency planning about how to initially reach the 95% target and ultimately the remaining 5% very difficult at present. The Scottish Rural Parliament has issued a statement that clarity on “white areas” will be provided by the autumn and MEP will be better placed to consider an upwards rating in confidence levels once that clarity is available and we can start to have discussions with Community Broadband Scotland and others about how to bridge the gaps. Funding may be available for local projects through the next Leader programme which the Council has agreed in principle to support. David may want to comment on this.