

MORAY

ECONOMIC STRATEGY 2019 - 2029

TOWARDS FUTURE PROSPERITY AND INCLUSIVE GROWTH



produced by the Moray Economic Partnership

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FOREWORD

This 10-year strategy sets out the vision and a high-level series of actions required to deliver a successful and vibrant economy in Moray. The strategy is founded upon a common belief that Moray has many strengths, including its natural assets, its traditions, and a shared commitment to success from the people who live, work, study and invest in the area.

Achieving the ambition laid out in this document is the responsibility of many individuals and organisations; the focus is on collective impact through actions to ensure critical initiatives are completed, positive changes are made, and the outcomes we all seek, are delivered.

The Moray Economic Partnership has taken into account local and national research, considered opinions from surveys and feedback, and consulted with a wide range of stakeholders.

This strategy considers the most important and transformational issues for Moray over the next 10 years. Looking ahead, our ambition is for Moray to take its place at the top of the most successful regions in Scotland; a place where wealth and health are equitably distributed, communities flourish, and people reach their full potential. Working together, we believe we can create a thriving, diverse, sustainable economy.

THE MORAY ECONOMIC PARTNERSHIP

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The Moray Economic Partnership is a collaborative group of organisations with the common aim of working together to grow a diverse, sustainable economy in Moray. We both enable and lead on initiatives that are designed to deliver positive impacts aligned with the longer-term aims of Moray's Economic Strategy.

The Partnership brings together The Moray Council, Highlands and Islands Enterprise, Moray Chamber of Commerce, The Scottish Council for Development & Industry, Moray College UHI, Skills Development Scotland, HITRANS, Moray Strategic Business Forum, NHS Grampian and Moray Health and Social Care Partnership, Cairngorms National Park Authority and tsiMORAY.

MORAY _AT A GLANCE



POPULATION

96,100

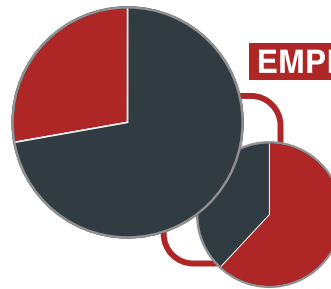
The **population** has been increasing for the past 20 years.



YOUNG PEOPLE

91.2%

of 3,832 16-19 year olds participating in **education, training or employment** – close to the Scottish average.



EMPLOYMENT

73.8%

employment level was 73.8% in 2017 very close to the Scottish average.

TOURISM



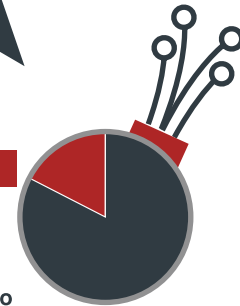
27.3%

visitor numbers in Moray increased by 27.3% between 2011 and 2017.

DIGITAL

85%

of premises have access to superfast broadband at over 30 megabits per second. The highest level of connectivity in the Highlands and Islands.



MORAY _THE PLACE

Moray, in the North-East of Scotland, is strategically located between the two cities of Inverness and Aberdeen, and with easy access to two international airports.

Moray is connected to markets in the rest of the UK by two trunk roads (the A96 is scheduled to be fully upgraded to dual carriageway by 2030) and the Inverness-Aberdeen railway line.

In 2017 the Moray population stood at 96,100 people, which has grown 5% since 2007, higher than Scotland as a whole, and driven primarily by the increasing numbers of Ministry of Defence (MOD) personnel based at RAF Lossiemouth.

The principal centre of population and business is Elgin, which also has the area's main concentration of retail, commercial and leisure provision. Economically, the relationship between Elgin, the rural area of Speyside, and other main Moray towns (Forres, Keith, Buckie and Lossiemouth) is critical.

There are mutually supporting roles that complement the special attributes of each location, and help to create a diverse economic base serving all of Moray.

The other four main towns have their own catchment areas and have secondary retail, commercial and leisure functions. Moray's smaller towns and villages also have roles to play in the economic hierarchy, particularly in whisky distilling and tourism in Speyside. Findhorn has developed a distinct role in promoting sustainable ways of living, arts and cultural activity.

HIGH VALUE JOBS

33%

of jobs in **higher level occupations**
- Scotland 43%.



EARNINGS

9% total regional earnings
decreased since 2009.

10% gross weekly pay in Moray is
10% below the Scottish average.



POPULATION

10% of the **population** in Moray
aged **16-64** have **no qualifications**.

SECTORS

50%

of all jobs are in **major sectors**
including manufacturing, retail,
hospitality and public sector
which **are low paid and/or in decline**.



10%

The proportion of **business**
that are **new businesses**
- Scotland 14.6%.



BUSINESS SIZE

81.5%

The proportion of **local businesses**
that employ less than **9 people**.

Our ambition is to see Moray move into the top five of local authority areas in Scotland across the key indicators of: percentage of people in the workforce educated to SCQF level 7 or above, percentage of businesses employing more than nine people, percentage of employment in higher level occupations (soc1-3), and gross average weekly pay.

MORAY

_OUR VISION

The Moray Economic Partnership was established to boost economic growth in the region and create opportunities for our people and our businesses.

Our vision is to see Moray as:

A place that is thriving because of an increasingly diverse economy and a growing population that celebrates success, and values both education and training.

A distinctive and ambitious place that generates opportunities for everyone which in turn helps to drive up average earnings, retain balanced demographics, and encourages strong communities to flourish.

AN ALIGNED FUTURE

As a country, Scotland has the ambition to rank among the top quartile of OECD countries for productivity, equality and well-being, and sustainability. The aim is to achieve this by creating a productive, inclusive and globally competitive economy with a high performing labour market, consistent with the principles of fair work.

Within this national context, there are several key plans already in place for Moray that, to different degrees, underpin the ambitions stated in this strategy. These are:

- The Moray Community Planning Partnership Local Outcomes Improvement Plan
- The Moray Growth Deal Strategic Outline Programme
- The Moray Skills Investment Plan
- Moray Employability Strategy
- MoraySpeyside Tourism Strategy

This strategy draws upon the relevant parts of the above plans to provide an economic focus for Moray. The focus is entirely on the critical issues most likely to positively transform the economic performance of the area over the next 10 years. Throughout this strategy, we reference some initiatives, particularly from the emerging Moray Growth Deal, which will directly support our stated outcomes.

WHAT IS THIS STRATEGY FOR?

To deliver our collective vision, we need a clear economic strategy and measurable action plan focused on a small number of critical outcomes for Moray.

We have identified **four strategic outcomes** that we must achieve to transform economic prospects over the next ten years. They are:



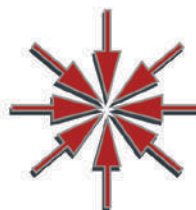
QUALIFICATION LEVELS

An increase across all ages and genders in qualifications relevant to growth sectors



BUSINESS GROWTH

More small and medium-sized businesses employing between 10 and 100 people



TALENT ATTRACTION, RETENTION AND RETURN

More skilled, higher paid jobs that deliver net in-migration in the 16-29 age range



WORKFORCE DEVELOPMENT

A clear alignment between future business needs and training/education delivery

This strategy sets out our ambitions and action plan for delivering these outcomes.

It draws on key plans already in place, addresses the big challenges that Moray faces now, and **focuses tightly on what we can change to create a more resilient, more prosperous, more inclusive Moray for everyone.**

MORAY _IN 2018

At this time, Moray, like most other regions, has a wide mix of opportunities and challenges, which need to be variously exploited and mitigated.

With a growing population, a good level of employment and several industry sectors expanding, Moray has plenty of advantages. The economy is founded predominately in manufacturing, particularly in food and drink, agriculture and tourism. The presence of two large defence establishments in the area creates both challenges and opportunities.

Currently some 73.8% of the population are in employment, which is in line with the national figure – but wages remain lower, with gross weekly pay at £498, or almost 10% below the Scottish average. Moray also has a higher percentage of older people, particularly in more rural and coastal locations, and in keeping with the rest of the Highlands and Islands, there is significant outward migration of young people. The area's young people leave home to complete further and higher education in other parts of the country, and there is then a low rate of return.

Overall this creates an imbalance in the working age population in Moray.

There is significant gender inequality in Moray's economy. The National Performance Indicator defines the gender pay gap as the difference in the median hourly earnings (excluding overtime) between men and women working full-time in Scotland. Moray had the third highest difference in Scotland at 15%. Despite a gradual reduction since 2007, the gap is still almost double the national median of 8% and was the highest pay gap in the Highlands and Islands in 2016. This imbalance means that a significant proportion of the population is not currently reaching its full economic potential.

Moray also has a lower proportion of people employed in highly skilled occupations (SOC 1-3) compared to the national level (32% in Moray compared with 43% in Scotland) and a higher proportion of both the intermediate (SOC 4-6) and lower skilled occupations (SOC 7-9) – 33% compared with 31%, and 35% compared with 27% respectively.

As such the occupational structure within Moray is currently relatively evenly split across the three groupings – with a large disparity of 11% existing between Moray and the national picture in highly skilled occupations.

However, current predictions show that, of the expected 18,300 job openings in the 10 year forecast period, demand will remain greatest for lower skilled occupations, highlighting the need for specific long-term interventions to ensure that a suitable range of employment opportunities exists to retain people with higher skills, and to attract new talent into the area.

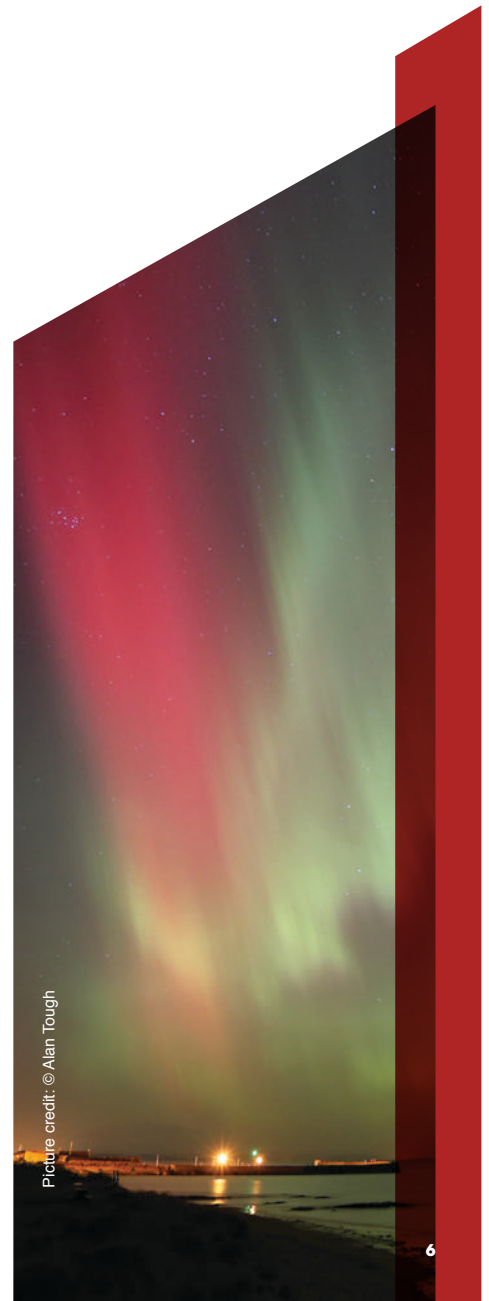
A large proportion of local businesses have less than nine employees (81.5%) with only 2.3% having more than 50 employees. Also, in 2016, the proportion of local businesses that were classed as new businesses was 10% (against a national average of 14.6%), while Moray had a total of 48 business births per 10,000 head of the working population compared to a Scottish average figure of 64 births per 10,000 working people.

“We came to Moray because the friendly community here welcomes people from all over the world. The supportive business environment means we can find the training we need locally.

We plan to scale-up over the next few years, so a skilled workforce is crucial.”

Heather McDonald

Chief Executive Officer, Wooha Brewery, Kinloss



Picture credit: © Alan Tough

THE MORAY GROWTH DEAL

The emerging Moray Growth Deal is a national arrangement set up to boost inclusive economic growth across Moray. This long-term plan is centred on specific projects designed to transform the economy, encourage more young people to live and work in the area, and address gender inequality in employment. Led by Moray Council, it brings together the Scottish and UK governments, private businesses, and partners from across the public and third sectors. The vision of the Moray Growth Deal is focused on four key pillars:

- **Business support, skills and employability;** which includes fair opportunity, upskilling, productivity and competitiveness.
- **Moray – The Place;** which is about increased marketing of Moray that will include its natural assets, hospitality and tourism, quality of life and lifestyle, environment, climate, and cohesive communities.
- **Connectivity;** which includes transport (particularly rural transport within Moray), as well as digital, collaboration and exporting.
- **Developing our key sectors;** which will build on traditional strengths in areas like food and drink, manufacturing and construction, but also accelerate growth areas.

The Growth Deal is designed to help deliver a step change in the Moray economy and address some of the major obstacles to inclusive, sustainable economic growth. To inform the Deal, Moray Council utilised the Scottish Government's Inclusive Growth diagnostic tool as well as significant local research to help identify these four key issues.

The Growth Deal is one part of a much wider range of activity that is currently ongoing to develop the Moray economy, including the Moray Skills Investment Plan (SIP), the refreshed Local Development Plan and other initiatives.

Significantly, the ability of the Growth Deal to address the four key pillars will be determined entirely by the projects that sit within its agreed programme. Those projects will be fixed. In contrast, the Moray Economic Strategy creates an overarching framework for the wider activity referred to throughout this document. Projects designed to deliver the strategy's outcomes will form part of a rolling and evolving Action Plan that has been created to flex as new challenges and opportunities emerge in the Moray economy.

This long-term plan is centred on specific projects designed to transform the economy, encourage more young people to live and work in the area, and address gender inequality in employment.



Picture credit: John Paul / HIE

THE NEXT 10 YEARS

Over the next decade, Moray's economy must diversify and prioritise workforce investment to meet its potential as a thriving region. Current forecasts for the area's future economic development reflect wider national trends, which in terms of jobs will include some increase in construction and falling numbers employed in retail, the public sector and manufacturing – with the latter likely to impact on Moray's important food and drink sector.

In terms of new employment opportunities, the fastest growth sectors in Moray are forecast to be creative industries and digital, life sciences and technologies, and financial and business services. While it should be noted that several of these sectors are growing from a low base, it is anticipated that they will help to drive a shift towards demand for higher-level qualifications within Moray.

Indeed, current forecasts show that, of the 18,300 total working people needed to replace those leaving or retiring within the local authority area by 2027, nearly half (8,700 people, 48%) will be at SCQF level 7 or above, with a further 40% (7,300 people) at intermediate level (SCQF 5-6). There will be a limited demand for people with low or no qualifications (2,200 people, 12%) – which makes investment in upskilling a crucial part of workforce development.

New business growth in technology-driven sectors combined with a higher density of medium-sized enterprises with the capability to grow further will be an important factor in positively influencing the area's long-term economic growth.

While the public sector can help to support the faster growth of new small- to medium-sized businesses built on innovation, the future economic success of Moray will heavily depend upon more traditional industries investing, innovating and adapting, because they are the area's major employers. In these industries, which are mostly linked to manufacturing, the ability to adapt operations and the workforce to sustain competitiveness and improve productivity will be critical to the future economy.

Equally, the strength of the social economy will be a factor in the long-term success of Moray. Future retention of skilled people within the area will be a lifestyle choice, and the willingness of people to live in Moray will be influenced by the social and cultural dynamism of the area. The vibrant third sector is well placed to make good use of powers arising from the Community Empowerment (Scotland) Act 2015, referred to in detail on page 17, enabling the social economy to respond to the reduction in services provided by the public sector.

Of course, over a ten-year timeframe, the picture will be complex – not least with the unknown impacts of exiting the European Union. But working collectively, we can positively influence and shape Moray's economy through a series of short, medium and long-term actions that are aligned to our four strategic outcomes and designed to transform our economic prospects.



Picture credit: Tim Winterburn / HfE

BY 2027

18,300

total working people needed to replace those leaving or retiring.

48%

will be at SCQF level 7 or above.

7300

at intermediate level (SCQF 5-6).

12%

the demand for people with low or no qualifications.

A CHANGING ECONOMY

Manufacturing, which includes the food and drink industry, remains the largest employer in Moray, with almost 7,000 jobs. As manufacturing becomes increasingly technology-driven and automated, there may be fewer jobs available, but there will be greater demand for higher-level technical skills.

The second largest sector in Moray, wholesale and retail trade accounted for 6,500 jobs in 2018. The sector is forecast to decline over the next 10 years, by 100 jobs; however the need to replace some workers will create a net requirement of 4,400 jobs.

Another key industry is aerospace and defence. Moray is home to RAF Lossiemouth, one of the largest and busiest multi aircraft-type stations in the Royal Air Force, and Kinloss Barracks, the base for the army's 39 Royal Engineers (Air Support).

In April 2018, the UK Government announced major investment in RAF Lossiemouth with the introduction of new aircraft to strengthen the defence of the UK and its allies. Over 10 years, MOD investment in the region of £3bn will increase Moray's population by up to 4,000 people, including an additional 550 service personnel by 2020, bringing the total number employed at RAF Lossiemouth to over 2,200.

In addition, the relocation of service families and those supporting the wider supply chain for the base will greatly improve the working age population. Attracting family members, and those who leave the Armed Forces, into skilled local jobs will be essential.

Based on current predictions, total employment in Moray is forecast to fall by 1,600 jobs by 2028 to 43,500 jobs, equivalent to an average decline of 0.3% per year. This is in contrast to growth of 0.3% per year across Scotland. In absolute terms, skilled construction and building trades will see the largest rise over the forecast period. In addition, rising employment in professional, scientific and technical services will also support more roles, while most other occupations are forecast to employ fewer people by 2028.

In terms of creating new jobs, the rural nature of Moray's location, as well as competition from elsewhere within Scotland and beyond, affects the ability of the area to attract inward business investment. To transform the economy, there is therefore a need to play to our strengths in relation to promoting the quality of life that area offers, while also seeking to 'grow our own' success stories by encouraging a more dynamic culture for business start-ups, as well as providing existing businesses with the best conditions for growth.

To achieve this, we must focus on a number of key sectors that offer the best development opportunities for new and growing businesses – and which will help Moray to attract and retain talent.

To transform the economy, there is a need to 'grow our own' by encouraging a more dynamic culture for business start-ups.

"Being located in Moray gives us a great base from which grow our business. It's essential we never stop improving if we are truly to be a world-class business headquartered here."

Lewis Maclean

Managing Director, Maclean's Highland Bakery



KEY GROWTH SECTORS

AEROSPACE AND DEFENCE

The aerospace and defence sector is strong in Moray, accounting for 8% of total employment, or some 2,750 employees and rising. This figure includes individuals currently working within the MOD locally and in various related industries who potentially have transferable skills or could be up-skilled to work within the aerospace sector. Employment numbers will rise significantly in the coming years.

There is optimism for the future of this sector, driven by the strategic importance of Moray to the defence of the UK and its allies. Moray is well placed to capitalise upon this optimism, as there appears to be a relatively strong skills pipeline for future growth, both in terms of further education students and modern apprentices. The requirement for aerospace engineering skills is significant, and evidence shows that when MOD contracts end, those in the armed forces and in civilian roles are often keen to remain in Moray, re-training to access new local employment opportunities.

These new opportunities include space-related businesses linked to the satellite launch site being built in Sutherland.

FOOD AND DRINK

The food and drink industry in Moray employs 17.1% of the workforce – the highest per head of population in Scotland. Moray is home to almost 50% of Scotland's whisky distilleries, which contribute directly to both skilled employment and to the tourism sector.

However, with product manufacturing becoming increasingly automated, employment in the food and drink sector is currently forecast to decline by 11% by 2027.

It is therefore vitally important to ensure that the area can supply the right technology and process-related skills to fill future roles and maintain competitiveness. This will require a dual approach – enhancing the skills of the current workforce, while also attracting new talent into the industry, as set out in the Scottish Government's Manufacturing Action Plan. The public sector has an important role to play helping business leaders from across Moray adopt advanced business technologies that will deliver greater production efficiency and excellence in manufacturing processes.

Alongside this, young enterprises with new business models will play a vital part in creating new jobs in the sector, utilising Moray's reputation as a natural larder.

LIFE SCIENCES AND TECHNOLOGY

Moray is emerging as a strong location for research and development in life sciences and technology, with a number of different strands of activity energising the sector. In particular, the area has a growing reputation in the development of digital technologies designed to help improve service delivery and efficiency in the social care and health sector.

While these strands have emerged independently, they are complementary and have arisen because of the unique health ecosystem in Moray. Collaboration involving both clinicians and nursing staff from Dr Gray's Hospital in Elgin with local care and health services located in the community means that Moray is now in a strong position to develop, pilot and test comprehensive digital healthcare models.

The rural geography of the area has already helped to support new developments in digital health and medical diagnostics, as technology companies demonstrate how digital solutions can successfully be used to overcome barriers caused by distance and improve social care. The Moray location of the Digital Health Institute, as Scotland's innovation centre for this sector, is a major catalyst in the future growth of the sector.



Picture credit: John Paul / HIE

Picture credit: © Steve Milne



Picture credit: © Trevor Worsley / Moray Speyside Tourism



TOURISM

Moray's Tourism Strategy recognises that the sector generates over 10% of Moray's total employment and 3.8% of the total turnover of businesses. The strategy aims to double tourism spend in Moray by 2025. The focus is on increasing value generated by sustainable numbers of visitors.

Currently tourism, including accommodation and food services, is the sixth largest sector in Moray, with visitors to the area supporting more than 2,846 full-time equivalent jobs. Investment in workforce training and in promoting high quality visitor accommodation and attractions will help to ensure that those employed in the tourism sector have progression opportunities available to them.

The industry body, Moray Speyside Tourism, engages with businesses, communities and public sector partners across the region to implement the area's Tourism Strategy, to raise the profile of Moray, to identify opportunities

for collaboration, and to promote greater confidence in the local area and culture.

Culture is central to our sense of place and impacts positively on our general well-being. Participation in cultural activity is known to bring benefits in learning and education and there is a significant association with good health and satisfaction with life. Moray has a rich diversity of artistic talents which can be drawn upon and is also well placed to continue to showcase its cultural offering through festivals and events to regional, national and international audiences, making a valuable contribution to the thriving tourism sector.

Looking ahead, cross-sector opportunities within food and drink, creative industries and data technology will be explored to promote the best of Moray to the global market and to maximise the impact of visitor spend in our local economies.

The strategy aims to double tourism spend in Moray by 2025.

The focus is on increasing value generated by sustainable numbers of visitors.

"People are the greatest asset of a business - they drive the success or failure. By attracting new people into Moray, they bring knowledge and expertise from other areas, which enhances our economy both now and in the future."

Sarah Medcraf

Chief Executive Officer, Moray Chamber of Commerce

CREATIVE INDUSTRIES AND DIGITAL

The creative industries and digital sector is incredibly diverse and ranges from arts-based organisations to the small cluster of technology businesses that are growing quickly from bases in Elgin and Forres.

The sector remains the UK's fastest growing sector, and in Scotland employment increased by 15% to 84,000 between 2015 and 2016. The sector's GDP is rising steadily, for example by 1.4% over the most recent quarter, which is greater than the 0.2% increase in output measured over the economy as a whole. (Scottish Government statistics, February 2018).

Median weekly full time earnings across the sector stood at £564 in 2017 – up 4.9% compared to 2016, which was the second largest increase among all the growth sectors. Earnings in this growth sector compared favourably to the Scottish average, which stood at £547 in 2017.

Recent economic evaluations show Moray has over 260 businesses working in the sector, highlighting a healthy level of activity and ambition.

Some 86% of these are in the screen and digital or the crafts/fashion/textiles subsectors – very much in line with the recognised strengths of the area. As with other regions across the UK, the sector is dominated by small and micro units, with a high proportion of semi-professionals, self-employed and voluntary or unpaid workers. There are increasing numbers of filmmakers, photographers and artists, and the emergence of a number of creative hubs has enabled the sector to evolve.

As the leading academic institutions supporting local growth in this sector, both Glasgow School Art and Moray College encourage young people to stay or move to the region. Research by Skills Development Scotland in 2017 identified that 33% of local school pupils were looking at Creative Industries as a potential career path, so investment in this sector will pay dividends for Moray. Indeed, the area is well placed to take advantage of the opportunities in the sector, particularly around digital innovation and technological change, whether in specific areas such as textile innovation or in creating more immersive user experiences through software development.

CONSTRUCTION AND ENGINEERING

Moray is an established base for light and heavy engineering – with a significant number of people employed in the offshore oil & gas industry, as well as in house-building and in large infrastructure developments.

With 8% of all employment in this sector, Moray is the headquarters location for a group of large businesses who are committed to workforce development and to apprenticeships, which underpin the predicted total employment rise of at least 300 jobs in skilled construction professionals in the area.

Moray has substantial competitive advantages in engineering and construction because of the skills and leadership built up over several generations in family businesses. Improvements to the A96 trunk route will provide better market access, whilst UK wide investments in housing and infrastructure will enable Moray businesses to continue to advance their market share. Timber industries contribute significantly to economic growth, and the scope for innovation in this subsector provides exciting future opportunities.

“For Johnstons of Elgin the place that we do business is at the core of our brand. We are very lucky to be in Moray, where our people are highly skilled, engaged with learning and development, understand quality and are committed to the company.”

Chris Gaffney

Finance Director, Johnstons of Elgin



Picture credit: Paul Campbell



Picture credit: Tim Winterburn / HIE



BARRIERS TO GROWTH

From recent research, a clear picture of the Moray economy has emerged and four key factors have been identified as having a major impact on the local economy.

The first is the missing generation of 16-29 year olds – with more out-migration than in-migration and difficulties faced in retaining high numbers of students in the local area for post-school education.

The second is the issue of fair work for women – with evidence that occupational segregation and under-employment issues for women are among the factors preventing the Moray economy from achieving its full potential.

The third is the declining population of working age – with the number of Moray residents of pensionable age and over is projected to increase by 33% by 2039.

The fourth is the low skills base in Moray – with a much lower proportion of people (32%) employed in highly skilled occupations compared to the Scottish average (43%).

Other barriers to growth can be summarised as:

- Businesses are less likely to start up in Moray, but those that do have a good rate of survival.
- Moray has a small number of large enterprises with more than 250 employees, and micro enterprises of less than 10 employees – often single person operations – form over 81% of all Moray businesses.

- Moray not only has a high number of smaller businesses, it also has slower rates of business growth than the national average.
- Earnings in the region are below the Scottish average and 22% below the average earnings for our neighbours in Aberdeen. This constrains the flow of money within the regional economy.
- Access to key services, public spaces and retail centres is poorer than Scotland generally, possibly due to uneven public transport connections across Moray. Limited public transport restricts access to employment and to opportunities to spend on retail and leisure.

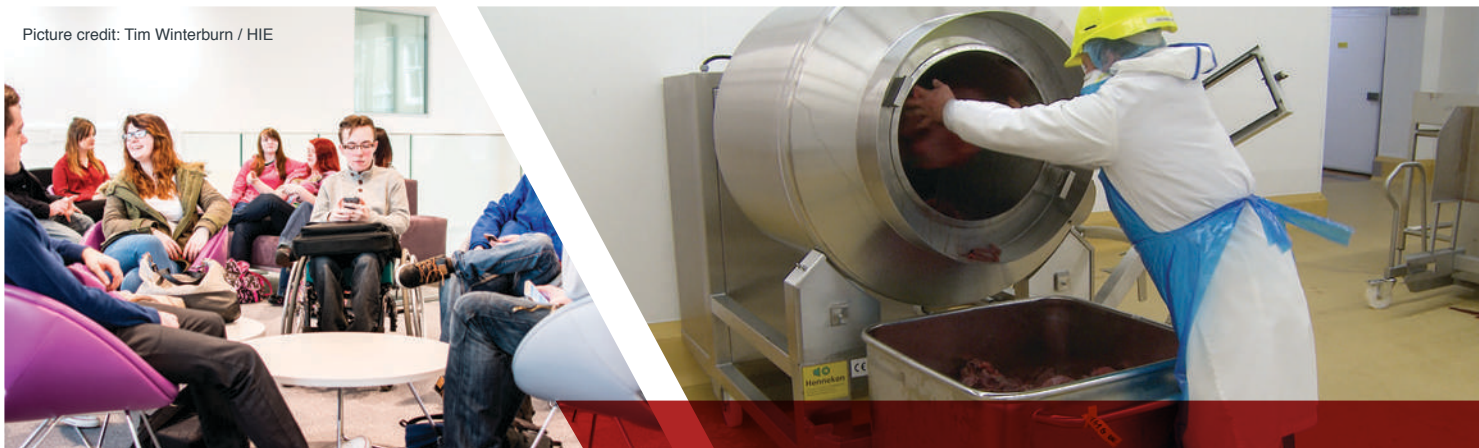
Four key factors have been identified as having a major impact on the local economy.

The missing
generation of
16-29 year olds

Fair work
for women

Declining
population of
working age

Low skills
base in Moray



MAKING A POSITIVE IMPACT

This strategy must address these issues in positive ways that result in progressive change for the local economy. In detail, we require actions and interventions that will lead to positive impacts in the following areas:

1. Demographics and People: we need more people to live in Moray with a focus on young people/young families in the economy. In this respect, The Moray SIP is looking at talent attraction, retention and return. Spousal employment is a significant factor in relocation decisions, and our economic strategy includes these considerations.

2. Strengthening the Employer Voice: we need clear linkages between employer needs and skills provision locally to enable success now and in the future. We must address employer needs through investment in skills planning, placement-related activity, work-based learning, and upskilling in areas relevant to the growth sectors for Moray.

3. Employment Opportunities: we need both more absolute jobs generated through business start-up and growth, combined with inward investment, as well as the kinds of jobs that will be attractive to a future workforce.

4. Learning Infrastructure: we need an appropriate range and diversity of learning and skills development options and opportunities to meet the varied needs of individuals throughout their working lives.

5. Housing: a growing population in Moray will continue to present a challenge with the availability of housing, particularly in our more rural areas. Scottish Government has committed to spending £29m on housing in Moray to 2022 and there may be opportunities within the Moray Growth Deal that could support greater investment in affordable housing.

6. Connectivity: More than 90% of premises in Moray have access to fibre broadband. Around 85% can get 30Mbps download speeds. Geographically, this is the highest level of connectivity in the Highlands and Islands. As technologies advance, full fibre to individual premises will become more commonplace. All premises in Moray unable to receive 24Mbps download now will be part of the Scottish Government's Reaching 100% (R100) project.

The key issue over the lifetime of this strategy will be uptake of connectivity, currently sitting at 48%, as market forces require all businesses to be increasingly visible, trading online and adopting technologies to remain competitive.

7. Transport: Major investments in transport infrastructure must continue to meet the needs of our economy. Local public transport is a significant issue for people living in rural parts of Moray, and cost effective provision is an essential part of enabling people to travel to work across the area.

“We have to make sure the people of Moray can acquire the skills and qualifications that will enable them to take full advantage of the fantastic opportunities here now, and coming in future.”

David Patterson BA(Econ) Hons., Cert Ed., M.Phil.
Principal and CEO, Moray College UHI

THEMES & ENABLERS

In seeking to address these varied challenges and opportunities, there are a number of cross-cutting themes and enablers that will inform all future activity undertaken to deliver on this strategy for Moray. These key themes and enablers are outlined here.

INCLUSIVE GROWTH

Moray has relatively high employment rates in mainly low paid and low-skilled industries, with seasonal work common. As a result, there is evidence that in some Moray communities, one in seven children are growing up in poverty, with around 3,000 children on means-tested free school meals and an estimated 32% of households in fuel poverty. We need to address all these issues to realise our vision for Moray – as a thriving, successful place for everyone.

Whilst skills investment policy can look at how best to respond to these challenges, this alone will not stimulate the inclusive growth desired. To address this, a collective response is taken that seeks to ensure that skills provision meets current and projected demand; that the enterprise and skills system in Moray works in tandem with local businesses to ensure it is playing its part to drive up inclusive growth and productivity, and that all is done to attract sustainable inward investment.

“We are driven by the desire to live in a vibrant and sustainable community. Acquiring assets and enhancing our cultural offering will be at the heart of our activities over the next 10 years. We want our visitors to have the best experience in our fantastic landscape.”

Doug Nisbet

Director and Chair. Tomintoul and Glenlivet Development Trust

TALENT ATTRACTION, RETENTION AND RETURN

Current labour market statistics and projections for Moray demonstrate the sectors in which there will be net demand for growth and replacement jobs over the coming decade. To meet the anticipated demand for talented people, we must continue to work collaboratively to:

- Increase the number of working age people living and working in Moray
- Rebalance the demographic structure of Moray through positive net in-migration of young and working age people
- Ensure that businesses locating into Moray can access the appropriate numbers and range of skilled people

To deliver a more co-ordinated approach to talent attraction and retention, the Moray SIP will co-ordinate partner activity and resources across the area to achieve the greatest impact.



Picture credit: Gary Doak / HIE



Picture credit: Malcolm McCurdy / HIE



EDUCATION AND TRAINING

Moray has eight secondary schools with 4,856 students in 2017. There are 3,832 16-19 year olds in the area with 91.2% of them now participating in education, training or employment – a 1.4% increase since 2016.

To meet and then exceed the national average of 91.8%, the Moray Skills Pathways now provides a structured pathway for young people from aged 3-18 into employment or further education. This coordinated approach links labour market information, learning pathways and local employers with the provision of careers advice and guidance.

The Moray SIP is focused on working with education and training providers to ensure that there are enhanced curriculum and training opportunities available locally that are aligned to local and regional need. A number of actions are proposed to improve this alignment.

As part of the University of the Highlands and Islands - Moray College and has over 8,000 enrolled students undertaking a range of undergraduate and postgraduate degree courses. Within the Moray Growth Deal, a proposed Business Enterprise and Innovation Centre will be one of two Moray College investments. This centre will provide inspiration for everyone considering setting up or scaling up a business in Moray.

There is also a need for early interventions designed to attract and enable young children and their parents to take part in STEM learning activities. Strong links will be established with the new Science Skills Academy for the Highlands and Islands. One objective of the Moray Growth Deal is to increase the percentage of females in Moray who choose modern apprenticeships in STEM-related subjects. This figure currently sits at 4.7%, and the aim is to move this well above the Scottish average of 6.6%.

PLACE-BASED DEVELOPMENT

Communities lie at the heart of our strategy, as we seek to increase the level of influence and control that local people have over the decisions and services that impact on their lives.

Through empowering and supporting community organisations and social enterprises with the potential to generate significant impacts locally, together we make it easier to improve outcomes and tackle the inequalities that some people experience.

Overall, each of our communities benefit from a positive sense of place, high employment and good health. But within some communities it appears that residents are facing different challenges and that they also lack the confidence, skills or capacity to undertake collective action to address these challenges.

Community planning partners have identified several communities within the region that are most likely to require place-based support to raise educational attainment, improve employment opportunities in better paid jobs and reduce childhood poverty. By seeking to address these issues, we have an opportunity to create thriving, well-connected places, where more people live well in their communities, and where expectations and aspirations are raised and achieved.

PRODUCTIVITY AND COMPETITIVENESS

The key to improved productivity in business is more investment in people and technologies, capturing a larger share of external markets, and undertaking research and development to constantly evolve. We must encourage business leaders in Moray to invest in their own personal development, as visionaries and senior managers, to enable them to make bold and ambitious decisions that will be game changing for the local economy.

We must balance encouraging new business creation with helping to facilitate growth among existing businesses. The aim is not to create more competition locally, but to embed a culture of good leadership and management, of innovation and continuous learning, in all businesses to achieve sustainable long-term growth. We must promote longer-term decision-making and drive new thinking into areas such as business structures; people and asset management; internal

decision-making; and workplace innovation to make best use of the skills held in every business.

By encouraging entrepreneurs – people comfortable taking calculated risks – to succeed in Moray, we want to help create new businesses that are capable of winning against global competition. We want to ensure that conditions are optimised to support their growth ambitions.

COMMUNITY EMPOWERMENT

A commitment to community empowerment will be a cornerstone of our action planning, and support for the social enterprise sector will help to deliver the economic and social impact we want to see. Significantly, there are more routes to community ownership than ever before, but our efforts will be focused on the sustainability of asset-based enterprises.

The establishment of Crown Estate Scotland in April 2017 continues the move towards a greater say for communities in the management

of Scotland's natural assets. Moray includes over 50 miles of seabed and foreshore, as well as the 58,000 acre Glenlivet Estate, all largely owned by the Crown. In Speyside, the Lecht ski resort sits with the Cairngorm National Park, and with continued investment it can play an increasingly important role in the area's year-round visitor economy. Communities have an increasing role to play in securing and enabling Moray's assets, from agricultural land to village halls, and from harbours to forests.

Both the Scottish Land Fund, delivered on behalf of the Scottish Government by Highland and Islands Enterprise in partnership with the Big Lottery Fund, and the new Scottish Energy Strategy provide opportunities to access support for community and energy projects.

Likewise the Community Empowerment (Scotland) Act 2015 helps to empower community bodies through the ownership or control of land and buildings, and could facilitate a more local, community needs-based approach to housing needs in some of our communities.

Picture credit © Paul Billany





Picture credit: © Alan Butterfield

ACTIONS, OUTCOMES & MEASURES

OUR ACTION PLAN

We have ambitious plans for Moray, and to deliver these and support our vision, we need a clear, measurable action plan.

Our overarching 10-year strategy is built on four high-level key statements or objectives – these are the outcomes, which if achieved, will transform Moray.

Below these statements we have three-year action sets covering 2019 – 2021, 2022 – 2024 and 2025 – 2029. Each action set identifies the short- to medium-term activities that will help Moray to achieve the strategic outcomes. There is a set of defined measures attached to each action set, which will help to focus activities. The key pillars of activity relating to outcomes for the period 2019 – 2021 are summarised below.

Furthermore, subgroups within the Moray Economic Partnership are charged with leading on the action sets. The action sets are owned within these subgroups – and the members are accountable for delivery.

DELIVERING THE DESIRED OUTCOMES

OUTCOME 1

QUALIFICATION LEVELS

An increase across all ages and genders in qualifications relevant to growth sectors.

1.1 Improve educational attainment by at least 1% each year in key SCQF measures to move above the Scottish average consistently within 10 years.

1.2 Increase in the proportion of young people in learning, training or work to meet the national average next year and exceed within three years.

1.3 Moray Skills Pathway, and specifically Developing the Young Workforce, will deliver a series of initiatives to encourage employers to offer work placements, work inspiration activities, and schools/business partnerships, exceeding national targets.

1.4 Moray employers will improve commitment to apprenticeships with starts increasing overall by 10% each year.

1.5 STEM activities will enrich the education provided for every 3-11 year old in Moray.

OUTCOME 2

SMALL BUSINESS GROWTH

More small and medium-sized businesses employing between 10 and 100 people.

2.1 A long-term programme of business acceleration activities will support around 100 young and small enterprises each year to focus rigorously on their growth in UK and international markets.

2.2 Business and social economy related membership organisations will actively encourage their members to seek out expertise, funding, mentoring and market awareness advice to fuel growth.

2.3 Local Authority planning performance will exceed Scottish average in all business and industry areas routinely benchmarked.

OUTCOME 3

TALENT ATTRACTION, RETENTION AND RETURN

More skilled, higher paid jobs that deliver net in-migration in the 16-29 age range.

3.1 A series of talent attraction actions will be delivered to position Moray within Scotland and internationally, enabling people to easily locate and find high quality employment.

3.2 Moray will attract at least two new inward business investors each year, generating diverse, higher paid jobs.

3.3 Investments in cultural infrastructure will strengthen Moray's ability to attract and retain talented people in the area.

3.4 A campaign to improve recruitment policies in the private and third sectors will focus on longer term planning and on commitments to supporting work-based learning.

OUTCOME 4

BUSINESS COMPETITIVENESS

An increase in capital investment and focused workforce development to strengthen competitiveness.

4.1 Higher and further education providers will improve alignment of course provision and take up relevant to growth industry sectors in Moray.

4.2 Reflecting future industry growth opportunities, new economic development initiatives will strengthen competitive advantage from initial business research and development through to product and service launch.

4.3 Business and social economy support organisations will provide advanced specialist training locally which is directly relevant to core capabilities in enterprise development.

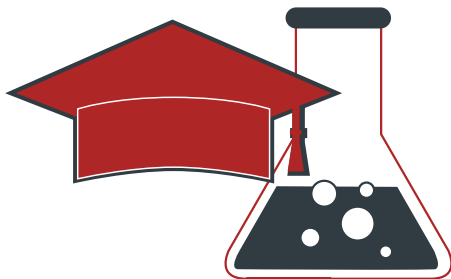
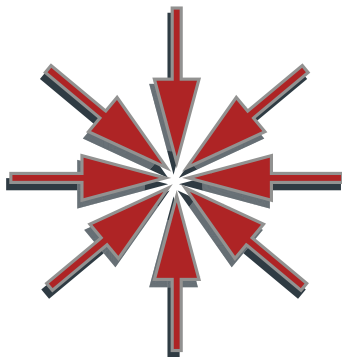
4.4 Large employers in Moray will expand their work-based learning opportunities to take account of future workforce requirements.



Picture credit: Tim Winterburn / HIE



Picture credit: © Gary Paul



KEY MEASURES

The measures selected are directly relevant to our outcomes and are provided for the Moray area within national data sets with sufficient frequency to provide short, medium and long-term assessments of performance. They will be monitor annually

- An increase in qualification levels in STEM subjects evidenced in the wider population.
(Scottish Government)
- An increase in the number of STEM related apprentices generally. As a subset of this, an increase in the number of females undertaking apprenticeships in STEM-related subjects.
(Scottish Government)
- An increase in average pay in Moray – evidenced by a shift in the national tables.
(Annual Survey of Hours and Earnings (ASHE) - ONS)
- More start-ups and medium-sized businesses in higher paying industry sectors.
(Business Demography - ONS)
(Businesses in Scotland – Scottish Government)
- A more balanced demographic – with greater numbers in the 16-29 age range.
(Mid-Year Population estimates - National Records of Scotland)
- An increase in immediately available employment land as a percentage of total available employment land.
(Scottish Vacant and Derelict Land Survey - Scottish Government)
- Average time per business planning application, percentage of approvals and number of major developments.
(Planning Authority Performance Statistics - Scottish Government)
- Yearly increases in the level of business investment in research and development, and in numbers participating in workforce development.
(Business Enterprise Research and Development statistics - Scottish Government)

Picture credit: Alison White / HIE





WHAT DOES SUCCESS LOOK LIKE?

The measures on page 2 provide a quantifiable indication of the progress being made towards delivering the desired outcomes. However, we should also be able to see and feel success for Moray in many other ways.

A successful, diverse economy will lead to resilient and distinctive communities that are self-directed. Wealth circulating in the economy supports local services that in turn support local services, enabling commerce to flourish.

A more balanced demographic, with increasing numbers of young people choosing to remain or return to the area, will help to create a more dynamic youthful culture that in turn will inspire further developments in tourism, in technologies and the creative industries.

And by delivering progress across all of these areas, supported by clearly focused developments in education and training, we will be able to see a thriving Moray in which inclusive growth is helping to ensure the fair distribution of resources and enhancing the quality of life for all.

A successful, diverse economy will lead to resilient and distinctive communities that are self-directed.

REFERENCES & SOURCES

The following documents were used to provide supporting information in the development of this strategy:

- The Moray Community Planning Partnership Local Outcomes Improvement Plan 2018
- The Moray Growth Deal Statement of Intent 2018
- The Moray Growth Deal Strategic Outline Programme 2016/17
- The Moray Growth Deal Baseline Economic Assessment 2016/17
- Moray Employability Strategy 2016
- The Moray Skills Investment Plan 2018/19
- My Moray, My Say 2017 Survey Results
- The Moray Economic Strategy 2012
- Skills Development Scotland – Regional Skills Assessment: Moray 2017
- Skills Development Scotland – Review of Aerospace sector in Scotland 2017
- Highlands and Island Enterprise – Operating Plan 2018 / 2019
- Highlands and Islands Enterprise – Make it Moray 2017
- MoraySpeyside Tourism – Business Plan 2017-18
- MoraySpeyside Tourism – Welcome to MoraySpeyside
- Highlands and Islands Enterprise - Occupational Segregation in the Highlands and Islands 2017

DATA SOURCES FOR MEASUREMENT

DATA	FREQUENCY	RELEASED	SOURCE	HYPERLINK
Attainment and Leaver destinations (STEM data by Local Authority available on request to Scottish Government)	Annual	June	Scottish Government	www2.gov.scot/Topics/Statistics/Browse/School-Education/Datasets
Annual Survey of Hours and Earnings (ASHE)	Annual	November	ONS/NOMIS	www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours
Business Demography	Annual	November	ONS	www.ons.gov.uk/releases/businessdemography2017
Businesses in Scotland	Annual	November	Scottish Government	www.gov.scot/Topics/Statistics/Browse/Business/Corporate
Mid-Year Population Estimates	Annual	April	National Records of Scotland (NRS)	www.nrscotland.gov.uk/statistics-and-data/statistics/statistics-by-theme/population/population-estimates/mid-year-population-estimates
Scottish Vacant and Derelict Land survey	Annual	June	Scottish Government	www2.gov.scot/Topics/Statistics/Browse/Planning/Publications
Planning Authority Performance Statistics	Annual	July	Scottish Government	www2.gov.scot/Topics/Statistics/Browse/Planning/Publications
Scottish Government Business Research and Development statistics	Annual	December	Scottish Government	www2.gov.scot/Topics/Statistics/Browse/Business/RD



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