



# MORAY

## ECONOMIC UPDATE

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2005

### HIGHLIGHTS

- The population of Moray in 2001 was 86,940, an increase of 4% from 1991 which is more than the growth of 0.8% in the HIE area.
- The population of Moray is younger than the HIE area in general, with a mean age of 39.1 years. There is an overall trend towards an ageing population.
- The unemployment rate for Moray is lower than that for the HIE area and is slightly less seasonal. In May 2005 the unemployment rate was 1.9%.
- Male unemployment has decreased at a greater rate than female unemployment over the period 2001 to 2005. Figures for May 2005 show unemployment at 2.5% for males and 1.2% for females.
- The median gross weekly earnings were £286.10 per week in 2004. These are lower than earnings in the HIE area and significantly lower than the median gross weekly earnings in Scotland.
- The Public Administration, Education & Health sector accounts for the largest percentage of employees with 33.1% of those economically active, followed by the Wholesale, Hotels & Restaurants sector. Females largely dominate these sectors.
- A large percentage of employees (32%) work in companies with more than 100 employees. However, a larger percentage (57%) work in firms with 49 or less employees, highlighting the dominance of small and medium enterprises (SMEs) in the area.
- Moray had an average business start-up rate of 3.7 per 1,000 population in 2004, less than the average for the HIE area and Scotland.

## INTRODUCTION

This document provides information and analysis on the socio-economic profile of the Moray area. The data is mainly derived from the 2001 Census undertaken by the General Register's Office for Scotland (GROS) and from other national surveys undertaken by the Office for National Statistics (ONS). Where possible the most recent and accurate available data has been used.

## POPULATION

Table 1 shows the population change in the Moray area compared to the HIE area and Scotland from 1991 to 2001. The population of the Moray area was 86,940 in 2001 accounting for 20% of the total HIE area population.

**Table 1: Resident Population, 1991-2001**

	1991 <sup>*</sup>	2001	Change	% Change (1991 base)
<b>Moray</b>	<b>83,616</b>	<b>86,940</b>	<b>3,324</b>	<b>+4.0</b>
HIE	430,361	433,745	3,384	+0.8
Scotland	5,083,330	5,062,011	-21,319	-0.4

Source: GROS 2001 Census

\*Based on non-revised 1991 Census population for LEC & HIE, but revised 1991 Census population for Scotland.

In Moray there has been population growth of 4% since 1991, higher than the growth experienced by the HIE area of 0.8%. Growth is concentrated around the population centres of Forres & Elgin, with population decline in some rural areas. This general growth experienced around the Inner Moray Firth area is influenced by the increased popularity of the area as a place to live and from which to commute to Inverness for work. The location of the RAF squadrons within the area also influences population change. Not only have new RAF squadrons at Lossiemouth contributed to the population growth, but a survey of RAF employees in their last 2 years of service in the 2005 Skills Audit of the Moray RAF Bases found 53% intend to settle in the Moray area when they leave.

### Age Structure

Table 2 shows the changing age structure of the Moray area as a percentage of the total population, compared to the HIE area and Scotland from 1991 to 2001.

**Table 2: Distribution of Population by Age, 1991-2001 (% of total population)**

Age Group	Moray 1991 <sup>*</sup>	Moray 2001	HIE 2001	Scotland 2001
0-4	6.6	<b>5.7</b>	5.4	5.5
5-19	20.0	<b>19.0</b>	18.6	18.7
20-44	36.2	<b>34.6</b>	32.0	35.5
45-64	21.9	<b>24.4</b>	26.7	24.5
65-84	13.9	<b>14.5</b>	15.2	14.2
85+	1.3	<b>1.7</b>	2.0	1.8

Source: GROS 2001 Census

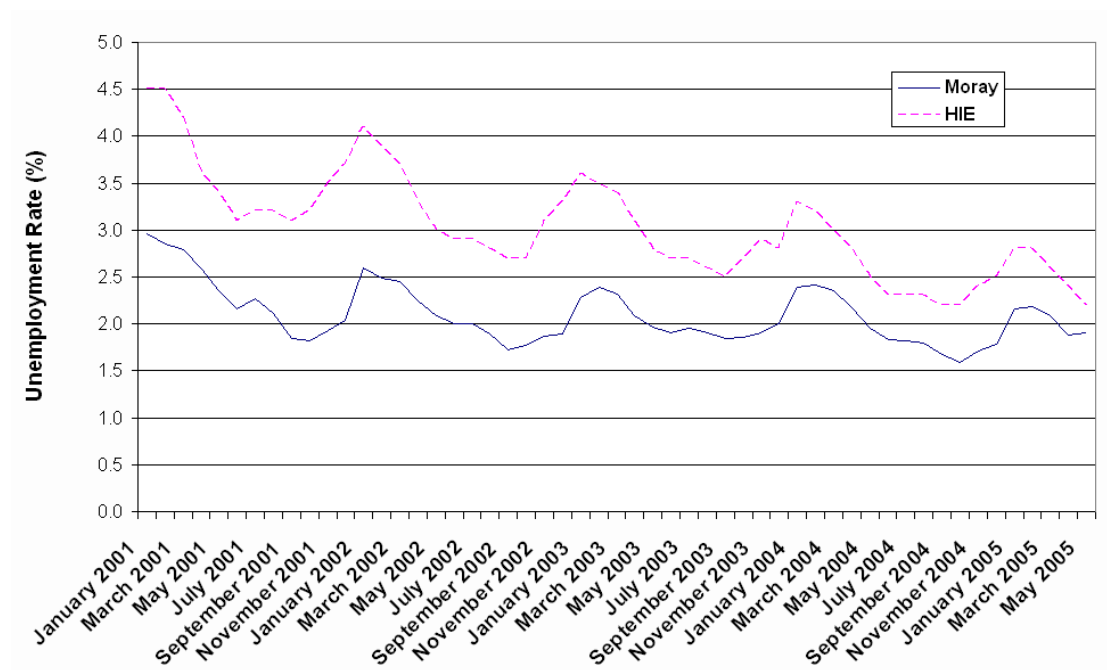
\*Based on non-revised 1991 Census population figures.

The percentage of the population aged 44 years or less has decreased in the Moray area from 63% in 1991 to 59% in 2001. This is still higher than that for HIE area as a whole (56% in 2001) showing that there is a larger proportion of young people in the Moray population. The percentage of the population aged 65 years or older in Moray has increased from 15% in 1991 to 16% in 2001. This is lower than the HIE area (17% in 2001). As a result, the Moray area is shown to have a younger population profile than the HIE area, but with a trend towards an ageing population.

## UNEMPLOYMENT

Figure 1 shows the unemployment rate for Moray compared to the HIE area from January 2001 to May 2005.

**Figure 1: Unemployment Rates, 2001-2005**



Source: NOMIS (ONS)

Note: Rates calculated using GROS Census 2001 population.

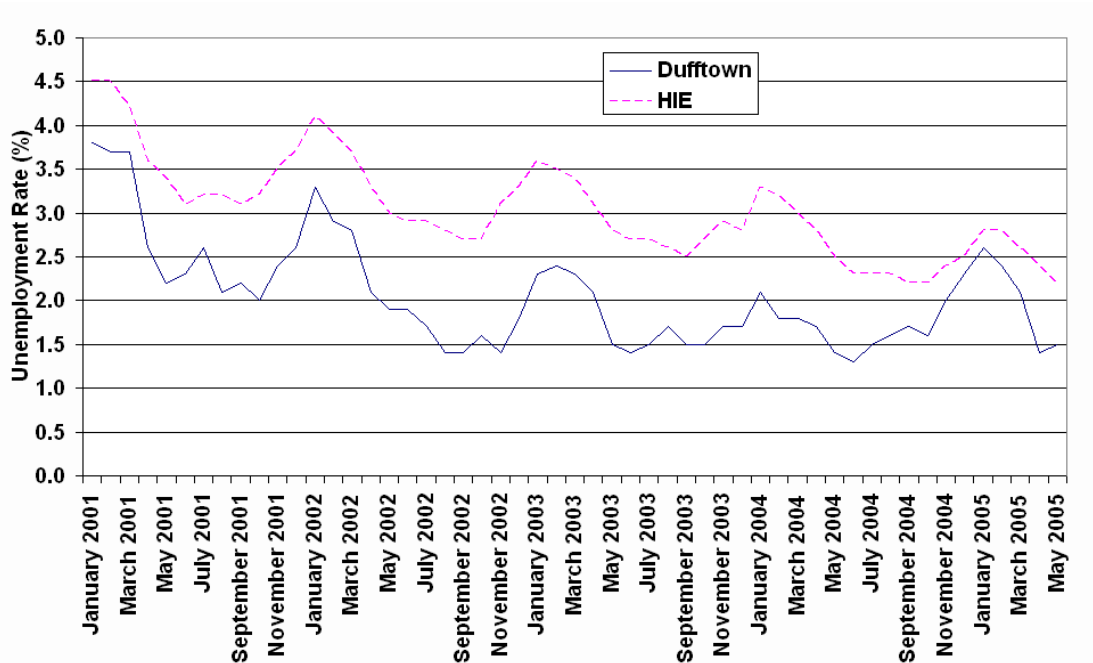
Since 2001, the unemployment rate for Moray has been up to 1.5% lower than that for the HIE area. The Moray unemployment rate is seasonal by nature, with unemployment rising during winter months and falling during the summer. This indicates a reliance on seasonal employment, in particular within tourism and the primary sector. In Moray, the highest rates of unemployment were seen in January 2001. This was influenced by redundancies made by Barmac from the Ardersier oil fabrication yard the previous year. Overall, the unemployment rate has decreased from 3.0% in January 2001 to 1.9% (1,037 claimants) in May 2005.

### Unemployment by TTWA

Unemployment rates based on the claimant count are provided by NOMIS for Travel to Work Areas (TTWA's). There are three TTWA's within the Moray area; Dufftown, Keith & Buckie and Elgin & Forres, all with different unemployment

characteristics. Figure 2a highlights the unemployment rates for Dufftown TTWA, while Figure 2b highlights the unemployment rates for the Keith & Buckie and Elgin & Forres TTWA's from January 2001 to May 2005.

**Figure 2a: Unemployment Rates by TTWA, 2001-2005**

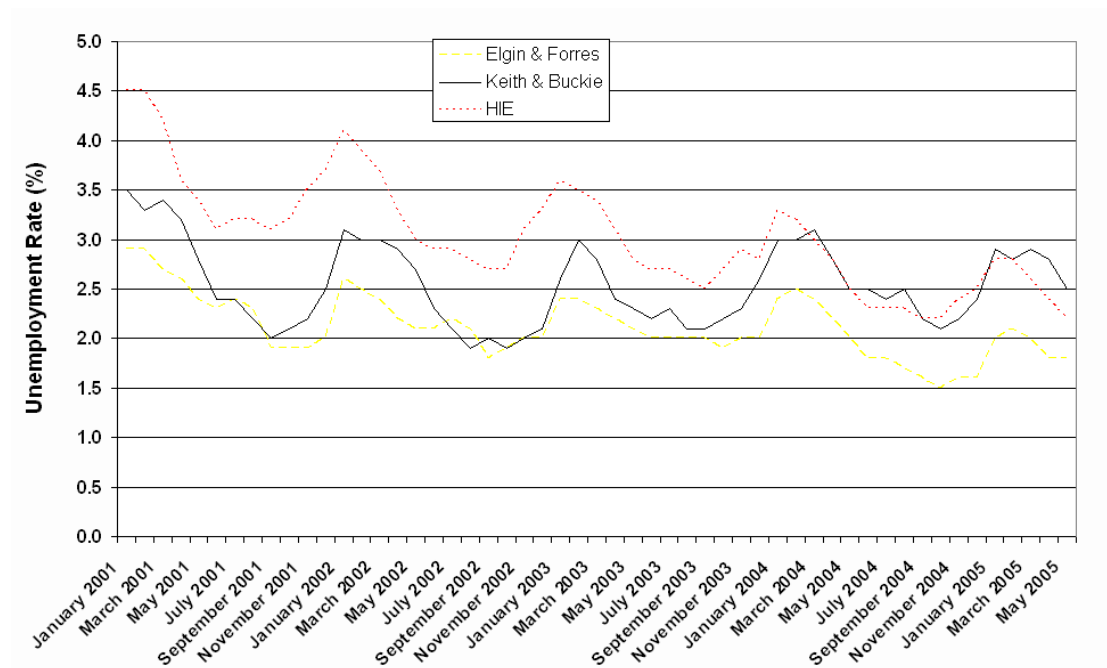


Source: NOMIS (ONS)

Figure 2a illustrates that the unemployment rate in Dufftown TTWA has been lower than that for the HIE area from January 2001 until May 2005.

The Dufftown TTWA also displays a high level of seasonality, showing its reliance on employment in tourism (for example, the Whisky Trail) and the primary sector. The overall rate of unemployment has decreased from 3.8% in January 2001 to 1.5% in May 2005. This may in part be influenced by recent growth experienced by Walkers Shortbread, a key employer in the area, who have taken on around an extra 200 workers over this time period and now employ around 1,150 staff.

**Figure 2b: Unemployment Rates by TTWA, 2001-2005**



Source: NOMIS (ONS)

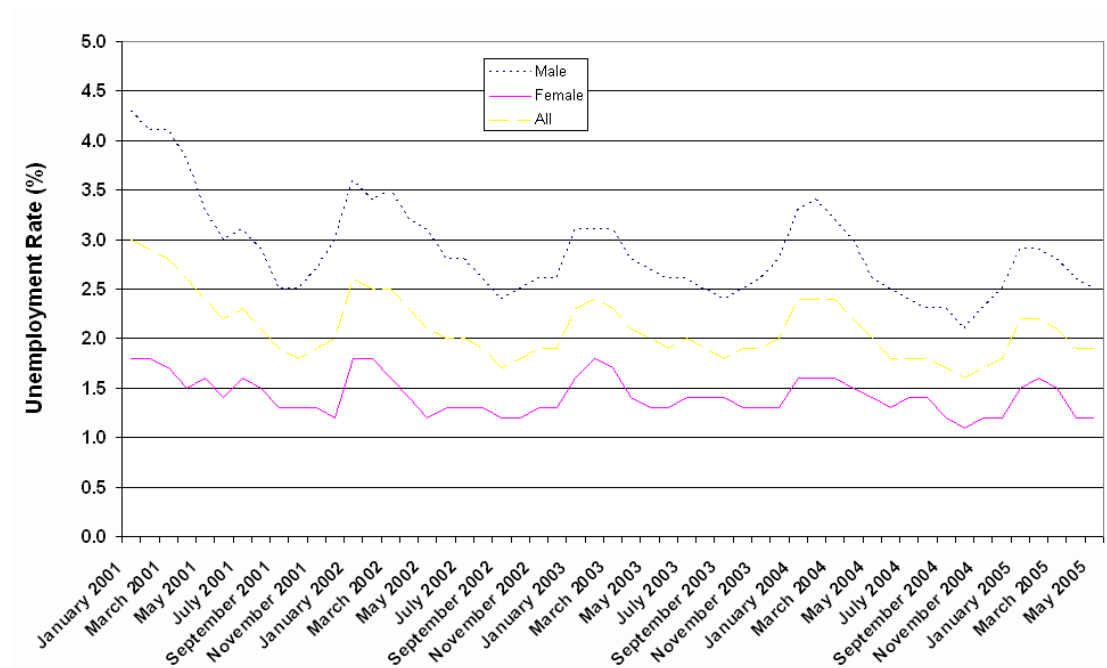
The Elgin & Forres TTWA also has an element of seasonality to its unemployment rate, showing it also relies on tourism and primary sector activities. However, the Elgin & Forres TTWA unemployment rate is the least seasonal of all those in the Moray area. The unemployment rate has decreased from 2.9% in January 2001 to 1.8% in May 2005. The opening of a Cap Gemini contact centre in Forres during this time, creating around 200 jobs, has influenced this in part.

The Keith & Buckie TTWA has a more seasonal unemployment rate than the Elgin & Forres TTWA, indicating a stronger reliance on tourism and the primary sector for providing employment. The unemployment rate in the Keith & Buckie TTWA has shown a decreasing trend, falling from 3.5% in January 2001 to 2.5% in May 2005.

### Unemployment by Gender

Figure 3 shows the male and female unemployment trends for the Moray area from January 2001 to May 2005.

**Figure 3: Male and Female Unemployment Rates, 2001-2005**



Source: NOMIS (ONS)

Note: Rates estimated using GROS Census 2001 population.

Typifying most unemployment trends, the male unemployment rate is higher than the female unemployment rate. The male unemployment rate for Moray is also more volatile, including a stronger seasonal trend. Male unemployment has shown a decreasing trend, falling from 4.3% in January 2001 to 2.5% in January 2005. The female unemployment rate has also decreased, but to a lesser extent, falling from 1.8% to 1.2% over the same time period.

## INCOME

Table 3 shows the median gross weekly earnings for Moray in 2004 for all workers (both public and private sector).

Area	2004 (£)	2004 Earnings as a % of:	
		HIE	Scotland
<b>Moray</b>	<b>286.1</b>	<b>96.4</b>	<b>87.7</b>

Source: Annual Survey of Hours and Earnings 2004

From the table it can be seen that the median gross weekly earnings in Moray were £286.10 per week in 2004. This is lower than the median gross weekly earnings in the HIE area in 2004, and significantly lower still than the median earnings in Scotland. This is influenced by the prevalence of employment within tourism and food & drink manufacturing in Moray, typified by low wages. Additionally, the Annual Survey of Hours and Earnings does not capture the relatively high wages earned by RAF personnel.

## GROSS VALUE ADDED

Gross value added (GVA) is a measure of the income generated by businesses after the subtraction of input costs (excluding wage and capital investment costs). Table 4 shows the gross value added per full-time employee for the Moray Council area compared to Scotland. This is a useful measure of productivity.

**Table 4: Gross Value Added per Full-Time Employee, 2002**

Area	GVA per Full-time Employee (£)		
	Manufacturing	Construction	Services
<b>Moray</b>	<b>57,400</b>	<b>32,700</b>	<b>25,200</b>
Scotland	44,400	33,500	25,400

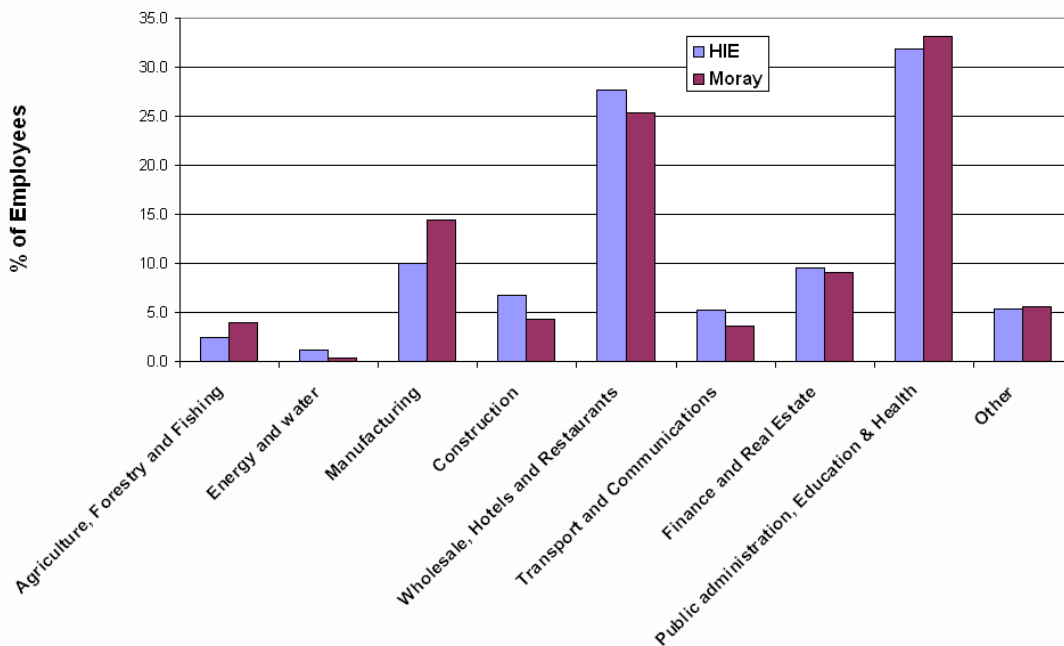
Source: Scottish Executive, Scottish Production Database & Scottish Services Database 2002

Moray area has a higher GVA per full-time employee for Manufacturing (£57,400) than Scotland (£44,400). This is influenced by the concentration of large food and drink manufacturers in the Moray area, such as Walkers Shortbread and W. A. Baxter & Son Ltd, along with whisky distilleries, which benefit from economies of scale and expanding global markets. Moray has a slightly lower GVA per full-time employee for Construction (£32,700) than Scotland (£33,500) and a slightly lower GVA per full-time employee for Services (£25,200) than Scotland (£25,400).

## EMPLOYMENT

Figure 4 illustrates the distribution of employment by sector in Moray and the HIE area for 2003.

**Figure 4: Sector of Employment, 2003**



Source: 2003 ABI (NOMIS)

In Moray the Public Administration, Education and Health sector accounts for 33.1% of the total workforce (1.2% higher than that for the HIE area). Factors such as the location of two RAF bases within the area and the location of relatively large public bodies, such as Moray Council and Moray College, account for this relatively high figure.

The Wholesale, Hotels and Restaurants sector accounts for 25.3% of those economically active (2.4% lower than that for the HIE area) which reflects the reliance on tourism activities in Moray. The 2002/03 Moray, Badenoch & Strathspey Visitor Survey found that in Moray family connections were often cited as reasons for visiting the area although specific interest in an attraction or event was also a key motivator behind trips made, as was the scenery. The 2002 Moray Economic Survey suggests that a number of the tourists visited at least one of the local aviation heritage sites and/or RAF bases as a pre-planned or ad-hoc visit.

The percentage of employees in the Manufacturing sector (14.4%) is higher than that for the HIE area (10%) as a result of many food and drink manufacturing companies, along with whisky distilleries being located in the area. This is a sector that has experienced market growth in recent years as a result of the expansion of global markets (particularly for malt whisky).

According to the 2001 Census, in Moray self-employment accounts for 8.1% of those aged 16-74 (10.6% in the HIE area). Part-time employment accounts for 13.3% of those aged 16-74 (13% in the HIE area) and full-time employment accounts for 41.6% of those aged 16-74 (38.5% in the HIE area).

Table 5 provides a more detailed account of employment by sector highlighting the employment division by gender.

<b>Sector</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>	<b>Percentage</b>
Agriculture and fishing	1,085	291	1,377	4.0
Energy and water	133	19	152	0.4
Manufacturing	2,975	1,961	4,935	14.4
Construction	1,312	155	1,467	4.3
Wholesale, hotels and restaurants	3,786	4,865	8,651	25.3
Transport and communications	996	227	1,223	3.6
Banking, finance and insurance, etc	1,673	1,441	3,115	9.1
Public administration, education & health	3,161	8,160	11,321	33.1
Other services	915	1,009	1,925	5.6
<b>Total</b>	<b>16,037</b>	<b>18,129</b>	<b>34,166</b>	<b>100.0</b>

Source: 2003 ABI (NOMIS)

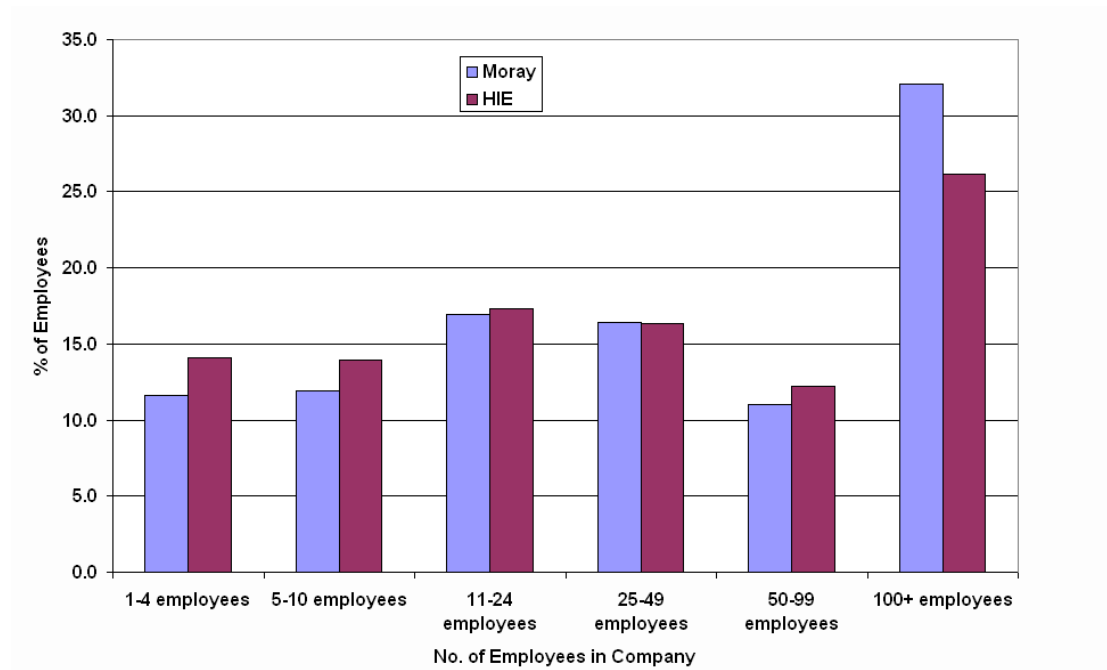
Note: Numbers may not total due to errors in rounding percentages.

In line with other areas the service sectors, particularly Wholesale, Hotels & Restaurants, and Public Administration, Education & Health, are dominated by females (there are 1.9 females for every male employed). Conversely, the Agriculture & Fishing, Manufacturing, Energy & Water, Construction and Transport & Communications sectors show 2.5 males for every female employed.

## Employment by Company Size

Figure 5 shows employment breakdown for businesses by sizeband for Moray and HIE in 2003, not including self-employed.

**Figure 5: Employment by Sizeband, 2003**



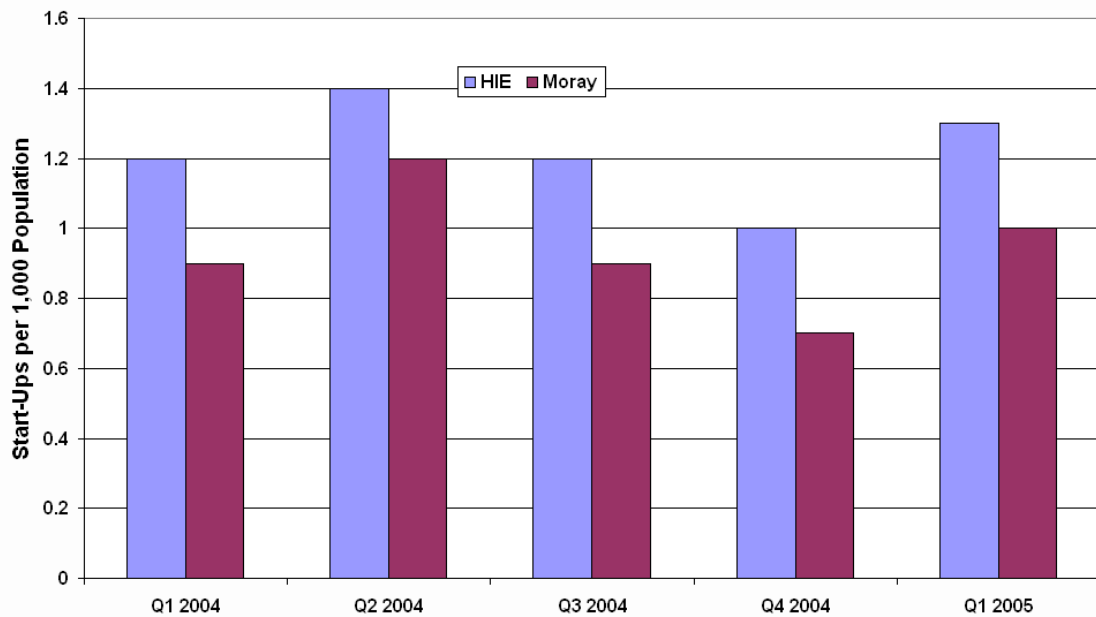
Source: 2003 ABI (NOMIS)

In 2003, 32% of employees worked in a company with 100 or more employees in Moray, compared to 26% in the HIE area. This is largely a reflection of the large-scale manufacturing base in the area, along with employment in the armed forces. However, 57% of employees in Moray work in companies with 49 or less employees, illustrating the dominance of the SME sector.

## Business Starts

Figure 6 shows the quarterly rate of new business start-ups per 1,000 population in Moray and the HIE area from 2004 to 2005.

**Figure 6: Rate of New Business Starts by Area, 2004-2005**



Source: Committee of Scottish Clearing Banks

Table 6 shows the number of new business start-ups per 1,000 population in Moray, HIE and Scotland for 2004.

**Table 6: New Business Start-Ups by Area, 2004**

Area	Start-Ups	Start-Ups per 1,000 Population *
<b>Moray</b>	<b>321</b>	<b>3.7</b>
HIE	2,074	4.8
Scotland	20,808	4.1

Source: Committee of Scottish Clearing Banks

\*Figures estimated using population from GROS Census 2001

In 2004, Moray had a lower business start-up rate (3.7 per 1,000 population) than the HIE area (4.8) and Scotland (4.1).

## SUMMARY

The Moray area has a younger population than the general HIE area and is experiencing population growth, however, there is an overall trend towards ageing. The unemployment rates in Moray are below than that for the general HIE area but are seasonal, particularly in the Dufftown TTWA. The reliance on tourism is reflected in the high percentage of employment within the Wholesale, Hotels and Restaurants sector. The Public Administration, Education and Health sector, however, is still the largest employer, due to the prevalence of armed forces and location of public bodies in the area. Manufacturing is also an important employer in Moray, with large firms such as W. A. Baxter & Son Ltd. and Walkers Shortbread. Small firms dominate employment, in line with the HIE area in general, and the business start-up rate of 3.7 per 1,000 population is slightly lower than the average for the HIE area.

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